

### Effectiveness Review of the System of Internal Control

Walsall Council (via Audit Committee) has a statutory responsibility for conducting a review of the effectiveness of its system of internal control in respect of 2022/23.

Audit Committee is able to monitor the effectiveness of the governance framework, the internal control environment and the council's internal audit arrangements and receive their assurance on these matters in a number of ways. Further detail is set out in the following paragraphs and the totality of these is reviewed and considered by Audit Committee in considering the annual review of the effectiveness of the governance framework, and in approving the Annual Governance Statement (AGS) as required by the Accounts and Audit Regulations, 2015.

This annual review of the effectiveness is informed by, and assurance obtained from:

- The annual work programme of the Audit Committee including receiving, considering and reviewing reports on the work of Internal and External Audit, including reports on internal controls, risk management, the External Auditor's Annual Report on value for money and the financial resilience of the council and the External Audit Opinion on the statement of accounts;
- Improvements recommended by Audit Committee on the framework for reporting such as the Risk Management Strategy, Strategic Risk Register, Local Code of Governance and Counter Fraud arrangements;
- A review of the AGS via key questions by Internal Audit during 2022/23 to assess the extent to which compliance with the framework has been met;
- Internal Audit's Annual Opinion Report;
- The annual responses from Audit Committee, the Monitoring Officer and Chief Finance Officer to External Audit in relation to management processes and arrangements and oversight of these;
- Findings of the External Auditor and other review agencies and inspectorates, and council actions to address these;
- Cabinet, corporate management team (CMT) and senior officers monitoring the effectiveness of the governance framework through receiving monitoring reports on performance and financial management and risk management, including progress against key objectives and measures and corrective action planning; the overall financial position; updates on performance in relation to management of key risks to the organisation; and receiving regular reports via Audit Committee on the internal control mechanisms in place and their effectiveness;
- The monitoring and regular review of the council's Constitution, Codes of Conduct, and committee, officer and member governance processes (delegations, finance and contract rules, etc);
- The work of the executive directors, directors, heads of service and managers within the authority who have responsibility for the development and maintenance of the governance environment;
- The council's assessment of its compliance with the CIPFA Code of Financial Management and action plan progress to address areas for improvement;
- Review and reporting of financial health indicators and financial procedures;

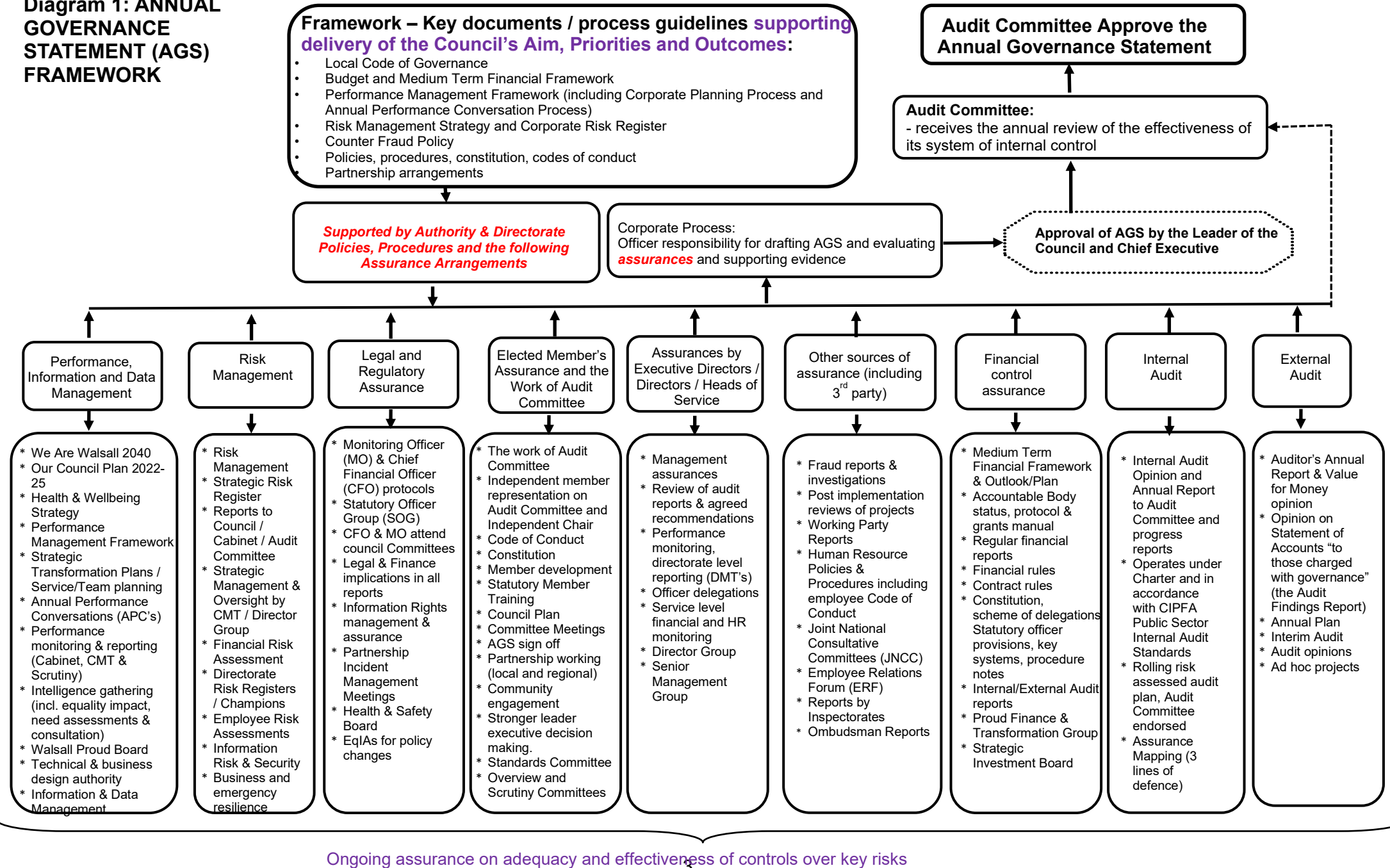
- Reports on performance and financial management and reporting and review of work in relation to information governance, resilience planning and other sources of assurance;
- The outcome of the Corporate Peer Challenge review;
- The Chief Executive and the Leader of the Council and elected members, via the Audit Committee, who formally consider and approve the AGS annually;

The following pages set out the governance framework and key areas of assurance, and findings from work and activity undertaken in these areas. These have been considered in the annual effectiveness review of the system of internal control.

From March 2020, the council played a major role in managing the national response to the pandemic, and whilst the impact of this has receded, the council has felt the impact of cost of living and demand pressures on service delivery and on its finances.

Diagram 1 outlines the various components that jointly inform the Annual Governance Statement.

**Diagram 1: ANNUAL GOVERNANCE STATEMENT (AGS) FRAMEWORK**



The review of the effectiveness of the system of internal control is informed by the work of the Audit Committee, other regulatory Committees, the work of Internal and External Audit and the work of senior management of the council.

The production of this AGS and effectiveness review has been able to substantially rely on existing assurance provisions. Specifically the Head of Internal Audit Annual Opinion and Report, which is a major source of assurance, has been finalised within the usual timeframes (and is included earlier on tonight's agenda). There are no limitations to the review to report to the leadership team or Audit Committee.

### **Internal Audit Evaluation of the Effectiveness of its Risk Management, Control and Governance Processes; and Annual Opinion.**

The Accounts and Audit (Amendment) Regulations 2015 introduced a revised requirement for the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

The review of the effectiveness of the system of internal control is informed by the work of the Audit Committee and the work of Internal Audit, and Internal Audit's Annual Report on the overall adequacies of the internal control environment. This is reported to Audit Committee separately on tonight's agenda.

In respect of the 2022/23 financial year, the following Internal Audit Opinion has been given;

*"On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.*

*Whilst weaknesses and exceptions were highlighted by our audit work, none of our reviews concluded with unsatisfactory assurance. Of the 40 reviews for which an assurance opinion was provided, 13 provided substantial assurance, 17 moderate assurance and 10 limited assurance. We have raised 7 high priority recommendations, 120 medium priority recommendations and 72 low priority recommendations during the period. These matters have been discussed with management, to whom we have made several recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.*

*Our Follow up work confirmed that good progress has been made on implementing outstanding high priority recommendations, although some medium priority recommendations raised from prior years are yet to be fully implemented. These will continue to be followed up as part of the follow up programme for 2023/24".*

### **Internal Audit Identified Control Weaknesses**

#### **1) Follow up of 2021/22 control weaknesses:**

The AGS effectiveness review is informed by work undertaken in 2022/23 to follow up on actions agreed to improve governance issues/control weaknesses identified in the previous year's (2021/22) AGS.

During 2021/22, Internal Audit reviews were undertaken on the core financial systems. All 8 of the core financials systems audits received a 'Moderate' or 'Substantial' assurance audit rating.

In addition to fundamental financial systems, 33 audits were undertaken in 2021/22 of other financial and non-financial systems and processes that contribute to the council's overall corporate governance arrangements.

Internal audit's work identified that although in 76% of audit assignments the processes examined were generally working satisfactorily, system weaknesses were identified in certain areas as shown in those given a 'Limited' assurance opinion. The table below details the 10 reviews where a 'Limited' assurance level was given.

<b>Audit</b>	<b>Adequacy of System Design</b>	<b>Effectiveness of Operating Controls</b>	<b>High Priority Recs</b>
Business Continuity	Moderate	<b>Limited</b>	-
Walsall Proud - Hubs (draft)	Moderate	<b>Limited</b>	-
Contract Management	Moderate	<b>Limited</b>	1
Governance arrangements for monitoring Public Health expenditure	<b>Limited</b>	Moderate	1
Commissioning Strategy	Moderate	<b>Limited</b>	1
S106 Planning Obligations	<b>Limited</b>	<b>Limited</b>	3
Hillary Primary School	Moderate	<b>Limited</b>	-
Mary Elliot / Old Hall Federation	Moderate	<b>Limited</b>	-
New Invention Junior School	<b>Limited</b>	Moderate	1
Barcroft Primary School	<b>Limited</b>	<b>Limited</b>	-

These reports were considered in detail as part of the Audit Committee's routine consideration of 'limited assurance' audit opinions. The table below provides an update on action taken to address the recommendations.

