

25 September 2024

Annual Review of the Effectiveness of the System of Internal Control and Annual Governance Statement 2023/24

Ward(s): All

Portfolios: All

Purpose: Receive, Review and Approve

1. Aim

- 1.1 Every Local Authority is required to produce and publish an Annual Governance Statement (AGS) which is informed by a review of the effectiveness of the Council's system of internal control (the 'Review'). This is a requirement is set out in Regulation 3 of the Accounts and Audit (England) Regulations 2015 and responsibility is delegated to Audit Committee. This report provides the Review (appendix 1), which informs the Annual Governance Statement, which is attached at appendix 2.

2. Summary

- 2.1 This report contains the findings of the review of the effectiveness of the Council's system of internal control for consideration by Audit Committee. This review supports production of the Annual Governance statement (AGS) for 2023/24 which is also attached and requires Audit Committee approval.
- 2.2 The outcome of the 'Review' is the conclusion that the effectiveness of the system of internal control is adequate overall and there are no significant governance issues to report. Where control weaknesses have been identified, progress against these will be reported.

3. Recommendations

Audit Committee are requested to:

- 3.1 Receive and considers the findings arising from the annual effectiveness review into the system of internal control, as contained within this report at appendix 1.
- 3.2 Receive, review and approve the attached Annual Governance Statement at appendix 2 for publication alongside the post-audit Statement of Accounts.
- 3.3 Note that following the deferral of the draft AGS at Audit Committee in June 2024 no feedback was received from members of the committee and no significant governance matters had arisen since the report presented in June 2024. This final version of the AGS has been amended to reflect finalised Internal Audit report outcomes that were no available when the draft AGS was presented in June.

4. Report detail – know

Control Environment

- 4.1 The Accounts and Audit (England) Regulations 2015 states that the Council:
- 1) Must ensure that it has a sound system of internal control (Regulation 3) which:
 - (a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) Ensures that the financial and operational management of the authority is effective; and
 - (c) Includes effective arrangements for the management of risk.
 - 2) Conduct a review of the effectiveness of the system of internal control required by Regulation 3;
 - 3) The findings of this effectiveness review must be considered by a Committee of the Council (Council have delegated this to Audit Committee);
 - 4) The Council must prepare an Annual Governance Statement;
 - 5) The Annual Governance Statement (AGS) must be approved by the Council (Audit Committee) by 30th September 2024.
- 4.3 Additionally, the Council must 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. This is reported in the Head of Internal Audit Opinion 2023/24 report, which was reported to Audit Committee on 24 June 2024.

Assurance of Controls

- 4.4 Governance is the arrangements in place to ensure that an organisation fulfils its overall purpose, achieves its intended outcomes for citizens and service users and operates in an economical, effective, efficient and ethical manner.
- 4.5 The governance *framework* is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes. The framework is intended to support the Council in demonstrating good governance. The framework itself is not a statutory requirement, but rather a discretionary code offered to organisations as good practice. It is important to note that the AGS (which is a statutory requirement) covers all significant corporate systems, processes and controls, spanning the whole range of the authority's activities, including in particular those designed to ensure that:
- The council's policies are implemented in practice;
 - Services are delivered efficiently and effectively;
 - The council's values and ethical standards are met;
 - Laws and regulations are complied with;
 - Required processes are adhered to;

- Financial statements and other published performance information are accurate and reliable;
- Human, financial, environmental and other resources are managed efficiently and effectively.

4.6 This report reinforces the protection to the council and its officers in respect of the robustness of the internal control environment and is an integral part of the assurance provided to residents, communities and other stakeholders on the security of the council's activities and operations.

4.7 Effective performance and risk management is key to ensuring an effective system of internal control is maintained. Senior managers can support the Performance Management Framework and Risk Management Strategy, part of the council's internal controls, and the assurance gathering process by ensuring that systems and processes are in place within each directorate, including ensuring directorate plans, project and individual risk registers and risk assessments are in place and regularly reviewed and service complaints are responded to and used to drive improvement. In addition, senior officers within each directorate should promptly implement agreed internal and external audit actions within the timescales agreed.

Strategic Risks

4.8 A key aspect of the system of internal control is the identification of key risks to the organisation and to delivery of its key objectives, and key controls needed to mitigate these risks. Comprehensive, embedded and effective risk management arrangements are fundamental to demonstrating good governance.

Annual Statements

4.7 The report presents the Annual Governance Statement (AGS) for 2023/24 for the committee's review and approval. The AGS will be published with the post audit statement of accounts.

5. Financial information

5.1 Effective financial management supports delivery of the council's priorities and provides for improved financial stability into the medium and longer term. The council has a comprehensive set of strategies, plans and procedures in place in relation to financial planning and financial risk management that form part of internal controls. Sound management of the finances reduces reputational risk and provides assurance to the External Auditors that the council has effective arrangements in place in relation to financial governance.

5.2 The review of effectiveness includes an update on continued good progress in implementing improvements arising from the self-assessment undertaken of the council's compliance with the CIPFA Code of Financial Management.

6. Reducing Inequalities

6.1 As stated above, governance covers the arrangements in place to ensure that an organisation fulfils its overall purpose, achieves its intended outcomes for citizens and service users and operates in an economical, effective, efficient and ethical

manner. Reducing inequalities is a key part of the council's overarching aim and priorities which have been developed in line with the Marmot Objectives.

7. Decide

- 7.1 The Committee should consider the robustness of the review of internal controls that has been undertaken and is being reported here and decide whether it is satisfied with the work completed and that this is adequately reflected in the AGS and that the AGS fairly concludes that governance arrangements are fit for purpose.

8. Respond

- 8.1 The final version of the AGS will be published alongside the council's post-audit accounts. Annually the council review the internal controls that collectively form the governance arrangements included in the AGS and present this to Audit Committee for consideration.

9. Review

- 9.1 As part of the work of Audit Committee it routinely reviews reports regarding Internal Audit, risk management, financial reporting and performance management, all processes that are part of the internal controls for the council.

Background papers

- Audit and Accounts Regulations 2015
- Internal Audit report and Opinion on the adequacies of the Council's control environment
- Various CIPFA Guidance, Local Code of Governance, Various Council documents and reports
- Various External and Internal Audit and Inspection reports

Author

Helen Dudson, Assurance Manager

☎ 653732, ✉ Helen.Dudson@walsall.gov.uk

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 2023/24.

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 2023/24 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 and the council's implementation of recommendations arising from the 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.

Diagram 1 outlines the various components that jointly inform the Annual Governance Statement. Updates for 2023/24 are shown in green.