<b>Audit</b>	<b>Adequacy of System Design</b>	<b>Effectiveness of Operating Controls</b>	<b>Follow Up Date</b>	<b>Progress on Implementation of Recommendations</b>
Business Continuity	Moderate	<b>Limited</b>	March 2023	4 Medium & 2 Low implemented 1 medium partly implemented
Walsall Proud - Hubs (draft)	Moderate	<b>Limited</b>	May 2023	2 medium implemented 4 medium partly implemented
Contract Management	Moderate	<b>Limited</b>	December 2022	1 high implemented 1 medium not implemented
Governance arrangements for	<b>Limited</b>	Moderate	December 2022	1 high & 2 medium implemented

Audit	Adequacy of System Design	Effectiveness of Operating Controls	Follow Up Date	Progress on Implementation of Recommendations
monitoring Public Health expenditure				
Commissioning Strategy	Moderate	<b>Limited</b>	June 2023	1 high & 2 medium implemented, 1 medium partially implemented, 1 medium not implemented
S106 Planning Obligations	<b>Limited</b>	<b>Limited</b>	May 2023	2 high, 2 medium & 1 low implemented, 1 high partially implemented
Hillary Primary School	Moderate	<b>Limited</b>	October 2021	7 medium & 2 low implemented
Mary Elliot / Old Hall Federation	Moderate	<b>Limited</b>	January 2023	8 medium & 3 low implemented
New Invention Junior School	<b>Limited</b>	Moderate	May 2022	1 high, 7 medium & 3 low implemented
Barcroft Primary School	<b>Limited</b>	<b>Limited</b>	May 2022	10 medium & 6 low implemented

The majority of actions have been implemented and confirmed on follow up.

## 2). Planned work 2022/23:

The AGS effectiveness review is informed by internal audit work undertaken in 2022/23, the findings of these reviews and actions plans put in place by managers to address identified control weaknesses. During 2022/23, 40 internal audits were undertaken where internal audit provided a formal assurance level. Of these:

- 13 audits (32%) received a 'Substantial' assurance level (7, 17% for 2021/22);
- 17 audits (43%) received a 'Moderate' assurance level (24, 59% for 2021/22);
- 10 reviews (25%) received a 'Limited' assurance level (10, 24% for 2021/22) and
- No audits (0%) received an 'Unsatisfactory' assurance opinion (0 for 2021/22).

Overall, 30 reviews (75%) were given a 'Moderate' assurance or above (76% in 2021/22), with a significant increase in the number being given a 'Substantial' assurance rating. All core financial systems were given a 'Moderate' or 'Substantial' assurance.

A total of 199 recommendations have been made of which 7 were considered to be fundamental (214 in 2021/22 of which 7 were fundamental).

- 7 (4%) were 'High Priority' recommendations – significant weaknesses in governance, risk management and control that if unresolved exposes the council to an unacceptable level of residual risk and upon which the organisation should take immediate action (7 or 3% in 2021/22);
- 120 (60%) recommendations were categorised as 'Medium Priority' recommendations - although not fundamental to the system, weaknesses that if unresolved expose the council to a high level of residual risk and for which remedial action should be prioritized and undertaken within an agreed timescale (127 or 59% in 2021/22);
- 72 (36%) were 'Low Priority' – where there is scope for improvement and where remedial action should be taken at the earliest opportunity and within an agreed timescale (80 or 37% in 2021/22).

All recommendations made during the year were accepted by management.

Internal audit's work identified that although in 75% of audit assignments the processes examined were generally working satisfactorily, system weaknesses were identified in certain areas as shown in those given a 'Limited' assurance opinion. The table below details the 10 reviews where a 'Limited' assurance level was given.

<b>Audit</b>	<b>Adequacy of System Design</b>	<b>Effectiveness of Operating Controls</b>	<b>High Priority Recs</b>
Temporary Accommodation ( <i>draft</i> )	<b>Limited</b>	<b>Limited</b>	1
Climate Emergency Action Plan	<b>Limited</b>	Moderate	-
Cross Council Collaboration for Saving Plans ( <i>draft</i> )	<b>Limited</b>	<b>Limited</b>	1
CADMUS – Family of Schools	<b>Limited</b>	<b>Limited</b>	4
WPP Adults CIP ( <i>draft</i> )	<b>Limited</b>	<b>Limited</b>	-
Procurement ( <i>draft</i> )	<b>Limited</b>	Moderate	-
Shepwell School	Moderate	<b>Limited</b>	-
Millfield Primary School	Moderate	<b>Limited</b>	-
Atlas Federation of Schools	<b>Limited</b>	<b>Limited</b>	-
Alumwell Junior School	<b>Limited</b>	<b>Limited</b>	1

The 7 'High Priority' recommendations are detailed in the Head of Internal Audit Opinion report in Private on tonight's agenda.

Assurance in respect of the effectiveness of the overall system of internal control can be taken from the following:

- The Head of Internal Audit overall assurance opinion;
- All 8 of the core financials systems audits received a 'Moderate' or 'Substantial' assurance audit rating;
- Recommendations made by Internal Audit have been agreed and management action is being taken to address them;
- The vast majority of recommendations arising from the previous years limited assurance findings have been implemented. There is 1 partially implemented 'High Priority' recommendation to follow up in 2023;
- Internal Audit follow up all 'Limited' assurance reports to ensure progress is made in implementing agreed recommendations and will report back to Audit Committee accordingly;
- The 7 2022/23 fundamental recommendations are in separate audit areas and equate to a small proportion (4%) of the overall findings and recommendations made. Action is being taken to address these and these will be followed up and reported to the Committee during 2023/24.

### 3) Unplanned Work:

One area of unplanned work was referred to Internal Audit (during 2021/22) and investigations have now concluded, with Audit Committee being briefed during 2022/23.

## Internal Audit Review of AGS Compliance

### Conclusion

In general, Internal Audit noted compliance with the Annual Governance Statements.

Of the 18 key questions have chosen to sample, there was evidence of full compliance for 17.

### Scope and Objectives of Work

In 2016/17, Internal Audit supported the council in developing a framework to provide enhanced governance procedures. The Key Questions used in the framework were agreed by management, and Internal Audit assisted managers in identifying the evidence needed to support the statements made. In 2022/23, management have updated the evidence trail, and this information has been reviewed by Internal Audit.

In quarter four, Internal Audit carried out a piece of work to review the AGS with management to assess the extent to which compliance with the framework has been met. The approach involved issuing an annual governance survey to key responsible officers for populating, obtaining sufficient audit evidence for a sample of key questions through document inspection, observation and discussions with management and staff in order that we could establish whether compliance has been met.

Governance surveys were issued in relation to the following areas:

- Legal & Regulatory
- Performance Management
- Project & Programme Management
- Digital & Technology Services (formerly known as ICT)
- Human Resources
- Member Relationships

### Findings

Internal Audit performed follow-up work on 18 key questions within the Annual Governance Statement. Their assessment of the current compliance status of a selection of key questions across all service lines is indicated in the table below. Internal Audit chose a sample of questions from six Service Lines on the Annual Governance Statement to confirm compliance and seek evidence where appropriate.

### Sample of Key Questions

Area	Reference	Key Question	Audit Follow Up Result	Evidence of Compliance
Legal & Regulatory	LR2	Are reasonable arrangements in place to promptly identify changes in legislation that affect the Council?	We were advised that the Council has access to LexisNexis which allows them to track legislative changes. We confirmed this via screenshots. Furthermore, members of staff receive email alerts on relevant updated legislation.	Compliant



Area	Reference	Key Question	Audit Follow Up Result	Evidence of Compliance
Legal & Regulatory	LR8	Are Members informed of non-compliance issues that could lead to a successful challenge against the Council and the action taken to rectify the situation?	The council has a constituted Audit Committee that receives reports across all areas of the council in respect of non-compliance with internal controls. Non-compliance regarding statutory obligations require the council's Monitoring Officer to conduct investigations, there have been no instances of this.	Compliant
Legal & Regulatory	LR12	Have all identified instances of potential money laundering been reported promptly to the Money Laundering Reporting Officer (MLRO)?	There have been no reported instances of money laundering.	Compliant
Performance Management	PM4	Are performance indicators assigned to key staff in the directorate to manage performance?	We were advised that each performance measure has a director for the Corporate Management Team to liaise with. We reviewed the Council Plan Performance Reporting Plan for Quarter 1 and Quarter 2 of 2022/23. We noted that each Council Marker for success has a Lead Director and a data owner contact who liaises with the Corporate Management Team. For two children related markers for success there is currently no lead director but there is a performance contact.	Compliant
Performance Management	PM4	Is the raw data used in calculating performance cleansed regularly?	We were advised by management that there are quality and assurance meetings that take place on a regular basis to ensure that there is confidence in the data. Concerns are highlighted within a hierarchy of meetings to escalate any possible concerns.	Compliant
Performance Management	PM14	Do all staff in each service have specific annual performance targets that they are assessed against as part of the annual appraisal process?	We reviewed the guidance provided to managers on the intranet regarding the annual performance conversation, where objectives for individuals are set. Furthermore, guidance is also provided to managers in regard to SMART goals, with a requirement to establish six objectives. We were provided with screenshots which shows that learning and development guidance is available for employees and managers to set targets. However, we were noted that that only 9% of the workforce have recorded their APC on the OneSource system. We were informed that this may be due to some opting to establish their performance targets on paper.	In part compliant