Diagram 1: ANNUAL GOVERNANCE STATEMENT (AGS) FRAMEWORK

Framework – Key documents / process guidelines supporting delivery of the Council’s Aim, Priorities and Outcomes:

- Local Code of Governance (revised 2024)
- Budget and Medium Term Financial Framework
- Performance Management Framework (including Corporate Planning Process and Annual Performance Conversation Process)
- Risk Management Strategy and Corporate Risk Register
- Counter Fraud Policy
- Policies, procedures, constitution, codes of conduct
- Partnership arrangements

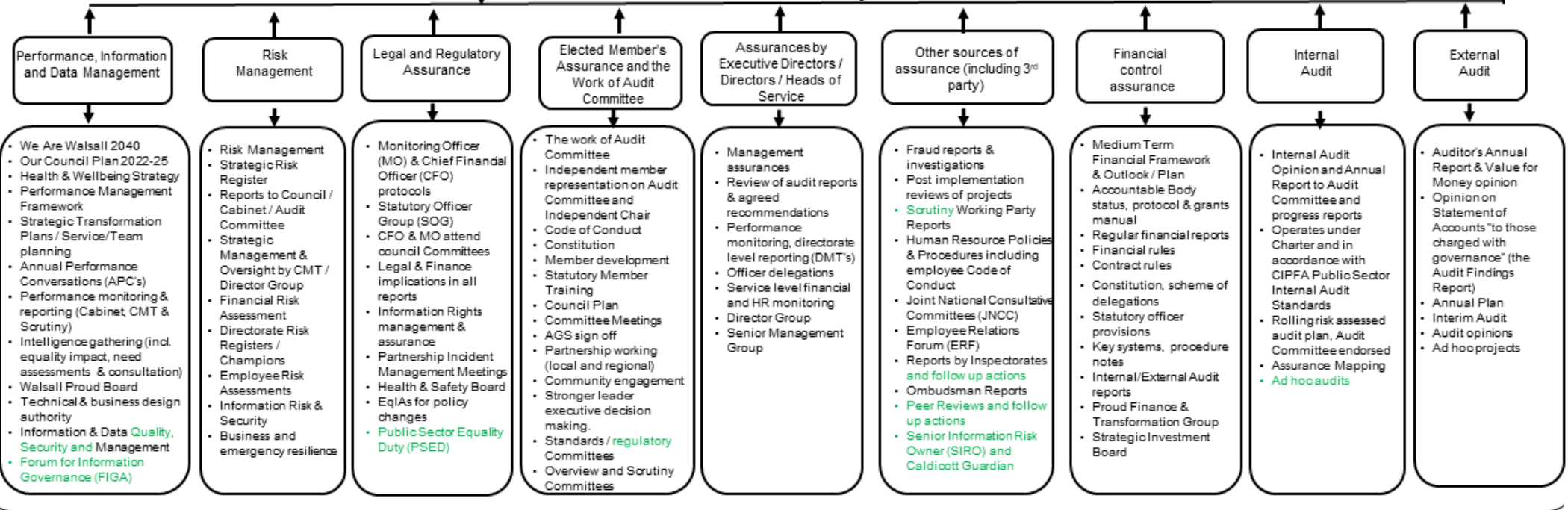
Audit Committee Approve the Annual Governance Statement

Audit Committee:
- receives the annual review of the effectiveness of its system of internal control

Supported by Authority & Directorate Policies, Procedures and the following Assurance Arrangements

Corporate Process: Officer responsibility for drafting AGS and evaluating **assurances** and supporting evidence

Approval of AGS by the Leader of the Council and Chief Executive



Ongoing assurance on adequacy and effectiveness of controls over key risks

- We Are Walsall 2040
- Our Council Plan 2022-25
- Health & Wellbeing Strategy
- Performance Management Framework
- Strategic Transformation Plans / Service/Team planning
- Annual Performance Conversations (APC's)
- Performance monitoring & reporting (Cabinet, CMT & Scrutiny)
- Intelligence gathering (incl. equality impact, need assessments & consultation)
- Walsall Proud Board
- Technical & business design authority
- Information & Data Quality, Security and Management
- Forum for Information Governance (FIGA)

- Risk Management
- Strategic Risk Register
- Reports to Council / Cabinet / Audit Committee
- Strategic Management & Oversight by CMT / Director Group
- Financial Risk Assessment
- Directorate Risk Registers / Champions
- Employee Risk Assessments
- Information Risk & Security
- Business and emergency resilience

- Monitoring Officer (MO) & Chief Financial Officer (CFO) protocols
- Statutory Officer Group (SOG)
- CFO & MO attend council Committees
- Legal & Finance implications in all reports
- Information Rights management & assurance
- Partnership Incident Management Meetings
- Health & Safety Board
- EqIAs for policy changes
- Public Sector Equality Duty (PSED)

- The work of Audit Committee
- Independent member representation on Audit Committee and Independent Chair
- Code of Conduct
- Constitution
- Member development
- Statutory Member Training
- Council Plan
- Committee Meetings
- AGS sign off
- Partnership working (local and regional)
- Community engagement
- Stronger leader executive decision making
- Standards / regulatory Committees
- Overview and Scrutiny Committees

- Management assurances
- Review of audit reports & agreed recommendations
- Performance monitoring, directorate level reporting (DMT's)
- Officer delegations
- Service level financial and HR monitoring
- Director Group
- Senior Management Group

- Fraud reports & investigations
- Post implementation reviews of projects
- Scrutiny Working Party Reports
- Human Resource Policies & Procedures including employee Code of Conduct
- Joint National Consultative Committees (JNCC)
- Employee Relations Forum (ERF)
- Reports by Inspectorates and follow up actions
- Peer Reviews and follow up actions
- Senior Information Risk Owner (SIRO) and Caldicoth Guardian

- Medium Term Financial Framework & Outlook / Plan
- Accountable Body status, protocol & grants manual
- Regular financial reports
- Financial rules
- Contract rules
- Constitution, scheme of delegations
- Statutory officer provisions
- Key systems, procedure notes
- Internal/External Audit reports
- Proud Finance & Transformation Group
- Strategic Investment Board

- Internal Audit Opinion and Annual Report to Audit Committee and progress reports
- Operates under Charter and in accordance with CIPFA Public Sector Internal Audit Standards
- Rolling risk assessed audit plan, Audit Committee endorsed
- Assurance Mapping
- Ad hoc audits

- Auditor's Annual Report & Value for Money opinion
- Opinion on Statement of Accounts "to those charged with governance" (the Audit Findings Report)
- Annual Plan
- Interim Audit
- Audit opinions
- Ad hoc projects

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 2023/24 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 certain weaknesses and exceptions were highlighted by our audit work, none of our reviews concluded with unsatisfactory assurance. Of the 35 reviews for which an assurance opinion was provided, 14 provided substantial assurance, 16 moderate assurance and 5 limited assurance. We have raised 6 high priority recommendations, 77 medium priority recommendations and 46 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. These will continue to be followed up as part of the follow up programme for 2024/25".

Internal Audit Identified Control Weaknesses

1) Follow up of 2022/23 control weaknesses:

The AGS effectiveness review is informed by work undertaken in 2023/24 to follow up on actions agreed to improve governance issues/control weaknesses identified in the previous year's (2022/23) AGS.

During 2022/23, Internal Audit reviews were undertaken on the core financial systems. All of the core financials systems audits received a 'Moderate' or 'Substantial' assurance audit rating.

In addition to fundamental financial systems, 32 audits were undertaken in 2022/23 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 30 reviews (75%) were given a 'Moderate' assurance or above, with a significant increase in the number being given a 'Substantial' assurance rating, 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.

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

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.

Audit	Adequacy of System Design	Effectiveness of Operating Controls	Follow Up Date	Progress on Implementation of Recommendations
Temporary Accommodation	Limited	Limited	April 2024	1 High 5 Medium & 2 Low implemented 1 medium partly implemented
Climate Emergency Action Plan	Limited	Moderate	October 2023	2 Med & 2 Low Implemented 4 Med Partly Implemented
Cross Council Collaboration for Saving Plans	Limited	Limited	February 2024	4 Low Implemented 1 High & 1 Med Partly Implemented
CADMUS – Family of Schools	Limited	Limited	May 2023	4 High and 5 Med Implemented 1 Med Partly Implemented

Audit	Adequacy of System Design	Effectiveness of Operating Controls	Follow Up Date	Progress on Implementation of Recommendations
WPP Adults CIP	Limited	Limited	December 2023	1 Low Implemented 1 High & 5 Med Partly Implemented
Procurement	Limited	Moderate	December 2023	1 Med and 1 Low Implemented 5 Med Partly Implemented
Shepwell School	Moderate	Limited	April 2023	8 Med and 4 Implemented
Millfield Primary School	Moderate	Limited	May 2023	7 Med and 3 Low Implemented
Atlas Federation of Schools	Limited	Limited	May 2023	5 Med and 6 Low Implemented 4 Med Partly Implemented
Alumwell Junior School	Limited	Limited	May 2023	1 High 8 Med and 3 Low Implemented 1 Med Partly Implemented

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

2). Planned work 2023/24:

The AGS effectiveness review is informed by internal audit work undertaken in 2023/24, the findings of these reviews and actions plans put in place by managers to address identified control weaknesses. During 2023/24, 35 internal audits were undertaken where internal audit provided a formal assurance level. Of these:

- 14 audits (40%) received a 'Substantial' assurance level (13, 32% for 2022/23);
- 16 audits (46%) received a 'Moderate' assurance level (17, 43% for 2022/23);
- 5 reviews (14%) received a 'Limited' assurance level (10, 25% for 2022/23) and
- No audits (0%) received an 'Unsatisfactory' assurance opinion (0 for 2022/23).