Area	Reference	Key Question	Audit Follow Up Result	Evidence of Compliance
Project & Programme Management	PPM6	Are documented procedures in place for monitoring and controlling projects during their lifetime?	<p>We were advised by the Head of Transformation and Change that there are documented procedures in place for monitoring. Every project plan has a monthly steering group. From this steering group a highlight report is generated which then goes to board.</p> <p>This was confirmed from the minutes of the Walsall Proud Board from December, January, and February 2023. This was where responsible individuals gave various updates on projects. Risk is a permeant agenda item during the meetings.</p>	Compliant
Project & Programme Management	PPM7	Have all project managers received formal project management training including use of the Council's programme management system?	<p>We reviewed the training matrix provided which showed the name of project managers and the different types of training they had completed, such as 'Managing Successful Programmes' and 'Prince 2'.</p> <p>We were advised by the Programme Support Officer that training on MS Project Online is offered but the council is migrating to a system called Verto where new training will be formulated.</p>	Compliant
Project & Programme Management	PPM8	Are procedures in place for reviewing project outcomes?	<p>We were advised by the Head of Transformation that this area is being strengthened. Financial monitoring is undertaken on a monthly basis which goes to the Transformation and Finance Group.</p> <p>We reviewed the terms of reference of this group whose purpose is to scrutinise the financial delivery of projects. The terms of reference states that they are able to hold projects/suppliers to account for their delivery of target benefits.</p> <p>We were provided the TFG minutes for January, February and March 2023 which showed that the highlight report, which studies the financial impact of programmes, was scrutinised and discussed.</p>	Compliant
Digital & Technology Services	IT2	Does the Council have in place adequate security arrangements to safeguard IT software and hardware?	<p>We were advised that the Council is Public Services Network compliant. We reviewed the PSN certificate which was issued on the 20th of September 2022 showing "that its infrastructure is sufficiently secure to connect to the PSN".</p> <p>Applocker is also installed on end user devices. We received a screenshot of the Group Policy Management Console showing that applocker is active. End user devices also have bitlocker installed. We were provided with a screenshot on</p>	Compliant

Area	Reference	Key Question	Audit Follow Up Result	Evidence of Compliance
			<p>the SCCM - Task Sequence for building corporate Win10 device, showing that bitlocker is enabled. The Council has an E5 license for protection including Microsoft Defender.</p> <p>We were provided with the following policies that support protecting IT systems:</p> <ul style="list-style-type: none"> <li>- Access Control Policy: 7th February 2023</li> <li>- Email and Internet Usage Procedure November 2022</li> <li>- Patch Management Policy March 2022</li> <li>- User Access Management Procedure: 31st January 2023</li> </ul>	
Digital & Technology Services	IT5	Do all laptops and mobile devices (Blackberries, PDAs, external hard drives and CD/DVD reader/writers, flash memory devices, and USB storage devices) have full encryption enabled?	<p>As above we reviewed a screenshot which showed that Bitdefender is enabled on devices. Furthermore, we were provided with a screenshot of Intune/Endpoint Manager which showed that corporate android devices have data encryption enabled. We were advised that Bring your Own Device users sign up to the acceptable usage policy. We were advised that users should only use council provided USB sticks, which is enforced by the Information Risk and Security Standard approved in November 2022. The Mobile Devices Acceptable Usage Policy was also provided and approved in April 2022 and the Use of Removable Media Policy was approved in February 2022.</p>	Compliant
Digital & Technology Services	IT8	Are IT systems unique to the directorate subject to regular monitoring for any attempted or actual inappropriate/unauthorised use?	<p>We were advised by the cyber security lead that where single sign on is not used then the directorate is responsible for monitoring unique IT systems. Furthermore, Microsoft Defender would tell the IT team where there are data alerts, but this only monitors the system the council manages. To protect unauthorised use we were advised by the cyber security lead that Network log on lock out for on-premises Active Directory is 5 attempts and to Microsoft Azure AD is 10 attempts. We were provided with a table which showed the names of those people who are responsible for monitoring systems which are unique to the directory, such as Mosaic. The table also illustrates whether those systems have single sign on enabled</p>	Compliant

Area	Reference	Key Question	Audit Follow Up Result	Evidence of Compliance
			and are available on corporate devices.	
Human Resources	HR6	Are HR policies - current and new - communicated to all staff regularly?	We were provided a screenshot of the Council's intranet which showed that HR policies, news, manuals are available for staff to view. We were advised by the HR team that they consult openly regarding changes to policies.	Compliant
Human Resources	HR12	Are adequate arrangements in place to ensure that the Working Time Regulations 1998 is complied with fully?	We were provided with the Working Time Regulation guidance that is available in the intranet. This includes details on the regulations, working in excess of 48 hours per week, night working, rest, and dual employment. We were advised that a form is provided to new starters. We were provided with the uncompleted employee declaration form that new starters must complete. This includes the name of employee and whether they wish to exempt themselves from the weekly working limits. We were advised by the HR team that completed forms are kept on personal files and that managers are responsible for handling overtime claims.	Compliant
Human Resources	HR15	Is a business case produced to justify the request for agency staff and/or consultants, and is this authorised by an appropriate officer prior to the agency staff being engaged?	We were advised by the HR team that in the past few months there has been a recruitment panel where requests are submitted for agency staff. However, this is not a permanent process. We were advised further that on some occasions due to the flexible nature of agency staff, they are required at short notice. The accountability of agency staff lies with the manager. To begin with a proposal for staff goes to the recruitment panel. We were provided with the spreadsheet of recruitment decisions from September 2022 to April 2023. This includes the service area that is requesting staff, the hiring manager, the rationale, reasons for recruitment and approval by the director and panel.	Compliant
Member Relationships	MR1	Do all Member committees have clearly defined and approved terms of reference?	Part 3 of the Council's Constitution has the defined terms of reference which was approved by the Council on the 18th of June 2014. This details the membership of the committee, the chairman, and when and where meetings can be held. Delegations are also listed. We noted the following committees had a terms of reference: <ul style="list-style-type: none"> <li>• Audit</li> </ul>	Compliant

Area	Reference	Key Question	Audit Follow Up Result	Evidence of Compliance
			<ul style="list-style-type: none"> <li>• Health and Wellbeing Board</li> <li>• Licensing and Safety Committee</li> <li>• Personnel</li> <li>• Planning</li> <li>• Standards</li> <li>• Corporate Parenting Board</li> <li>• Scrutiny Overview Committee</li> <li>• Children's Services Overview</li> <li>• Education Overview</li> <li>• Economy and Environment</li> </ul>	
Member Relationships	MR4	Has a training programme to develop Members' skills been established for each committee?	Whilst a training programme for each individual committee is not present, we were advised by the Director of Governance that there is a comprehensive training programme. We reviewed the Member Learning and Development Programme 2022-23 which shows the various training offered to elected members. This training includes mandatory induction, GDPR, declaration of interest, training for those on the planning committee, training for those on the Licensing and Safety Committee and the Personnel Committee. There is further recommended training on social media, unconscious bias, chairing meetings, and the council's finances.	Compliant
Member Relationships	MR7	Are committee meetings usually quorate?	We sought to confirm whether council meetings are quorate. We sampled five committee meetings from the last five months and found that all had adequate member attendance.	Compliant

## Risk Management Work

The strategic priorities of the council are set out within the Council Plan and in delivering against these priorities' decisions are taken regarding allocation of increasingly finite resources. Councils have needed to become more innovative and commercially minded in order to exploit opportunities whilst operating in an environment where there are high expectations around transparency, integrity, and accountability. Value for money remains at the heart of good governance in local authorities and the council acknowledges that:

1. Risk Management is a key element of the council's governance framework;
2. Statutory responsibilities exist within the Accounts Audit Regulations 2015;
3. The council also has specific statutory responsibilities for example to ensure health and safety risks are effectively managed;
4. All members and officers have responsibility and a role to play in managing risk; and
5. Effective management of risk will ensure that the organisation's objectives, and resulting outcomes, are achieved.

The council has an established Risk Management Framework and Strategy, designed to identify, evaluate, manage and where possible, mitigate risks to the council in delivering its objectives. There is an ongoing programme of reporting and review of both strategic and directorate/operational risks, and this extends to an assessment of risks in financial planning and major projects and partnerships. Internal Audit continue to support the council in assessing and monitoring key strategic risks to the organisation. Mazars Risk Management Services undertook a comprehensive review of the Strategy during 2022/23 which was reported to CMT and Audit Committee in November 2022.

Committee received reports on risk management including the Strategic Risk Register at their September and November 2022 and March and April 2023 meetings. Additionally, the Committee called in officers in respect of 2 specific risks to seek assurance on controls and actions being put in place to manage them. Further, at their April 2023 meeting, the Committee identified 4 further Strategic Risks for further review during 2023/24.

Key risks to the council for 2022/23 were updated post-pandemic and these continued to be (as for most councils): managing increasing demand pressures, specifically within Adult and Children's social care, including maintaining statutory service standards to support the most vulnerable in society and delivering key services in the event of significant business interruption, including services delivered by contractors and partners; economic uncertainty; delivery of approved savings and the budget plan and ensuring continued financial resilience; managing cyber-security, data protection, external political/legislative environment changes; delivery of climate change objectives; community cohesion and resilience planning; and partnership relationships with other sectors and our major suppliers delivering on shared objectives and therefore outcomes for the community.

Risks continue to be actively managed. The practices outlined above in respect of strategic risks have also been adopted at directorate risk register level. Each directorate has an appointed risk champion as well as a Director who has risk as part of their portfolio.

Each quarter the directorate risk registers (DRR's) are reviewed, updated where appropriate and a summary of any amendments within the quarter is presented to Directors' Group, who in 2022/23 continued to provide oversight of DRR's, to ensure:

- That both DRR's and the SRR take account of the council's current risks;
- Continuous improvement of directorate processes to support both the implementation of the Risk Management Strategy and how this interacts with the SRR;
- To ensure that the directorate and strategic registers remain appropriate, both within the current climate and against council priorities.