Overall, 30 reviews (86%) were given a 'Moderate' assurance or above (75% in 2022/23), with an increase in the number being given a 'Substantial' assurance rating (14 or 40% compared to 13 or 32% in 2022/23). All core financial systems were given a 'Substantial' (5) or 'Moderate' (2) assurance.

A total of 129 recommendations have been made of which 6 were considered to be fundamental (199 in 2022/23, of which 7 were fundamental).

- 6 (5%) 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 4% in 2022/23);
- 77 (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 (120 or 60% in 2022/23);
- 46 (35%) 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 (72 or 36% in 2022/23).

All recommendations made during the year were accepted by management.

Internal audit's work identified that although in 86% 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 5 reviews where a 'Limited' assurance level was given.

Audit	High Priority Recs
Planning and Building Control	1
Cultural Service	2
Key Security Controls (IT audit)	2
St Marys the Mount Catholic Primary School	1
Programme Assurance (Connected Gateway)	-

The 6 'High Priority' recommendations were detailed in the Head of Internal Audit Opinion report in Private to Audit Committee in June 2024.

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;
- The increase in 'Substantial' assurance opinions and that 86% of all opinions were at 'Substantial' or 'Moderate' level – an increase on the previous year of 75%;
- All 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.
- 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 6 2023/24 fundamental recommendations are in separate audit areas and equate to a small proportion (5%) of the overall findings and recommendations made. Action is being taken to address these and these will be followed up and reported to the Audit Committee during 2024/25.

3) Unplanned Work:

One area of unplanned work was referred to Internal Audit and investigation undertaken internally. This has now concluded, with action being taken to address the findings and follow up by Internal Audit. The unplanned work does not impact the review of effectiveness of internal controls or AGS due to the unique one-off nature of the incident. Audit Committee were briefed on the conclusion of this matter during 2023/24.

Internal Audit Review of AGS Compliance

Conclusion

In general, we noted compliance with the Annual Governance Statements.

Of the 18 key questions we have chosen to sample, there was evidence of full compliance for 16.

Scope and objectives of our work

In 2016-17, we supported the Council in developing a framework to provide enhanced governance procedures. The key questions used in the framework were agreed by management, and we assisted managers in identifying the evidence needed to support the statements made. In 2023-24, management have updated the evidence trail, and this information has been reviewed by Internal Audit.

In quarter four, we carried out a piece of work to review the Annual Governance Statement with management to assess the extent to which compliance with the framework has been met. Our 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
- Human Resources
- Member Relationships

Findings

We have performed follow-up work on 18 key questions within the Annual Governance Statement. Our assessment of the current compliance status of a selection of key questions across all service lines is indicated in the table below. We have chosen 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	LR1	Does the Council have an up to date record and accessible record of its statutory obligations?	We were advised by management that the Council constitution is reviewed every year. We confirmed part 3 of the Constitution which includes statutory obligations.	Compliant
Legal & Regulatory	LR10	Do all employees in each service area have access to the following documents and are they aware of their contents?	We were advised that policies are available on the Council Intranet. We were provided screenshots of the following policies on the intranet: <ul style="list-style-type: none"> • Code of conduct • Whistleblowing • Counter fraud 	Compliant

Area	Reference	Key Question	Audit Follow-Up Result	Evidence of Compliance
		a) code of conduct for employees b) financial regulation and procedures c) contract procedure rules d) anti-fraud and corruption policy e) anti-money laundering policy, including anti-bribery f) whistle blowing policy.	<ul style="list-style-type: none"> Financial and contract procedures 	
Legal & Regulatory	LR18	Is there a corporate health and safety action plan? Is it reviewed annually? Does the service plan identify outstanding health and safety actions from the previous year?	We were advised by the Health and Safety manager that Health and Safety action plans are produced at the directorate level. We asked for examples of these plans - but due to them being saved on local files they were unable to be located at the time of this review. We were provided with a generic template health and safety plan for directorates to utilise. The only directorate health and safety plan we were provided with was the Resources and Transformation 2024-25.	Partially Compliant
Performance Management	PM3	Are the performance indicators directly aligned to the Council's strategic and departmental objectives as well as any statutory requirements?	We were provided with the Black Country economic dashboard for February 2024 to show how the Council have aligned unemployment performance measures for the region. We were also advised by the policy and performance officer that the measures selected by Adult Social Care for the Council plan are a small subset of the local and statutory measures that they report and monitor weekly.	Compliant
Performance Management	PM5	Is underperformance managed effectively including the use of improvement plans?	We were advised that the Scrutiny Committee has regular oversight of Council Plan underperformance. We were provided with minutes of a Scrutiny Committee meeting on the 16th June 2023 showing the areas that the Council should focus on for 2023/24. This includes considering monitoring progress against the measures of the Council Plan. For areas of improvement, such as Children's services, we were advised by the Head of Quality Improvement and Service Development that performance data is reviewed at monthly meetings and in addition	Compliant

Area	Reference	Key Question	Audit Follow-Up Result	Evidence of Compliance
			thematic reviews of areas of concern are carried out on a regular basis.	
Performance Management	PM10	Are random checks made to confirm the robustness of the data source?	We were advised by management that some performance measures are based on external data, so it is not always possible to complete random checks. We were further informed that Adults Social Care, within their Performance Working Group, cross check statutory returns data annually. Data cleansing packs are issued to team managers monthly. We were provided with the minutes of the Performance Working Group on the 24th January 2024, suggesting that data quality is discussed.	Compliant
Project & Programme Management	PPM5	Are there formal project management disciplines and processes for managing projects (e.g. PRINCE2 or MSP), and are these applied in an effective and consistent way?	We were advised by the Head of Transformation and Change that for job descriptions of those involved within Project and Programme Management - individuals are asked for a Prince2, or equivalent qualification. We reviewed a training presentation shown to those involved within PPM which outlines the methodology for management is based on Prince 2 disciplines.	Compliant
Project & Programme Management	PPM6	Are documented procedures in place for monitoring and controlling projects during their lifetime?	We were advised by the Head of Transformation and Change that each workstream (project) has a steering group which looks at the benefits. This steering group reports monthly to the Proud Board. We were provided the minutes of the December 2023 Proud Board meeting, showing that there is monitoring of the work streams.	Compliant
Project & Programme Management	PPM8	Are procedures in place for reviewing project outcomes?	As stated above we were advised by management that the Proud Board has regular oversight of the workstreams. Whilst there is a project closure report there is currently no documented procedures to look back at the project in 6 or 12 months' time, once the project has been closed. We were advised by the Head of Transformation and Change that they are looking to standardise this.	Partially Compliant
Digital & Technology Services	IT1	Does each directorate comply fully with the Council's policies on e-mail, Intranet and Internet usage?	We were advised by management that there are two types of training. There is mandatory training for new starters on IT usage and a refresher course for those currently employed. Furthermore, when someone logs on to the council network, they have to explicitly accept they will abide by council policies.	Compliant

Area	Reference	Key Question	Audit Follow-Up Result	Evidence of Compliance
Digital & Technology Services	IT3	Have all staff been made aware of the Council's IT acceptable usage and security policies and procedures?	We conducted a walkthrough with IT management and confirmed policies and procedures are locatable on Walsall Intranet for members of staff to view.	Compliant
Digital & Technology Services	IT4	Are processes in place to ensure compliance with the IT Security Policy?	We conducted a walkthrough with IT management on the intranet and confirmed. that policies and procedures are within the Intranet. We were advised that the policies are reviewed every two years. which are unique to the directory, such as Mosaic.	Compliant
Human Resources	HR3	Appropriate procedures are in place for the following: a) recruitment; b) induction; c) training and development; d) monitoring of sickness; and e) monitoring of overtime?	During our review we were provided with the holiday pay procedure, sickness absence procedure, recruitment and selection policy, as well as the induction guidance.	Compliant
Human Resources	HR14	Is a register of interests and a hospitality register maintained and regularly reviewed by senior managers?	We were provided with the gifts and hospitality policy (2019). This states that each executive director is responsible for maintaining a list of gifts in their directorate. We were provided with an example of the Resources and Transformation 2023-24 gifts log, which includes the date of gift and its nature.	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 HR that after every Recruitment Panel meeting, information of the vacancy is exported to a shared spreadsheet. This states the business case of employing agency staff. We were provided with this spreadsheet and confirmed that a business rationale is produced. and whether this has been approved by the relevant director or panel.	Compliant
Member Relationships	MR2	Are the roles of Members in these committees clearly defined?	We confirmed the role of members in Committees is defined in part 4 of the Council Constitution.	Compliant

Area	Reference	Key Question	Audit Follow-Up Result	Evidence of Compliance
Member Relationships	MR4	Is the effectiveness of each committee reviewed regularly?	Management advised us that the role and remit of all Committees is regularly reviewed. Several Committees produce annual reports reviewing their effectiveness. Management advised that the Scrutiny Annual Report reflects how it has contributed to the delivery of the Council Plan priorities.	Compliant
Member Relationships	MR5	Are new Members effectively inducted and instructed as to their roles?	We were advised by management that following their election, new members are invited to attend a thorough member induction session. This includes training on GDPR and an overview of the Councils roles and functions. The Member Learning and Development Programme sets out all mandatory training requirements that members are expected to complete. We were provided with the contents page of the members pack which includes areas such as the members code of conduct and declaring interests.	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 and Audit Committee were consulted on the outcomes and recommendations at their meeting in November 2022. Further work was then undertaken on the Strategy, and this has now been finalised and published.

Audit Committee received reports on risk management including the Strategic Risk Register (SRR) at their September 2023 and February 2024 meetings. Additionally, the Committee called in officers in respect of four specific risks, which were considered in September and November 2023 and February 2024 to seek assurance on controls and actions being put in place to manage them. Further, at their November 2023 meeting, the Committee requested that Strategic Risk 2 (Proud and transformational change) be subject to further review at their first meeting of 2024/25.

Key risks to the Council for 2023/24 were updated for the cost-of-living crisis 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. Other cost of living budgetary and services impacts included continued inflationary pressures from fuel and energy price increases, third party spend price increases in relation to contracted services (including social care), the effect of a reduction in residents disposable incomes on income collection across the council and the need to support households through the impact. Other key risks included 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 continued to be 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 2023/24 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.

On 29 February 2024, a joint Corporate Management Team / Directors Group Risk Management session was held to review the current Strategic Risk Register (SRR). This was timely given the changes within the senior management structure, including appointment of a new Chief Executive and three Executive Director posts. The workshop was facilitated by Mazars and the outcomes were:

- That existing strategic risks, assurances and controls were still relevant and appropriate and current and target scores were agreed as broadly in line with those within the existing SRR – where there were suggested changes in scores, then these are being reviewed by risk champions and Director Group.
- The reference to Proud should be removed from risk 2, with the risk being further updated as appropriate.
- The addition of two new risks in relation to ‘Workforce’ and ‘Inability to improve health outcomes’. Risk leads were identified and asked to provide updates for consideration by CMT.

The above was considered by CMT in May 2024 and the new SRR will be presented to Audit Committee for their consideration in September.

Audit Committee separately, at their April 2024 meeting requested:

- That the score for SRR9 (data protection threats) be reviewed.
- All scores to be checked and signed off by CMT to ensure that they are realistic. If they are aspirational, then this should be stated.
- Dates to be added to those actions which are shown as “ongoing”.

Director Group and Risk Champions will include the above in their June/July 2024 review and update of the SRR and reported to Audit Committee in September 2024 in accordance with the Committee’s work programme.

Emergency (Resilience) / Business Continuity Planning

During 2023/24, the new structure for business continuity has embedded since it’s refresh in 2021/2022. Activity delivered is directly related to mitigating strategic risk 10 ‘Failure to deliver key services in the event of significant business interruption, including services delivered by contractors and partners’ and strengthening the Council’s resilience.

All services across the Council have received the new Business Continuity (BC) template, with most of the areas completing a template and returning it to the Emergency Planning Unit. All plans are stored on Teams in directorate service areas. In addition, all service area business impacts assessment have been completed by service leads, which enables the Emergency Planning Unit (EPU) and the leadership team to quickly assess the capability of a business continuity response in the advent of an incident affecting Walsall Council. This provides greater assurance of service delivery and assessing the critical areas that need to maintain delivery (Childrens, Adults, Finance, DaTS) over those that are nonessential. The impacts assessments will enable a redistribution of nonessential services staff to more critical areas in the advent of a business continuity incident affecting the council.

The Emergency Planning Unit has also been working with DaTS to implement a Recovery Point Objective template, which details the minimum recovery point at which all services can continue to use their software after a cyber-attack or a disaster recovery scenario that would impair the council’s IT systems. This work is ongoing. Adding to this work with DaTS is a

Cyber Response and Disaster Recovery framework, which details the response required in the advent of a failure or disruption to IT systems in the Council. The corporate Business Continuity Framework is nearing completion; however, it has been held up by the structure changes that are taking place within the council. We believe these changes are near completion which will allow the plan to be completed, reviewed, and signed off.

During 2023/24 business impact assessments were used in an internal exercise attend by all Service Directors and the Chief Executive, which tested our response to a national power outage. Internal testing of plans has taken place in Adult Social Care and Childrens Services. DaTS, in cooperation with the EPU have undertaken two live shut down simulations, with a further one to be scheduled in the coming months. In addition to this, a West Midlands Conurbation Local Resilience Forum Business Continuity subgroup has been established and Walsall Council EPU has representation on this group. In November this year Business Continuity will form a large part of a day's exercise.

It has been two years since a full review of Business Continuity within in the council, and we are looking to have a full review of all plans and the Business Continuity system, including the policy and procedure this September.

Community Cohesion

Good progress has been made during 2023/24 in terms of community cohesion in the delivery of a variety of projects. This includes the launch of the Walsall for All Legacy Project which has co-designed the Community Cohesion Strategy for Walsall 2024-2034, delivery of a resilient communities' conference and launch of the Walsall Community Resilience Forum. All activity delivered works toward mitigating the strategic risk in that it improves knowledge and practices around managing community tensions, assists in enabling ongoing dialogue with different sections of our communities around hate crime and resilience and provides joined-up communication around community cohesion, integration and belonging under the banner of the Walsall for All brand. Ongoing activity in terms of horizon scanning through participation in national and regional forums such as West Midlands Combined Authority (WMCA) Race Equality Task Force and Faith Covenant and the national Belong Network will continue to develop the council's approach.