In addition, across the directorate registers the following attributes are considered by directors when reviewing whether or not to recommend the escalation of directorate risks to the SRR:

- The risk features in more than one DRR or has the potential to affect more than one area of / the whole of the council (indicating that wider strategic oversight is required);
- The risk is currently at an Amber or Red level (indicating that it presents a considerable risk to the council);
- There is a difference between the current score and target score (indicating that further work or controls are required / being put in place to better manage the risk to the council);
- The risk is not already covered by an existing strategic risk.

## Emergency/Business continuity Planning

The Emergency Planning Unit (EPU) assesses local risks and works with our partners at a regional and national level to inform emergency and business continuity planning. Failure to deliver key services in the event of significant business interruption, including services delivered by contractors and partners, is also a strategic risk.

The final AGS for 2021/22 incorporated an update on emergency and business continuity planning for the first time. All business continuity plans were activated during the pandemic and a lessons learnt review undertaken. Additionally, an Internal Audit of Business Continuity Plans (BCP) was undertaken and issued in March 2022, with moderate assurance for adequacy of system design, and limited assurance for effectiveness of system controls (with zero high priority recommendations, five medium priority recommendations and two low priority recommendations). Since September 2022, the EPU have been supporting services areas to transfer and update their service area BCP. This has included all service areas carrying out and submitting a Business Impact Assessment (BIA). Now that these have all been received the EPU will update the Corporate BCP. This work is due to commence in July 2023 after an internal exercise which is taking place at Chief Executive/Executive Directors/Director level, which will test a small number of plans, including the BCP's. The Strategic Risk Register will be updated to reflect the actions and any further actions required following the internal exercise and update of the Corporate BCP.

## External Audit Assurance

An important area of independent assurance on the effectiveness of the system of internal control is the work of the council's external auditors.

The council's independent External Auditor, Grant Thornton (GT) has a broad role covering finance and governance matters. Work in 2022/23 included:

- a) The Audit Findings Report issued February 2023, in relation to the council's 2021/22 financial statements). The Audit report opinion was unqualified and stated that the accounts:
  - give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
  - have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.
  
- b) In addition, Audit Committee and subsequently Council received the second Auditors' Annual Report for 2021/22, reporting on the council's value for money arrangements in relation to:
  - Financial sustainability;
  - Governance; and
  - Improving economy, efficiency and effectiveness.

For all three criteria no significant weaknesses were identified. 2 improvement recommendations were made for Financial Sustainability and 2 improvement recommendations were made in relation to Improving economy, efficiency and effectiveness for the council as set out below. No recommendations were made in

relation to Governance. The report can be accessed here: [Walsall final 2021-22 Auditor's Annual Report](#). Progress in relation to these will be reported to Audit Committee.

- c) The results of the preliminary Interim Audit work in relation to the 2022/23 accounts – no issues were found as part of this review that GT wished to bring to the attention of the council.
- d) At the time of writing this AGS, GT's work in relation to 2022/23 (namely the Audit Findings Report in relation to the audit of the Statement of Accounts, and the Auditors' Annual Report) is about to commence. The final AGS is expected to be approved and published by September and will provide feedback on that work if there is any impact on the internal control environment and the AGS.

External Audit no longer undertake a formal review of the Internal Audit function, they review the work of Internal Audit however to inform their annual risk assessment. Since 2009 Internal Audit is governed by the Institute of Internal Auditors' International Professional Practices Framework (IPPF) and the governance framework used in the United Kingdom's public sector is the Public Sector internal Audit Standards (PSIAS) which have been in place since 2013. Both the IPPF and the PSIAS require internal audit services to undertake periodic self-assessments. From 2016/17 onwards, assurance to the council is provided through the 5 yearly external assessment of Internal Audit's Quality Assurance and Improvement Programme (QAIP). The QAIP covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated. Mazars were assessed during May and June 2019 the outcomes of this were reported in December 2019. The next assessment is in 2024. The conclusion of that external assessor was:

*“From the evidence reviewed as part of the external quality assessment, we have not identified any significant areas of non-compliance with the international professional practice framework for internal audit, nor the public sector internal audit standards, which would affect the overall scope or operation of the Mazars Risk Assurance Services. We have identified some areas where compliance with the standards could be enhanced, and these are set out in the summary of findings in section five of this report. None of the compliance matters identified are significant in nature and they have not had an adverse effect on the overall conformance with the standards*

*On this basis it is our opinion that Mazars Risk Assurance Services conforms to the requirements of the International Professional Practices Framework for Internal Audit and the Public Sector Internal Audit Standards.”*

### **The Work of the Audit Committee**

The Committee's work is a major aspect of the council's corporate governance framework. Its wide-ranging remit includes providing independent assurance on the adequacy of the risk management framework and internal control environment. It provides an independent review of governance, risk management, performance management, financial reporting and annual governance processes, as well as overseeing the work of Internal and External Audit.

Audit Committee has a regulatory role in terms of receiving reports on the effectiveness of the system of internal control and the annual work programme of the Audit Committee includes receiving, considering and reviewing reports on the work of Internal and External Audit, including reports on internal controls, risk management, the external auditor's Interim Audit (where applicable), it's opinion on value for money and the financial resilience of the council and the external audit opinion on the Statement of Accounts and the Auditors Annual



Report. The Annual Audit Report for 2021/2022 was presented to Audit Committee and then Council in April 2023.

Audit Committee has received and considered regular Internal Audit progress reports and summary reports of all internal audits receiving a 'Limited' or 'Unsatisfactory' assurance opinion. Where, on audit follow up of a 'Limited' or 'Unsatisfactory' assurance audit report, no or limited progress is made by managers in addressing weaknesses identified, executive directors and their accountable managers are required to attend Audit Committee to provide necessary assurances.

CIPFA recommends that an assessment exercise is undertaken regularly by the Audit Committee to ensure that its effectiveness is reviewed. It has published a Good Practice checklist. Using the recommended practice in this publication is intended to help the authority to achieve a good standard of performance. Where an Audit Committee has a high degree of performance against the good practice principles, then it is an indicator that the Committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective Audit Committee.

The Audit Committee last considered the [self-assessment of its effectiveness](#) using the CIPFA Good Practice checklist in November 2020. Whilst the Committee was satisfied it was meeting its objectives it recognised that further developments could be explored to strengthen existing good practice and to this further improvements were delivered, including a revised Audit Committee report template and report guidelines document to align with the Council's ways of thinking framework, strengthened training including on the role and function of Audit Committee, one to one meetings with Audit Committee members to discuss skills and training arrangements and discussions with group leaders concerning consistency of group membership of the Committee.

Updated Audit Committee guidance was released in 2022/23 and reported to Audit Committee in April 2023. This has been used to review the Committee's terms of reference, work programme and training requirements for members for the new municipal year. Additionally, in April 2023 Audit Committee agreed that Officers coordinate a self-assessment, in consultation with the Chair of the Committee, using the best practice checklist contained within the guidance, with the draft outcome being brought back for members' consideration to allow input of the outcomes into the Audit Committee's Annual Report to Council. The findings from this will also be incorporated into the published AGS.

Each year the council's external auditors, under Accounting Standards, are required, as part of their risk assessment procedures, to obtain an understanding of management processes and the Audit Committee's oversight of the council's governance arrangements. In addition to the Auditors Annual Report 2021/22, our External Auditors have reported to Audit Committee on this, including on management's responses to the audit risk assessment. This report, along with the Indicative 2022/23 Audit Plan and Auditors Annual Report, were considered and endorsed by Audit Committee on 2 March ([Informing the audit risk assessment 2022/23](#)) and 11 April 2023 ([External Audit Plan 2022/23](#)). The risk assessment covers:

- General enquiries of management;
- Fraud;
- Laws and Regulations;
- Related Parties;
- Going Concern considerations;
- Accounting estimates.

The work of Internal and External Audit informs the assurance work the Audit Committee undertakes.

During 2022/2023, the work of the Audit Committee included the following in its assurance role:

- Reviewing at each meeting of progress reports in relation to the Internal Audit plan, including receipt of 'Limited' assurance findings, and updates on High Priority recommendations;
- Receiving quarterly key performance indicators on the operation of the Internal Audit contract;
- Reviewing the Strategic Risk Register and receiving and considering the review of the Risk Management Strategy;
- Approving accounting policies, oversight and approval of the 2021/22 Statement of Accounts and Annual Governance Statement, including approving the annual review of the effectiveness of the internal control environment;
- Receipt of and review of all External Audit reports, including on value for money, audit risk assessment and the Auditors Annual Report;
- Responding to the council's External Auditors requirement to obtain an understanding of management processes and the Audit Committee's oversight of the council's governance arrangements in relation to general enquiries of management; fraud risk assessment; the impact of laws and regulations; going concern considerations; related parties and accounting estimates;
- Reviewing updates on Counter Fraud and Corruption arrangements and Response Plan progress;
- Reviewing the update to the Local Code of Governance;
- Receiving an update on Voter ID arrangements, Planning and Building Control Delegations;
- Receiving Inspection and Review findings, including the Corporate Peer Challenge report;
- Reviewing the assurance map that informs the SRR, involving the collation of information from different levels of internal and external assurance to provide Audit Committee with assurance regarding how effectively the organisations are being managed;
- Receiving updates on the Redmond Review regarding Oversight of Local Audit and the Transparency of Local Authority Financial Reporting.

### **Standards Committee and the Ethical Framework**

The functions of the Standards Committee are determined by statute and the Constitution. The Standards Committee has a role in ensuring and promoting good ethical conduct. The Constitution clearly sets out the role of officers and members, including the three main statutory posts of the Chief Finance Officer (S151 officer), Head of Paid Service and Monitoring Officer.