Climate Change

Climate change risk awareness has been raised across the council through Climate Literacy training being delivered to Senior Management Group and in-depth training for communications and planning teams and other pilot sessions. As training is delivered learning is captured and being used to inform the development of a layered climate literacy training programme to embed climate change appreciation in all service delivery. The aim is that this will include on-line induction training, 'climate champions' in all services, specialist training tailored to individual services and elected member training.

The council has secured £1.5m from the National Lottery Community Fund to deliver the Walsall Energy project which is a partnership involving six community groups, delivering advice to residents on energy efficiency and climate action. Via West Midlands Combined Authority (WMCA) the council is participating in the Net Zero Neighbourhoods Programme and has been able to increase the capacity of the Climate Change team with the recruitment of Net Zero Project Officers to deliver the Net Zero Neighbourhoods and Walsall Energy Action Project and support the development of a Net Zero 2041 strategy which will provide a roadmap to a carbon neutral borough by 2041 in line with the council's climate emergency declaration.

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 2023/24 included:

- a) The Audit Findings Report issued December 2023, in relation to the council's 2022/23 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 2023 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 third Auditors' Annual Report for 2022/23, 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. 4 improvement recommendations were made for Financial Sustainability and 6 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 2022-23 Auditor's Annual Report](#)

Progress in relation to these is as follows:

Financial Sustainability Recommendation 1 – The Council needs to drive further transparency to members on the reasons for slippage and encourage the Council to continue working to minimise the potential risks to service delivery due to delays in capital expenditure.

Update as at June 2024 – good progress has been made and this action is completed.

Financial Sustainability Recommendation 2 – Walsall could improve understanding and transparency on savings plans by including information on whether savings figures are recurrent or non-recurrent. Whilst the savings reporting is detailed, it is not immediately clear which schemes will deliver savings as a one-off return and those which will have an impact year-on-year.

Update as at June 2024 – good progress has been made and this action is completed.

Financial Sustainability Recommendation 3 – Adult Social Care needs to realign its medium to long term strategy and transformation plans to better meet increasing structural demand and inflationary pressures across many care cohorts to fit within the Council’s overall budgetary position.

Update as at June 2024 – progress is being made as follows:

- Adult Social Care (ASC) Programme Management Office (PMO) is focussing on Care Quality Commission (CQC) readiness;
- ASC leadership presented a refreshed priority and vision for service in May 2024 to Proud Board, this will be followed by a full thorough stocktake of all projects within ASC Continuous Improvement Programme (CIP) to June 2024 Board;
- Board will then prioritise resource from the Corporate Transformation and Change team to support and enable delivery of these projects - this will include clear business cases, plans, RAIDD logs and the CIP will continue to report into Proud Board.
- Savings delivery plans for 2023/24 – ASC delivered £4.27m (of which £639k was non-recurrent) of its approved total of £7.10m in 2023/24 despite the challenges faced. £3.23m was therefore carried forward to 2024/25 and £235k removed.
- Investment was included in the 2024/25 budget for leadership capacity and the restructure is due to be proposed in June.

Financial Sustainability Recommendation 4 – Children’s Social Care needs to realign its medium to long term strategy and transformation plans to better meet increasing structural demand and inflationary pressures, especially within Children in Care (CiC), to fit within the Council’s overall budgetary position.

Update as at June 2024 – progress is being made. Walsall Children’s Services current cost pressures continue to be in line with the national picture of increasing costs of residential children’s homes and Independent Fostering Agency (IFA) placements, in particular for children with complex and specialist needs. Placement sufficiency continues to be the greatest challenge to the service. At the end of 2023/24, the overspend in the Childrens and Education Services directorate was £5.76m (after use of and transfer to earmarked reserves), of which £3.64m related to Childrens Social Care. This overspend was primarily demand driven linked to an increase in the net number of children and young people entering and leaving care during the financial year and placement moves.

Walsall is attempting to address this by:

- Having a dynamic placement sufficiency strategy that is being updated to reflect the current demands and mitigating actions taken.
- An expansion of the Councils own children’s home estate with a further home being opened in the new year. This will increase internal residential provision and there is particular focus on meeting the needs of adolescents with complex needs.
- Focussed attention on the recruitment and retention of in house foster carers with an increasing number of enquiries leading to a slight increase of potential carers in the fostering pipeline.
- Extending work with IMPOWER who are supporting identification of the needs of children at both individual child level and at a local population level. The analysis

completed will support activity in understanding the local landscape and will support commissioning as the VCARE data is used to understand local contracting needs, understanding population needs and informing commissioning service design and placement sufficiency.

Improving economy, efficiency and effectiveness Recommendation 5 – The Council Plan needs to align with the long-term objectives of the Council and the Walsall 2040 Vision. The performance monitoring framework and its critical markers of success should be designed to monitor performance against these long-term objectives.

Update as at June 2024 – the new Council Plan is in development and that along with the new performance process will be available by November 2024.

Improving economy, efficiency and effectiveness Recommendation 6 – Walsall should establish a cross-directorate assurance mechanism to ensure that the data reported is accurate and reliable.

Update as at June 2024 – The development of the strategy identified that a significant piece of work to achieve organisation-wide data quality and consistency is the development of a corporate data warehouse: that is, a centralised storage system that collects and manages data from various sources. This will facilitate a consistent approach to data quality, along with easier access to and reporting of data to inform decision-making. This is a major technical project, the full scope and timescales of which are currently being explored. A likely approach is testing an initial use of the facility with data from a single service, before rolling out more widely.

Improving economy, efficiency and effectiveness Recommendation 7 – The Council should utilise the benchmarking tools available to identify areas for performance improvement and be consistent across directorates. Furthermore, the Council needs to provide training to its staff to understand the potential of these tools and how to use them.

Update as at June 2024 – the above is in train. The quarterly performance process is being devised alongside the new Council Plan and will be available from November 2024. We will look to benchmark within that process.

Improving economy, efficiency and effectiveness Recommendation 8 – The Council should create a new procurement strategy that appropriately reflects the new structure within the procurement and contract management function. It should also incorporate the role of the Third Party Spend workstream and the new assurance boards created.

Update as at June 2024 – The new Head of Procurement & Contract Management (P&CM) starts on 6th June and will be taking this through the governance process during June/July with any changes he wishes to make so this will be completed slightly later than initially planned. Revised date September 2024.

Improving economy, efficiency and effectiveness Recommendation 9 – The Council should have an up-to-date contract register that complies with the requirements of the Local Government Transparency Code 2015. The contract register should be continuously reviewed and monitored.

Update as at June 2024 – good progress has been made and this is considered complete. The contract register is now fully transferred to our Intend procurement system and we are producing the transparency data required from our revised process.

Improving economy, efficiency and effectiveness Recommendation 10 – The procurement and contract management team should maintain an up-to-date centralised record of waivers.

Update as at June 2024 – The Council has much greater transparency on waivers across the Council as once flagged with or by procurement, they are added to a register within the procurement work programme to track and record them and they need to be approved by the third party spend board which is chaired by the S151 Officer. We also periodically report this position to the Chief Executive in the Statutory Officer meetings and to CMT.

- c) The results of the preliminary Interim Audit work in relation to the 2023/24 accounts – no issues were found as part of this review that Grant Thornton (GT) wished to bring to the attention of the council.
- d) At the time of this review being undertaken and the AGS being drafted, GT's work in relation to 2023/24 (namely the Audit Findings Report in relation to the audit of the Statement of Accounts, and the Auditors' Annual Report) was scheduled 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), its 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 2022/2023](#) was presented to Audit Committee in November 2023 and to Full Council in January 2024.

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 held a workshop on 11 September 2023 and supported by officers, undertook a self-assessment using the CIPFA good practice checklist. The outcomes of this were formally reported to the Committee on 25 September, which were that the Committee is substantially compliant, with some minor areas of improvement. An action plan to address these was agreed to be established with this along with progress reported to the February 2024 meeting of the Committee.

As well as the CIPFA self-assessment tool covering the core aspects of the Statement, a review of the Committee's work against its approved work programme was also undertaken. This has confirmed that the Committee has fulfilled its terms of reference, including the core functions of the Committee.

Updated Audit Committee guidance was released in 2022/23 and reported to Audit Committee in April 2023. This was then used to review the Committee's terms of reference, work programme and training requirements for members for the 2023/24 municipal year, which was approved by the Committee.

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 2022/23, 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 2023/24 Audit Plan was considered and endorsed by Audit Committee on 9 April and 20 February 2024 respectively. Both documents can be found on CMIS as follows:

[WMBC Audit Plan 23-24 \(walsall.gov.uk\)](https://www.walsall.gov.uk)

[CMIS > 20 February Audit Committee Agenda](#)

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 2023/2024, 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 assurances on specific strategic risks chosen by Committee members.;
- Approving accounting policies, oversight and approval of the 2022/23 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;
- Receiving updates on Voter ID arrangements;
- Receiving Inspection and Review findings, including the Corporate Peer Challenge report;
- Receiving updates on the Redmond Review regarding Oversight of Local Audit and the Transparency of Local Authority Financial Reporting;
- Review of its own effectiveness as an Audit Committee and reporting on this to Council.

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 Act that requires the council to promote and maintain high standards of conduct. To do so the council has to ensure that it has 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. The Councillor Code of Conduct was again reviewed, and the amendments were approved at Council in September 2021.

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. None of the complaints included reference to lack of respect by complainants. This appears to be a catch all complaint. The Monitoring Officer 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 officers refreshed the Planning Code of Practice in relation to decision-making by councillors.

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.

Standards Committee received the Independent Review of the Disclosure and Barring Regime report. The report was recommending to Government that legislation be passed to mandate all those Members on Committees that make decisions on children and vulnerable adults complete an enhanced DBS check. The Committee recommended that this should be implemented locally as soon as possible ahead of any new legislation. This recommendation was agreed by Council on 18 September 2023. The Standards Committee has actively monitored the completion of DBS checks for Members and receives regular updates as Members.

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 2024/25 were reported to Council in May 2024.

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 Development Programme for Elected Members is being refreshed for 2024/2025 and Elected Members from each political group have been appointed as learning champions for their political groups.

Decision Making

The council makes open and transparent decisions via the committee process and through officer delegation. Officer delegations are reviewed on an annual basis and are part of the governance report that is submitted to Annual Council in May 2024.

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 and Overview Committee (SOC) provide an annual report to Council. The report for 2022/23 was presented to Council on 15 April 2024.

The 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.

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 council's 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 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 is aware of two acts of non-compliance in relation to the Cadmus Family of Schools and Procurement (contracts register), both of which were identified through the work of Internal Audit during 2023 and both of which have now been reported to Audit Committee as addressed.

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. The 3 Statutory Officers (MO, CFO, and Head of Paid Service) meet quarterly on governance matters. These roles are nationally referred to as 'the Golden Triangle' of statutory officers. In March 2024 Solace, Cipfa and LLG (Lawyers in Local Government) began a consultation on their 'Code of Practice on Good Governance for Statutory Officers'. When published this code will be reviewed and assessed to ensure local arrangements follow best practice. 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.

Local Government and Social Care Ombudsman (LGSCO)

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 2023 was reported to Standards Committee in October 2023.

The Ombudsman's Annual Report for 2022/23 showed that Walsall Council experienced a rise in the number of complaints received and determined during the year, compared with 2021/22. In the Annual Report, the Ombudsman consider three key indicators of performance and provide comparable national data. Walsall's performance is positive comparatively nationally and regionally in terms of compliance with the carrying out remedial actions and identifying remedies locally to avoid a formal investigation. However,

performance against the rate of upheld complaints following full investigation indicates that Walsall is higher than comparator averages.

Headlines from the LGSCO's 2022/23 Annual Letter include:

- Overall, the Ombudsman received 59 complaints relating to Walsall Council, up by 18 from 2021/22, but fewer than in 2019/20 (65), the year before the pandemic.
- In 2022/23 84% of complaints that were fully investigated were upheld (12 out of 14) compared to 67% (6 out of 9) in 2021/22.
- The Ombudsman recorded 100% satisfaction with the council's compliance in the cases where they recommended a remedy (based on 8 compliance outcomes).

During 2023/4 the LGSCO consulted on a draft new Complaint Code with all local authorities. This was extensively shared internally, and a report presented at CMT to discuss the proposal and the council's proposed response. Following this consultation, a final version was published in February 2024. The Code offers councils advice and guidance on complaint handling and a single standard for what 'good' looks like in complaint handling in local authorities. One aspect of the relates to oversight and governance of corporate complaint handling and advises that organisations should have proper oversight of complaints processes and performance at senior level as well as through scrutiny and governance processes. The LGSCO will apply the Code in its processes from 2026/27 to allow councils time to incorporate learning from pilot councils during 2024/25 into their policies and procedures, however Councils are encouraged to adapt the principles of the Code as soon as possible.

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. 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 out turned 2023/24 with an underspend against budget of c£860k and with its general reserves intact.

Proud was the vehicle for delivery of savings. During 2023/24, 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 2023/24. Of £23.26m benefits

identified for delivery, £13.32m of savings were fully delivered in year and £9.94m were not fully achieved. Of this, £3.05m was mitigated in year through alternate actions or service underspends with the remaining £6.89m funded from the Corporate risk reserve. Undelivered benefits of £5.41m were deemed to be undeliverable and removed as part of the budget process for 2024/25 approved by Council in February 2024 with the remaining £4.53m being carried forwarded for delivery in 2024/25, making a total of £25.27m of savings to be delivered.

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 2022/23 financial year are set out above under 'External Audit assurance'. Grant Thornton in their Annual Audit Report made improvement recommendations which are being progressed. Work in relation to the 2023/24 accounts is underway.

The Corporate Peer Challenge review in 2022/23 reported as follows in relation to financial governance and management:

- 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.

A follow up visit during 2023/24 noted good progress being made against the action plan. There were no governance issues or significant internal control issues to report to Audit Committee.

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 (CFO) 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 Director of Finance, Assurance and Procurement as S151 Officer was responsible during 2023/24 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, Assurance and Procurement whose post reports to the Executive Director, Resources and Transformation. However, the Director sits on the leadership team as S151 Officer and has unfettered access to the Chief Executive in this aspect of his role. In

assessing these five principles, the Authority is therefore considered to have broadly complied with the Statement.

The council keeps under review 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 were 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 2023/24 progress was reviewed as set out below, with a number of improvements implemented.

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 second time in June 2023, demonstrating the importance of good governance to the council. A number of changes were made to the senior leadership team during 2023/24, with a new Chief Executive appointment and three out of four of the Executive Directors, which were interim

positions, appointed to permanently in March 2024. As a result, the new leadership team will be asked to review this standard and how to continue to comply with it going forwards.