The Localism Act 2011 required the council to reconstitute its Standards Committee to deal with potential issues of member conduct. There is a statutory duty under section 27 of the said Act for the council to promote and maintain high standards of conduct. To do so the council has to ensure that it has in place a Code of Conduct for Elected Members, Arrangements for dealing with complaints about Elected Member behaviour, and a Standards Committee to determine issues of conduct. The council established these processes at a special meeting of Council on 25 June 2012. These processes were reviewed and changes to the Code and Arrangements were approved at Annual Council on

20 May 2019. These changes incorporated the Best Practice recommendations from the Committee for Standards in Public Life. One of these, for example, was to include a definition of bullying in the Code of Conduct.

A report reviewing Councillor Complaints went to Standards Committee on the 11 July 2022. Over the past 12 months the Council has received in total of 9 complaints alleging that elected members have breached the Council Code of Conduct. These complaints have been reviewed and there have been findings in relation to the cases that there was no breach of the Code of Conduct as alleged. In some complaints there were multiple complainants and because these complaints arose out of the same set of circumstances the complaints were consolidated. 2 complaints were outsourced for assessment by an external investigator. On occasions this allows for a greater level of independent scrutiny and provides a benchmark for internal assessments. In 5 of the complaints lack of respect was referred by complainants. This appears to be a catch all complaint. 3 of the complaints were submitted following a committee meeting. As Monitoring Officer I would expect some complaints to arise out of committee meetings due to the adversarial nature of such meetings. As a consequence of the planning complaints we have refreshed the Planning Code of Practice in relation to decision-making by councillors. This was reported to Standards Committee on 31 January 2023. The Code of practice includes:

- Latest case law around reasons, and bias and pre-determination;
- Statutory and non-statutory government guidance;
- The National Planning Policy Framework (NPPF);
- Best practice across the local government sector;
- Recommendations/guidance from:
  - The Local Government Association;
  - Planning Advisory Service (PAS)(Government funded independent body that advises the Government and Councils on best practice and individual Councils performance in planning);
  - Planning Aid (Government funded independent arm of the LGA);
  - The Town Planning institute.

As Lead Officer for the Standards Committee, the Monitoring Officer has a key role in promoting the council's Ethical Framework and high standards of conduct within the authority. This includes the maintenance of the Members and Officers Registers of Interests and Gifts and Hospitality. The Monitoring Officer is responsible for establishing and maintaining a Register of Member's disclosable pecuniary interests. This is held by the Director of Governance and is also accessible through the council's website via CMIS in the details for each Councillor. The register is updated following the Council's Annual Meeting each year and periodically thereafter as Elected Members advise of changes to their entries on the register. Members' gifts and hospitality is also recorded on the interest register. Regular reminders of the need to keep it up to date continue to be provided to all members. The Monitoring Officer also keeps the register of officer financial and non-financial interests in accordance with 5.5.3 of the refreshed [Code of Conduct](#) for council employees, presented to Personnel Committee in January 2022.

The Democratic Services Team carried out a review of DBS Checks for Elected Members. This was reported to Standards Committee on 31 January 2023. This is particularly relevant for councillors who sit on committees that deal with children's services matters and adult social care matters.

## **Constitution and Codes of Conduct**

The Constitution is a living document and as such is subject to regular review and update. In particular Officers' delegations are reviewed annually. Any changes to the Constitution are reported to Annual Council, and the Constitution is amended accordingly. Changes to the Constitution for 2022/23 were reported to Council in May 2023. Significant changes included the Planning Guidance Protocol and a new Cabinet Support Assistant role.

A Paternity Leave policy for Councillors has been introduced, and the remit of Standards Committee was reviewed in 2022 by a working group of Elected Members and the Monitoring Officers. The changes were approved by Council in May 2023.

The Constitution also sets out Codes of Conduct for members and officers, setting out appropriate standards of conduct and expectations around ethics and behaviours. The Constitution also sets out Codes of Conduct for members and officers, setting out appropriate standards of conduct and expectations around ethics and behaviours.

Comprehensive policies and procedures such as human resource policies support officers in carrying out their roles and are regularly refreshed and presented to Personnel Committee for approval before implementation. This ensures the council has appropriate, up to date policies and procedures as part of our internal controls.

The council continues to invest in training and development of officers and members to ensure that they have the necessary support in ensuring that the council acts in accordance with its Constitution, policy, and procedures. The Learning and Programme for Elected Members is being refreshed for 2023/2024 and Elected Members from each political group have been appointed as learning champions for their political groups.

## **Decision Making**

In 2022 significant changes were introduced to the Officer Delegations, at Part 3.5 of the Council Constitution introducing more generic delegations. The purpose of these changes was to make it clear where the responsibility for delegate decision making sat with the different tier of officers, but also to make it easier for officers to use the delegations. The changes were present to Senior Management Group so relevant officers would be aware of the changes.

## **Overview and Scrutiny**

The council's Overview and Scrutiny Committees review performance and the delivery of corporate priorities across all services. The role of good governance and scrutiny is critical to public trust and confidence in decision making and the council continually reviews its scrutiny process and considers best practice.

The Scrutiny Overview Committee (SOC) has led on reviewing and developing the scrutiny process. This year SOC has reviewed scrutiny of the budget setting process by referring and learning from CIPFA guidance. The Committee has also instigated training for Members. After identifying challenges a well-attended workshop on budget scrutiny took place and external scrutiny training has been requested for 2023/24.

A systematic method of reporting Overview and Scrutiny recommendations to Cabinet has been implemented which is seeing an increased visibility of committees' work. Combining

this with the recommendation tracker, members are able to track their recommendations and monitor their impact.

## **Legal and Regulatory Assurance**

The Monitoring Officer (MO) is the councils lead adviser on issues of lawfulness and the council's powers. Part of this role involves monitoring Cabinet and Committee reports, agendas, decisions and procedures to ensure compliance with legislation and the constitution (e.g. as regards access to information). The majority of this work is undertaken by Officers from Legal and Democratic services. The MO also has a duty to ensure, through Democratic Services, that the Committee decisions and the reasons for the same are made publicly available. This work is carried out by officers from Democratic Services through the council's website, by means of CMIS.

There have been no major or potential unlawful acts that have been brought to the attention of the MO in the previous 12 months that would affect the integrity of the organisation.

The MO provides a response to the External Auditors annually concerning his oversight of management processes, specifically in relation to:

- The organisations compliance with laws and regulations and the arrangements in place to prevent and detect non-compliance;
- How the Audit Committee is provided with assurance that all relevant laws and regulations have been complied with;
- Changes to the Local Authority's regulatory environment that may have a significant impact on the Local Authority's financial statements;
- The arrangements in place to identify, evaluate and account for litigation or claims and any actual or potential litigation or claims that would affect the financial statements.

Monitoring Officer (MO) and Chief Finance Officer (CFO) Protocols are in place and the 3 Statutory Officers (MO, CFO, and Head of Paid Service) meet quarterly on governance matters. There are no matters that the group wish to bring to the attention of Audit Committee that have a significant impact on the system of internal control.

Each year the Local Government and Social Care Ombudsman (LGSCO) issues an Annual Review letter for each council, including annual statistics relating to complaints received and determined during the year. This is published on the Ombudsman's website <https://www.lgo.org.uk/your-councils-performance/walsall-metropolitan-borough-council/statistics> and locally is submitted to the council's Standards Committee for consideration. The Annual Review letter for the year ending 31 March 2022 was reported to Standards Committee in October 2022.

The Ombudsman's annual report for 2021/22 showed that Walsall Council experienced a rise in the number of complaints received and determined during the year, which reflects the trend across other authorities and nationally against the background of the post-pandemic increase in activity. The re-commencement of casework by the LGSCO resulted in increased caseload work for the Assurance Team where the LGSCO link officer is based. Walsall's performance against the key indicators used by the Ombudsman in their Annual Report is very positive comparatively nationally and regionally. Internally within Walsall Council, a new corporate Customer Relationship Management system is being introduced which will be used to record and process all complaints received by the council. Having one

dedicated customer relationship system will improve the efficiency of internal processes for managing LGSCO enquiries as all relevant information will be held in one system.

Headlines from this year's annual letter include:

- Overall, the Ombudsman received 41 complaints relating to Walsall Council, up 2 on 2020/21, but still much fewer than in 2019/20 (65), the year before the pandemic;
- Where detailed investigations were undertaken the proportion of complaints upheld has increased slightly;
- In 2021/22, 67% of complaints that were fully investigated were upheld (6 out of 9) compared to 64% (9 out of 14) in 2020/21;
- The Ombudsman recorded 100% satisfaction with the council's compliance in the cases where they recommended a remedy (based on 8 compliance outcomes), though, as highlighted below, one action was delivered slightly outside of Ombudsman timescales.

### **Financial and Control Assurance**

The council has a comprehensive set of strategies, plans and procedures in place in relation to financial planning and financial risk management. Regular reports are presented to senior officers, management teams, Scrutiny Panels, Audit Committee and Cabinet, including corporate risks, financial health indicators, the medium term financial outlook and service and corporate financial performance against budget, including corrective action plans.

The council has a robust medium term financial framework (MTFF) and a rolling four year medium term financial plan (MTFP) to support delivery of resource allocation in line with Council priorities. This is regularly reviewed in light of ever-changing financial and economic conditions and pressures arising from demand led services. The council's MTFF, MTFP and scheme of delegations are regularly reviewed annually. The council has a strong track record of delivering savings and out-turning within / close to the approved budget. Treasury management activities are operated in accordance with the statutory Codes of Practice.

Financial risks are assessed regularly and as part of the annual budget process and regular reporting of the financial position. A corporate financial risk assessment informs the medium term financial strategy and the level and appropriateness of general and other reserves.

The council has outturned 2022/23 with an underspend against budget of c£352k and with its general reserves intact.

Proud has been the vehicle for delivery of savings. During 2022/23, the council was impacted by the cost of living crisis and increased in costs and service demand, including in relation to delivery of some savings. Progress on delivery and alternative actions where appropriate, have been reported to CMT, Cabinet and Scrutiny throughout 2022/23. Of £24.22m benefits identified for delivery, £16.67m were fully delivered in year and £7.55m were not fully achieved. Of this, £2.20m was mitigated in year through alternate actions or service underspends. Undelivered benefits are carried forwarded for delivery in 2023/24, making a total of £23.26m of savings to be delivered. As part of the 2022/23 Internal Audit Plan, 2 audits were undertaken in relation to Proud activity: ASC Continuous Improvement Programme (CIP) and Cross Council collaboration of Savings Plans, both currently draft reports with a 'Limited' assurance. Management actions will be agreed and reported through Proud Board, CMT and Cabinet as appropriate.

External Audit review the council's arrangements for delivering economy, efficiency and effectiveness in its use of resources (VFM conclusion) and audit the annual Statement of Accounts. Their conclusions in relation to the 2021/22 financial year are set out above under 'External Audit assurance'. Grant Thornton in their Annual Audit Report made 2 improvement recommendations relating to Proud which are being progressed. Work in relation to the 2022/23 accounts is underway.

The Corporate Peer Challenge review reported in relation to financial governance, management that:

- The team were presented with evidence of strong governance arrangements and effective financial planning with strong and robust controls in place within the Council;
- The Council has a strong track record in financial management that has served the organisation well;
- Finance was cited as highly effective with clear financial reporting, effective Council engagement with audit and robust and appropriate scrutiny in place.

Since 2011/12, the AGS is required to contain a statement on whether the authority's financial management arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government' (2010) as set out in the 'Application Note to Delivering Good Governance in Local Government: A Framework'. The Statement sets out five principles which define the core activities and behaviours that belong to the role of the CFO and the organisational arrangements needed to support them.

The Executive Director, Resources and Transformation (interim) as S151 Officer was responsible until February 7, 2023 (followed by the Director of Finance, Corporate Performance and Corporate Landlord to date) during 2022/23 for the proper administration of the council's affairs, as required by Section 151 of the Local Government Act 1972.

The governance requirements in the Statement for Principle 1 are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the authority's Annual Governance Statement, together with how these deliver the same impact and review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised. The current S151 Officer is the Director of Finance, Corporate Performance and Corporate Landlord whose post reports to the Interim Executive Director, Resources and Transformation. However, the Director sits on the leadership team as S151 Officer and reports direct to the Chief Executive in this aspect of his role. In assessing these five principles, the Authority is therefore considered to have complied with the Statement.

During 2021/22, the council reviewed and reported on its compliance with the CIPFA Code of Financial Management (the 'Code'). The Code is designed to support good practice in financial management and to assist local authorities in demonstrating financial resilience and sustainability. Whilst this does not have legislative backing, CIPFA is seeking for it to apply to all local authorities - "Since these are minimum standards, CIPFA's judgement is that compliance with them is obligatory if a local authority is to meet its statutory responsibility for sound financial administration."

The approach taken is intended to be one of self-regulation, with reliance on the local exercise of professional judgement, rather than prescription of the financial management processes needed. The Code is based on a series of principles supported by specific Standards which are considered necessary to provide a strong foundation to:

- Financially manage the short, medium and long-term finances of a local authority;
- Manage financial resilience to meet unforeseen demands on services;
- Manage unexpected shocks in financial circumstances.

The Code sets out 6 principles of good financial management, which CIPFA recommends all financial management practices should comply with. To enable us to test our conformity with these principles, the Code translates them into 17 Financial Management Standards. In summary, these include the following areas:

- The responsibilities of the CFO and leadership team;
- Governance and financial management style;
- Long to medium-term financial management;
- The annual budget;
- Stakeholder engagement and business plans;
- Monitoring financial performance;
- External financial reporting.

The outcome from this assessment, that the council is substantially compliant, with a number of areas for improvement, along with an action plan to address these improvement areas was reported to the Corporate Management Team (CMT) and Cabinet. The Medium Term Financial Framework was updated to reflect compliance with the Code.

One specific part compliant gap and a number of areas for improvement were identified and these are summarised below under the relevant Standard. During 2022/23 progress has been positive as set out below, with a number of improvements implemented.

*Standard A: The leadership team is able to demonstrate that the services provided by the authority provide value for money.* Progress Update: Value for money is explicitly stated as a marker of success and reported on quarterly within our key areas of focus within the Council Plan 2022-2025.

*Standard C: The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.* It was agreed that CMT would review their performance in this area to ensure this can be fully evidenced. Progress Update: Actions were taken to address the cost of living and demand pressures that impacted the council's financial position, allowing the council to outturn under budget by year end. The Chief Executive presented the Annual Governance Statement to Audit Committee for the first time during 2022/23, demonstrating the importance of good governance to the council.

*Standard D: The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016) -* Progress Update: The Council's Local Code of Governance has been reviewed and consulted on, including with Audit Committee and feedback is now being taken on board within the final version.

*Standard E: The Financial Management (FM) Style of the authority supports financial sustainability.* Progress Update: The council invited the LGA to undertake a Corporate Peer Challenge during 2022/23 which included an assessment of whether the council have a



clear understanding of its current financial position; and a strategy and a clear plan to address its financial challenges. Further information is provided under Corporate Peer Challenge below.

*Standard F: The authority has carried out a credible and transparent Financial Resilience Assessment. Progress Update: The medium term financial framework has been updated. The Budget Statement on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves (S25 Report) has been updated, including use of sensitivity analysis and modelling to inform reserve levels. Further work to improve resilience testing is underway, using insight from the Hub.*

*Standard G: The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members. This requires a long term financial strategy and long term strategic plan.*

The council is technically non-compliant with this Standard. However, the Code indicates that for some authorities, the planning horizon of the medium-term financial plan may represent the limit to which the authority can realistically plan for the future. In such circumstances, the long-term financial strategy and the medium-term financial plan might well be one and the same thing. The development of a longer-term financial strategy is, however, encouraged. CMT have agreed that for current purposes, due to the continuing uncertainties around cost of living and post pandemic recovery, it is content that a medium term plan is considered appropriate and uncertainty around future financial settlements.

*Progress Update: The medium term plan continues to be currently considered adequate. Further review as part of 2024/25+ budget setting and medium term financial outlook update.*

*Standard I: The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans. Progress Update: The Council Plan 2022-25 has been approved and it is supported by a medium term financial plan.*

*Standard K: The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves (S25 Report). An area for consideration identified in the 'lessons learnt from the Croydon Report in the Public Interest' related to the opportunity to increase member challenge of the S25 report and levels of reserves through additional training for Members. Progress Update: Briefings were held, and briefing materials made available to all Members, Training on financial and budget scrutiny has been made available to all members.*

*Standard L: The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget. The authority will consider its engagement planning with key stakeholders in relation to the medium to longer term. Progress Update: The council engages with key stakeholders as part of annual budget setting and development of the medium term financial plan, as evidenced by the External Auditors judgement. Further opportunities to be sought in relation to the longer term financial planning, aligned to the Council Plan. See Standard G for long term.*

*Standard M: The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions. Progress Update: In place for capital investment and for Change projects and programmes.*

*Standard N: The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.*

- Consideration will be given to the reporting of performance of key delivery partnerships.
- Performance and financial data could more usefully be presented together.

Progress Update: Hub for Policy and Strategy and Business Insights are now in place and progress is being made with integrated reporting during 2023/24.

*Standard O: The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.* Progress Update: Indicators are kept under review by senior finance officers, and these are considered adequate and appropriate in relation to reporting. Quarterly key indicators are reported to CMT and Cabinet.

There are no matters of significant concern in relation to the system of internal control or its effectiveness to bring to the Committee's attention in relation to compliance with the Code.

## **Performance Information and Data Management**

### **Corporate Plan and Performance**

[The Council Plan 2022-25](#) was approved by Cabinet in February 2022 before also being reviewed by Council. This replaced the Corporate Plan 2021-22: a one year refresh of the previous plan, when development of the 3-year was delayed due to Covid-19. The Council Plan 2022-25 was developed in a consultative and iterative approach with Services, Directors and Executive Directors over several months to ensure that corporate performance measures from the previous Corporate Plan, and strategies and ambitions for the service were considered in the drafting of the Outcomes, Priorities and Markers of Success. Following agreement with appropriate Directors, all Outcomes, Priorities and Markers of Success were signed off by Executive Directors. Alongside, there was continuous dialogue with CMT on the development of the plan through its iterative drafts.

Following the development of the Council Plan 2022-25 the [Corporate Performance Management Framework](#) was also refreshed and presented to Audit Committee in April 2022. In addition to the framework continuing to align with the development and refresh of the council's overarching plan, the effectiveness of the framework will be reviewed as part of the ongoing assurance mapping work reported to Audit Committee.

Responsibility for managing performance lies with individuals at all levels in the organisation and the refreshed Framework continues to focus on empowering staff, services and leadership to apply the principles of performance management appropriately as required to individual circumstances. The main objectives of the Framework are to set out the broad performance management principles for how we approach our work and to underline the performance management responsibilities of everyone working for the council, securing effective and sustainable improvements for the benefit of our residents. The framework closely aligns with the council's Aim, Priorities and Outcomes.

Quarterly performance monitoring to Cabinet has been in place since 2018 and reports during 2022/2023 utilised a refreshed basket of markers of success and performance measures. Following Cabinet, the quarterly reports have also been presented to Scrutiny Overview Committee.