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, consulted on, including with Audit Committee, and was finalised during 2023/24. It is now being socialised through the organisation.

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. A follow up visit was made during 2023/24. 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 is being 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 the cost of living and significant demand pressures, particularly in social care, that it is content that a medium term plan is considered appropriate. This will be reviewed during 2024/25.

Progress Update: The medium term plan continues to be currently considered adequate. Further review as part of 2025/26+ budget setting and medium term financial outlook update.

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 revised Council Plan which is in development. See Standard G for long term.

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 has been made with integrated reporting during 2023/24, with financial reports now including data in relation to adults and children's social care and reporting on organisational and financial performance on the same agenda. Further improvements are being discussed. A review of key delivery partnerships is underway and will be reported in 2024/25.

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. It 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.

The Corporate Performance Management Framework (CPMF) was updated in 2022 alongside the Council Plan 2022-25. Responsibility for managing performance lies with individuals at all levels in the organisation and the 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 2023/2024 utilised a refreshed basket of markers of success and performance measures. Following Cabinet, the quarterly reports may be requested by Scrutiny Overview Committee. The Quarter 4 report will also provide an annual summary of the overall performance of the 2023/24 Council Plan Markers of Success. Cabinet reports for 2023/2024 are available on CMIS:

[Quarter One Oct 2023](#)

[Quarter Two Feb 2024](#)

[Quarter Three Apr 2024](#)

[Quarter Four Jul 2024 \(in preparation\)](#)

In relation to 2023/24 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 Council's five (5) EPICC priorities, which were first introduced in the 2018/21 publication;

- These priorities were underpinned by 10 outcomes (two outcomes per priority) and in 2023/24 each outcome was aligned with two Markers of Success;
- These 20 Markers of Success have been the tools to measure performance throughout 2023/24, 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 expectation	8	8	10	-
Amber	MoS close to achieving expectations	10	10	9	-
Red	MoS did not achieve expectations	1	0	0	-
Grey	Data/information not available	1	2	1	-

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 2023/24.

During 2023/2024 the Business Insight and Policy and Strategy functionality of the Hub has continued to develop and become embedded within the Council. The aim is to provide intelligence and performance services across all directorates to support an improvement and learning culture. 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 into 2024, 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.

As stated above, a new Council Plan is in development, covering the period up to 2028. Preparation for this began in early 2024, with an extraordinary Cabinet/CMT session in March 2024 setting out the timescales and process and how this will be aligned to budget setting and the next stage of our transformation journey. A draft for consultation is expected by July 2024, with the intention that the new Council Plan will go to Full Council for approval in late autumn 2024. A new corporate performance reporting process is being developed alongside the Council Plan. This will involve working with responsible Directors, Portfolio Holders, and the relevant service areas to overhaul the current process – ensuring it provides a rounded picture of progress towards achieving the new corporate priorities and draws out any challenges. This will ensure a more effective process that provides adequate

opportunities to fully consider performance issues, supported by reporting tools that visualise and track trends over time, allow for benchmarking against comparator areas and highlight inequalities (across different population groups or geographies).

During 2024/25, the Corporate Performance Management Framework will also be reviewed to make sure it is aligned to the emerging Council Plan 2024-28 and this will also be presented to Audit Committee.

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 20th March 2024, Cabinet received a report, Walsall Proud: Update and Next Stages of transformation. The report summarised that excellent progress has been made in delivering the programme and associated benefits over the last five 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 direction of travel for transformation. Key achievements include:

- Over the last three years of transformation, customer satisfaction has risen from 67% to 73% (+6%),
- 2023 Employee Survey demonstrated that staff engagement levels have increased from 57% in 2017 to 64% in 2023 (+7%)
- A total of £53.76m of savings has been delivered as at the end of 2023/24. Taking into account a forecast carry-forward of £5.13m of undelivered savings from 2023/24 along with £20.10m of new savings in 2024/25, this equates to a total of £78.99m.

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 Council will leverage the achievements outlined above to help deliver efficiencies and continuously improve service delivery in a sustainable way.

The LGA Peer review (2023) recognised the great effort that has gone in to transforming the Council over the past five years and made a key recommendation to set out a clear scope for the next stages of transformation aligned to wider Council outcomes and We are Walsall 2040 (WAW2040).

Alongside delivering on the outcomes outlined in WAW2040, it is good practice to review and align transformation priorities to ensure they remain fit for purpose and provide value for money for residents. The next stage of Walsall's transformation should align to the strategic objectives and outcomes from the revised Council Plan and the medium term financial outlook. Key strategic themes will help to define the priorities which the

transformation work should address. A holistic approach to achieve a 'One Council' design will also show how initiatives relate and consider interdependencies. Applying the learning from the work to date will aid the Council in the design of future cross cutting initiatives.

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 2023/24 and will keep this under review as part of their work programme for 2024/25.

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 2023/24 to 2022/23.

SAR - Year 2023/24			
Quarter	SAR's Due Out	SAR's Out in Time	% Compliance 2023/24 (2022/23)
Q1 (01/04/23 - 30/06/23)	28	13	46.43 (50%)
Q2 (01/07/23 - 30/09/2023)	42	24	57.14 (35.71%)
Q3 (01/10/23 - 31/12/23)	27	12	44.44 (69.77%)
Q4 (01/01/24 - 31/03/24)	47	32	68.09% (78.57%)
2023/24 TOTAL	144 (141)	81 (87)	56.25% (62%)

Following the improvement in performance in the last two quarters of the previous year, staff absences (key officers on long term sick) resulted in a decrease in overall performance for the first 3 quarters of 2023/24. Following this robust review processes were put in place to monitor the progress of SARs and help ensure that timescales were met wherever possible. This resulted in a significant increase in performance in the final quarter of the year. This oversight has continued, and the first few months of 2024/25 have seen a continued increase in performance. Work is in hand to further improve performance, including piloting additional technology to reduce redaction and retrieval time for documents.

Fol compliance is summarised for each quarter in the table below, comparing 2023/24 to 2022/23.

FOI/EIR - Year 2023/24			
Quarter	FOI/EIRs Due Out	FOI/EIRs Out in Time	% Compliance 2023/24 (2022/23)
Q1 (01/04/23 - 30/06/23)	241	198	82.16% (77%)
Q2 (01/07/23- 30/09/2023)	271	188	69.37% (70%)

Q3 (01/10/23 - 31/12/23)	271	195	71.96% (91%)
Q4 (01/01/24 - 31/03/24)	289	217	75.09% (85%)
2023/24 TOTAL	1072 (743)	798 (603)	74.4 % (81%)

Much like SARs, FoI/EIR performance did see a dip in performance due the capacity issues referenced above. Whilst this was not as severe as SAR performance, it again fell below 85% (what we and the ICO would consider acceptable). Unfortunately, this failed to recover to this level before the end of the reporting year, potentially in part due to the large increase in number of requests.

Performance in this area is dependent on all council services working with us to provide information in a timely manner when requested. Directorate performance in this area is reported to FIGA to be cascaded to services, however performance requires improvement. A review of how this is reported, and a campaign of FoI awareness is planned to raise this will council services and hopefully help improve overall performance.

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. Timeliness / Clarity - The customer has not received a response to their request within the required timeframe or the response is unclear.
2. 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 information has been provided).

Complaints regarding timeliness / clarity are usually brought the attention of the council by the ICO, who ask that a response or further information is issued direct to the customer in order to rectify.

Where there is a disagreement with the processing of the case the ICO may ask the council to provide details of how a case was processed, and evidence to support it response. Based on this the ICO will consider both the request and response and issue a Decision Notice with their findings.

In 2023/24 the council received a total of 5 representations from the ICO: 3 Complaints and 2 Reviews/Decision Notices.