Cabinet reports for 2022/2023 are available on CMIS:

[Quarter One Oct 2022](#)

[Quarter Two Feb 2023](#)

[Quarter Three Apr 2023](#)

[Quarter Four Jul 2023 \(in preparation\)](#)

The Quarter 4 report will also provide an annual summary of the overall performance of the 2022/23 Council Plan Markers of Success. A Key Achievements document for the year is in preparation and will be taken to Cabinet in September 2023. The report will also identify those areas where the performance target was not met and the reasons and, where appropriate, actions to address this.

In relation to 2022/23 performance:

- For context, the 2022-25 Council Plan was published in April 2022;
- The refreshed version presented Walsall's intention to continue to focus on the five (5) EPICC<sup>1</sup> priorities, which were first introduced in the 2018/21 publication;
- These priorities were underpinned by 10 outcomes (two outcomes per priority) and in 2022/23 each outcome was aligned with two Markers of Success;
- These 20 Markers of Success have been the tools to measure performance throughout 2022/23, which has informed the Council, Walsall residents and businesses as well as provided data and/or information to review and monitor throughout the year;
- Each Marker of Success (MoS) consists of either a single Key Performance Indicator (KPI) or a small basket of measures that are agreed by the lead Director(s) as providing an appropriate overview of performance against the MoS. Each has an agreed baseline;
- Overall performance has been maintained from Q1 to Q3 as detailed below. Q4 performance was still being collated at the time of preparing this report.

Performance		Qtr 1	Qtr 2	Qtr 3	Qtr 4
Green	MoS met / exceeded target	7	7	7	-
Amber	MoS close to achieving target	11	13	13	-
Red	MoS did not achieve target	0	0	0	-
Grey	Data/information not yet available	2	0	0	-

Where required, specific performance meetings, including internal directorate arrangements and those involving partner agencies, continue to meet. In some areas this has included a focus on developing information sharing arrangements to enhance the intelligence available to assess performance. The opportunity has been taken to streamline and remove duplication in reporting arrangements. For example, the Director Group has continued to meet, and their role has developed. The group maintain oversight of performance monitoring of corporate priorities and is the lead on the development of the strategic transformation budget planning process which enables services to consider outcomes, performance and structures to determine appropriate transformation models that support business planning and budget setting. This role for Director Group has continued through 2022/23.

During 2022/2023 the development of the Business Insight and Policy and Strategy functionality of the Hub has continued to progress. The aim is to provide intelligence and performance services across all directorates to support improvement and a learning culture.

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<sup>1</sup> Economic growth, People, Internal focus, Children, Communities

Responsibility for performance monitoring of the Council Plan 2022-25 passed to the Policy and Strategy unit from Quarter one 22/23. As recruitment to both the Policy and Strategy and the Business Insight units was still ongoing during 2022 and into 2023, with staff capacity limited, the reporting process used in 2021/22 was retained. Key Performance Indicators and baseline figures were reconfirmed with Directors and reported to Director Group and CMT.

However, it was agreed with Directors that as staff capacity in Policy and Strategy increased, the process of corporate performance monitoring will be reviewed on an incremental basis. This will involve working with responsible Directors and the relevant service areas to review the Key Performance Indicators selected against their Markers of Success – ensuring they provide a rounded picture of performance. There are intentions to develop more effective reporting tools for visualising and tracking trends over time, for benchmarking against comparator areas and for highlighting inequalities (across different population groups or geographies). Preparatory work has started within Policy and Strategy and Business Insights in Quarter four 2022/23, initially focussing on three Outcomes. The relevant Directors and services will be involved in shaping this work from Quarter one 2023/24 onwards.

The quarterly performance monitoring reporting cycle is scheduled to continue and evolve in 2023/2024 and beyond. In addition to quarterly monitoring reports, key achievements delivered against priorities will be included in an Annual Report to Cabinet going forwards; a 'Review of Achievements' report for 2022/23 is planned for September 2023.

Walsall Proud Board received monthly reports on performance in relation to Proud and delivery of the 3 Proud Promises of:

- Improve outcomes and customer experience
- Improve employee satisfaction and engagement
- Improve service efficiency and performance

On 16 March 2022, Cabinet received a report, [The next stages of Proud transformation and change Final \(walsall.gov.uk\)](https://www.walsall.gov.uk). The report summarised that excellent progress has been made in delivering the programme and associated benefits over the last three years, despite having to deal with the demands of a global pandemic and outlined a number of key achievements in relation to Proud Promises and future milestones for delivery. Key achievements include:

- Over the last three years of transformation, customer satisfaction has risen from 67% to 73%, with a milestone target is 77% by April 2023. A customer e-survey is being run over Summer 2023 to measure progress against this.
- Levels of employee engagement were up from 57% (2017) to 61% as demonstrated in the employee survey of November 202), which gathered the views of over 1,300 employees. The next milestone target is 67% by April 2024. An employee survey is planned for Autumn 2023 to track progress.
- From 2019/20 £57.4m of savings have been defined, of which £54.7m have been included in the council's medium term financial plan (MTFP). This accounts for £2.7m of benefits proposals that Cabinet decided not to implement. A further £12.8m of savings are to be identified to support the MTFP.

Effective governance arrangements have been key to the successful delivery of the Walsall Proud Programme and the achievement of its associated benefits. A robust governance structure was introduced to support the strategic consideration and approval of business change activity, including business cases outlining new organisational structures and new technology solutions supporting new ways of working.

The Walsall Proud Programme Management Office (WPPMO) is responsible for the governance of all change activity and have an established governance forums to provide oversight at specific points during the implementation of change. The learning and adaptations to service delivery due to COVID-19 has informed changes to the delivery of key Proud workstreams and will ultimately enable changes that suit the post-pandemic environment. The Proud Promise to improve outcomes and customer experience, improve employee satisfaction and engagement and improve service efficiency and performance fully aligns and is integral to the Corporate Plan (now Council Plan), the corporate priorities and outcomes. The governance structures within WPPMO will continue to ensure there is no change without informed decision making and provide a framework against which service improvements can be implemented. The WPPMO itself provides transformation expertise in the form of programme, project, business analysis and change management arrangements that have planning, performance management and risk management embedded and is developing to become a centre of excellence for transformation and change.

Proud is a Strategic Risk and Audit Committee reviewed this risk during 2022/23 and will keep this under review as part of their work programme for 2023/24.

### Subject Access Requests and Freedom of Information

Performance reporting internally includes the ongoing management of performance in the handling of subject access requests (SARs) and Freedom of Information (Fol) requests with monitoring reports being presented to the Forum for Information Governance and Assurance (FIGA) and to Statutory Officers.

SAR compliance is summarised for each quarter in the table below, comparing 2022/23 to 2021/22.

<b>SAR - Year 2022/23</b>			
Quarter	SAR's Due Out	SAR's Out in Time	% Compliance 2022/23 (2021/22)
Q1 (01/04/22 - 30/06/22)	28	14	50% (83%)
Q2 (01/07/22- 30/09/2022)	28	10	35.71% (83%)
Q3 (01/10/22 - 31/12/22)	43	30	69.77% (54%)
Q4 (01/01/23 - 31/03/23)	42	33	78.57% (50%)
<b>2022/23 TOTAL</b>	<b>141</b>	<b>87</b>	<b>62% (67%)</b>

As in the latter two quarters of the previous year, performance in the first two quarters of 2022/23 continued to suffer as a result of reduced capacity following a key officer leaving the service. Performance in the last two quarters of 2022/23 showed a marked improvement Following the recruitment and training of new staff as well as a review of the SAR handling process. Work is in hand to improve performance further.

Much like SARs, FOIs had seen a dip in performance due the aforementioned capacity issued. Whilst this was not as severe as SAR performance, it fell below 85% (what we and the ICO would consider acceptable). This has now recovered. Again work is in hand to further improve performance, including piloting additional technology to reduce redaction and retrieval time for documents.

<b>FOI/EIR - Year 2022/23</b>			
<b>Quarter</b>	<b>FOI/EIRs Due Out</b>	<b>FOI/EIRs Out in Time</b>	<b>% Compliance 2022/23 (2021/22)</b>
Q1 (01/04/22 - 30/06/22)	168	130	77% (88%)
Q2 (01/07/22- 30/09/2022)	179	126	70% (78%)
Q3 (01/10/22 - 31/12/22)	180	163	91% (84%)
Q4 (01/01/23 - 31/03/23)	216	184	85% (83%)
<b>2022/23 TOTAL</b>	<b>743</b>	<b>603</b>	<b>81 % (85%)</b>

### Information Commissioners Office (ICO)

Where individuals are unhappy with the processing of their requests for information, they have the right to complain/appeal to the ICO. Generally, these complaints fall into two categories.

1. Processing - The customer is unhappy with the processing of their request (for example an FOI exemption has been applied and they disagree with this, or a SAR where an individual does not believe all info has been provided);
2. Timeliness - The customer has not received a response to their request within the required timeframe.

In 2022/23 the council received 5 complaints from the ICO. In all cases we were able to respond to their requirement and no further action was taken

### **Information Governance and Cyber Security**

The council takes information management very seriously and has prioritised effort and resources into raising awareness to members and employees of everyone's responsibilities when handling information of all types but particularly personal and sensitive information which relates to our residents.

The Forum for Information Governance (FIGA), which meets quarterly, consists of Information Champions (senior management) and Information Asset Owners from key areas across the council to review and address information risks. There are also designated officers who carry out the roles of Senior Information Risk Owner (SIRO), Caldicott Guardian and Data Protection Officer.

### Management of Data Protection Breaches 2022/23

During 2022/23 there were 164 incidents reported as data breaches to the Information Governance team compared to 144 in the previous year.

The additional pressures of remote working during the pandemic and the support provided for all services areas in relation to data protection alongside the updated training and

awareness made available and mandated for all staff, confirms that there remains a high level of awareness in regard to understanding our duties and responsibilities across all service areas to report data breaches immediately.

The increase in reporting figures against the previous year is noted as a direct impact of the increased availability of data sharing technology and the discovery of new ways of working for which the council's Information Governance team have now ensured appropriate awareness and guidance is in place to reduce such incidents in the future..

The Information Governance team continue to ensure that the council meets its obligations for accountability by issuing regular reports for all data protection incidents to FIGA. The table below shows the incidents reported by directorate which are monitored by FIGA representatives and supported by individual information champions within each directorate/area.

The below table shows the incidents by directorate level.

Directorate/Area 2021/22	Total	Directorate/Area 2022/23	Total
Adult Social Care	34	Adult Social Care	22
Children's Services	75	Children's and Families	83
Economy and Environment	10	Economy and Environment	14
Elected members	2	Elected Member	0
Resources and Transformation	21	Resource and Transformation	45
External 3rd Party	2	External 3rd party	0
<b>Grand Total</b>	<b>144</b>	<b>Grand Total</b>	<b>164</b>

To further support the reporting and monitoring of data protection incidents the Information Governance team also ensure that any reported incidents are identifiable by the incident type and data category so that any repetitive incidents or identifiable risks can be addressed.

Data Category	Total
Information Disclosed in error	155
Information lost or stolen	9
<b>Grand Total</b>	<b>164</b>

*Lessons learnt:*

As part of duties and obligations under the data protection regulations the council has to ensure that it has taken appropriate steps to reduce incidents by the sharing of lessons learnt and taking the actions required to reduce the potential for further incidents of a repetitive nature. There are recurring themes of data being 'disclosed in error' via electronic means, such as by email, across a range of services and circumstances. This continues to be addressed by ensuring appropriate guidance, news updates, organisational and technical controls are in place alongside the mandatory Information Governance training to further reduce the potential for such incidents.

*Serious incident reporting:*

The council has reported 0 serious data breaches during this period and all internally reported incidents were fully investigated and appropriately closed within a 21 day period.

### *Data Protection Incident improvement actions:*

Over the reporting period the IG team have continued to improve the digital breach reporting system and staff guidance to ensure that breaches can be reported quickly and easily from any location. Every incident is then appropriately investigated and where required escalated through to senior leads for the appropriate actions and or sharing of any lessons learnt, where all incidents must be managed within a 21 day period.

We have also introduced an updated Data Breach Handling Procedure that fully supports our incident management solution and ensures appropriate timelines and triggers are in place for the external reporting of any potential serious incidents within the 72hr legally required period. This ensures the council continues to maintain and uphold its obligations to investigate and manage data protection incidents accordingly and are able to report the outcomes and requirements of any incidents to an appropriate senior board through FIGA.

Regular update reports on any developments, guidance or improvements through lessons learnt are also presented to FIGA to ensure that this senior management board are aware of any data protection changes in the organisation and can take appropriate action as required.

### *Data Protection and Information Security Training and Awareness:*

With the changes in technology the IG team updated the mandatory annual data protection training to include additional awareness around cyber and information security.

In this period the organisation has now implemented the mandatory cyber security training as a separate and dedicated cyber and network data security training module to ensure everyone is aware of their duties and responsibilities with regards to network and information security. All staff are mandated to complete the appropriate training modules on an annual basis from the 1 of April to the 31 of March of every financial year.

For further assurance, the council completes the NHS Digital "Data Security and Protection" (DSP) Toolkit, which is an audit tool that enables the council to gain the required level of assurances relating to the provision of its social care services and partnership work with third parties such as Health, Police and Safeguarding.

The completion of this audit tool annually requires the council to ensure that a minimum of 95% of its staff with access to information have undertaken data protection training and that its systems and processes have data protection and privacy embedded throughout their processing activities. The council is pleased to report that a compliance figure of 95% of all staff trained for this financial year was achieved by the end of March 2023. This provides the council with the assurances that all staff are fully aware of their duties and responsibilities relating to confidentiality and data protection alongside increased awareness of cyber and information security requirements.

### Cyber Security

Digital and Technical Services (DaTS) provides quarterly Cyber Security and Resilience updates to CMT in relation to the activities being undertaken by DaTS and Information Governance, to not only strengthen the councils information and network security but also support staff awareness around their responsibilities and duties with regards to cyber security. The report details progress of cyber security work and highlights any required recommendations or actions it also highlights any identified risks, where senior management



assistance is required to mitigate, reduce, or accept risks identified by DaTS, Information Governance and the Cyber Security Team. It also contains data on security incidences including malware attacks and phishing emails. A disaster simulation exercise was carried out in November 2022 and priority areas for action identified have been addressed. DaTS use a Microsoft Secure Score as a quarterly KPI measure with performance being above target for 2022/23.

Cybersecurity appears on the Strategic Risk Register which has been reported to Audit Committee on 2 occasions during 2022/23. It is also included within Audit Committee's work programme for review in 2023/24.

## **Other Sources of Assurance**

### **Corporate Peer Challenge**

The Council invited the Local Government Association (LGA) to undertake a Corporate Peer Challenge of the council. This took place in January 2023. Audit Committee received the CPC report at its meeting in April 2023. There were no significant areas of improvement to bring to the attention of the Committee in relation to governance or internal controls. Indeed, the report provided favourable feedback in relation to these areas and the Audit Committee itself, as follows:

*“Through the Peer Review process, the team were presented with evidence of strong governance arrangements and effective financial planning. This corporate core provides a strong foundation for services, engagement, ongoing transformation, and is underpinned by clear financial reporting, effective engagement with audit, and appropriate internal scrutiny.”*

*“During our time on site, the Team heard particular praise for the Council's Audit Committee, and recognition for the contribution of the Chair in taking this forward over a number of years. This includes the effective use of a risk strategy, clear reporting of corporate risks, and constructive engagement with external audit. This continuity of Chair has been important to the Committee as there has been a level of churn in other Committee Members.”*

Audit Committee was singled out as *“one of the strongest they have seen.”*

### **HR Management and Development**

The council has a comprehensive set of employment policies and procedures that ensure governance and compliance and support the council to deliver its Corporate Plan priorities. All key employment policies are approved by Members at Personnel Committee and reviewed on a three yearly cycle following staff and trade union engagement at elected forums, such as the Employee Relations Forum (corporate decisions/consultations) and Joint National Consultative Committees (for directorate based decisions/consultation). The council has a Code of Conduct for employees that provides a clear framework and guidance for all employees of the council, and which outlines acceptable standards of behaviour and aims to support the council's shared vision, purpose, values and behaviours. Statutory compliance is maintained through various outputs including the pay policy statement, gender pay gap reporting, the transparency code and trade union time reporting.

Completed policy reviews during 2022/2023 have included family friendly, confidential reporting, sickness absence and the launch of a new flexible retirement policy and electronic exit questionnaire, alongside guidance updates on sickness absence.

During 2022/23 a significant amount of work has been completed in relation to the preparation of a redesigned HR/OD function as well as the creation of a number of key strategic documents, including the organisational development strategy, workforce strategy and the new ways of working policy – all of which undertook significant consultation during 2022/23 and will be formally launched during 2023.

Connected Working has been embedded in a number of areas across the council during 2022/23 and will continue as part of the new OD function with a refreshed L&D offer. The Connected Working sessions have increased interest coaching and learning about psychological safety.

Our Equality Diversity and Inclusion (EDI) action plan is developing well, we have established a Workforce Equality Board, this is a forum to plan and deliver improvements in a performance in the area of EDI. The group is made up of Equality Network Group Chairs and Equality Champions. We have produced a new Diversity Calendar and have plans to celebrate various events from the calendar across the year, including Pride and Black History Month.

We have also embarked on comprehensive programme of improving the HR/Payroll modules on OneSource including switching to Oracle Recruitment Cloud solution which will significantly improve how we recruit and onboard staff. We will also simplify the recording of sickness absence by removing the PASS system and move to direct sickness absence which will improve accuracy of sick pay.

### Health and Safety

Quarterly reports are made to the Corporate Health and Safety Board (CHSB), providing it with a strategic overview of health and safety issues affecting the authority; it is also charged with ensuring best practice in health & safety across the council. The board links with the council's legal duty to establish safety committees and consult employees on matters of health & safety. Regular update reports keep CMT informed of the board's activities and significant matters arising from safety committees. Reports include outlines activities, learning points, and data analysis, including in relation to accidents and aggressive incidents suffered by staff and data on accidents to members of the public (including pupils) on our premises. The health and safety policy was updated in May 2023. The policy and reports are supplemented by an accident dashboard and a health and safety audit programme, the latter continuing to show good overall compliance.

### **Other Supporting Evidence**

The review of effectiveness is also informed and evidenced by the following;

- a) Quality assurance controls put in place by Internal Audit and managers, in managing and delivering the Internal Audit service in accordance with the Public Sector Internal Audit Standards and including such areas as discussion/agreement of the risk based audit plan and each individual audit review;
- b) The role of the Audit Committee in endorsing Internal Audit's work plan and in their regular review and scrutiny of audit performance;

- c) The work of Audit Committee reviewing specific reports which have been awarded 'Limited' assurance for detailed scrutiny, ensuring the Committee is able to be assured that operational and control issues are being dealt with appropriately and that managers' agreed actions are being implemented. The Committee are able to seek explanation from managers failing to progress agreed actions.
- d) The preparation and presentation of an Annual Report to Council of Audit Committee's work, assisting it to discharge the committee duty to provide independent assurance on the adequacy of the Council's risk management framework and the internal control and reporting environment.
- e) The regular review of Internal Audit work by the S151 Officers nominee, including meetings with Internal Audit.

Based on the work of Audit Committee, the Internal Audit Annual Opinion, the work and findings of Internal and External Audit, and review of other assurances, the system of Internal Control is assessed as satisfactory overall and fit for purpose. There are no significant governance weaknesses to report to Audit Committee.

Actions and improvements have been identified as set out in this report and these improvement actions will be monitored and reported back to the appropriate Committee.