ICO Representation	Context	Actions and outcome
Complaint	SAR not responded to on time. ICO asked the council to respond.	Response was issued with an apology for the delay. Case was closed by the ICO
Complaint	SAR – requester believed they had not been provided with all the information requested. ICO asked the council to review their handling of the case.	Case remains open as there have been difficulties in discussing with the customer the information they feel is missing.

Complaint	Individual had not received a response to their Right to Rectification request. ICO asked the council to respond.	The council were able to confirm that a response had been provided prior to the receipt of the ICO complaint. Case was closed by the ICO.
Review	FOI - Individual did not believe that all of information held by the council was provided. ICO requests council provide details of searches carried out and information held	These actions were undertaken – during this process a small amount of additional historic information previously thought to not be held was located. The ICO upheld this complaint in its decision notice and asked the council to provide the additional information. The case was then closed by the ICO.
Review	FOI – individual did not agree with the application of an exemption to information requested. ICO requested further details and evidence of the council’s considerations.	A response has been provided to the ICO and the council await their decision.

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 regularly at monthly and bi-monthly intervals, consists of senior responsible leads, Information Champions (senior management) and Information Asset Owners as representatives of the council’s directorates and services across the council to review and address information risks. To ensure the council is accountable the board is further supported by designated officers who carry out the roles of Senior Information Risk Owner (SIRO), Caldicott Guardian and Data Protection Officer.

Management of Data Protection Breaches 2023/24

During 2023/24 there were 97 incidents reported as data breaches to the Information Governance team compared to 164 in the previous year.

Additional actions taken including the wider sharing of lessons learnt and increased obligation on all staff to have undertaken and completed the annual mandatory training, 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 decrease in reporting figures against the previous year is noted as a direct impact of the increased awareness and sharing of lessons learnt the discovery of new ways of working for which the council’s Information Governance team have 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 directorates which are monitored by FIGA representatives and supported by individual information champions within each directorate. Grades are assessed based on national grading guidance from both the ICO and NHS and take into account the risk of harm, distress and individual rights. The grades result in a number from 0 to 2 where the following applies:

- 0 = low risk internal investigation
- 1 = medium risk or repetitive
- 2 = serious externally reportable incident

Incidents at Directorate level with grade.

2023/24	Grade			
Directorate	IG0	IG1	IG2	Total
Adult Social Care	9	6	0	15
Childrens Services	35	14	1	50
Economy & Environment	7	3	0	10
Resource & Transformation	16	6	0	22
Grand Total	67	29	1	97

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.

Breach Type	Total
Information Disclosed	87
Information Lost	6
Information Stolen	4
Grand Total	97

Lessons learnt:

As part of duties and obligations under the data protection regulations the council must ensure that it has taken appropriate steps to reduce incidents by the sharing of lessons learnt and taking any identified 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 wider sharing of lessons learnt via the updated mandatory Information Governance training to further reduce the potential for such incidents.

Serious incident reporting:

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

The two serious incidents resulted in no further action by the ICO which further assured the council in regard to appropriate levels of both technical and organisational controls that are in place to reduce the risk of such incidents.

Data Protection Incident improvement actions:

Over the reporting period the Information Governance 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.

The Council has also introduced a digital data change procedure as part of our document management system, which supports services in ensuring they have considered any data protection requirements as part of any potential or proposed changes to the way we collect, store, or share data going forward.

Regular update reports on any developments, guidance or improvements through lessons learnt continue to remain on the agenda that is presented to FIGA to ensure that this senior management board are fully 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 Information Governance team updated the mandatory annual data protection training to include additional awareness around cyber and information security.

In this period the organisation has now mandated the previously implemented 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 April to the 31 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 has reported that a compliance figure of 90% of all staff trained for this financial year was achieved by the end of March 2024. 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

Alongside the senior management team Information Governance report, Digital and Technical Services (DaTS) provide a quarterly Cyber Security and Resilience update to CMT in relation to the activities being undertaken by DaTS and Information Governance, to

not only strengthen the council's 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. High level milestones reported during 2023/24 include the implementation of multi-factor authentication, undertaking a cyber security disaster recovery exercise in conjunction with the resilience team and carrying out disaster simulation exercises on the minimum of an annual basis. The report also contains data on security incidences including malware attacks and phishing emails.

Both Data Protection and cyber security appear on the Strategic Risk Register (risks 8 and 9) which has been reported to Audit Committee during 2023/24. It was also included within Audit Committee's work programme for review in 2023/24 and was an agenda item at the meeting on 20 February 2024. The Audit Committee were able to seek assurance on a number of matters relating to the strategic risks regarding information governance and cyber security.

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.”*

The LGA returned to Walsall in October 2023 to carry out a scheduled progress review. The outcome from this [review was reported to Cabinet in December 2023](#). They noted the steps that had been taken since their earlier visit in relation to the recommendations they had made and highlighted the opportunity to refresh the Council Plan so that it aligned more closely with the long-term vision for the borough as set out in the We Are Walsall 2040 (approved in summer 2023). The Peer Team made a number of recommendations to the Council on issues of internal controls, and commented favourably on what they had observed when they returned to the borough:

“Through our Progress Review, it is clear that Walsall Council has maintained their previous effective approaches to financial planning and reporting, as illustrated in the preparation and publication of their external audit accounts for 2022/2023. As issues of inflation and increasing pressures on demand-led budgets in Adults and Children’s Services continue to affect the wider sector, these approaches will need to be maintained over the coming years.”

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. During 2023/24 work began on refreshing the Council’s Values and Behaviours, including engagement and consultation with the Senior Manager Group. When this is completed the refreshed Values and Behaviours will be embedded in our Organisation Development programmes and initiatives.

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 2023/24 have included ways of working and right to request flexible working, employment policies relating to redundancy, family friendly and leave and time off and a neurodiversity policy and a transgender and non-binary equality policy. This is in addition to updates to the pay policy and the sickness absence policy.

A new Head of HR Operations has been appointed and has started to put in place quality controls and performance measures for the HR Operations team. This will provide opportunity to share best practice across the team and support overall performance for positive casework outcomes.

Health and Safety

The Health, Safety and Wellbeing Annual report for 2022/23 was presented to [Personnel Committee in January 2024](#) and provided an overview of how the council manages health and safety along with key statistical information and achievements for the year.

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 and safety across the council. The board links with the council’s legal duty to establish safety committees and consult employees on matters of health and 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.

Organisation Development

Connected Working offer continues to be in high demand in service areas. The programme now incorporates models on psychological safety and 'working with neurodiversity'. The Connected Working sessions have supported manager with coaching skills and creating conditions to develop high performing teams. The programme was recognised when it won the best organisation development programme at the Public Sector People Managers Association awards in April 24.

Our Equality Diversity and Inclusion (EDI) action plan has completed all year one activities and is progressing with Year two. The [EDI annual report for 2023/24](#) is available on the Council's website.

The governance structures for Equalities has changes this year with 3 main components focussing on communities (external focus) policy (public sector equality Duty & EQIA) and Workforce (internal focus). The Workforce Equality Board has further developed as 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. 2023/24 saw a range of initiatives to promote diversity through the diversity calendar and specific activities through Pride celebrations, Black History Month, International Women's Day. We have also trained 52 Equality Champions who will work to establish Equality Network Groups across the organisation.

The most recent staff survey was completed in October/November 2023 and this has informed our comprehensive Staff Survey action plan that connects to the Organisation Development plan and, [Workforce strategy](#) plan.

The Workforce strategy objectives are:-

- Welcoming, developing and advancing a diverse mix of individuals.
- Attract and recruit skilled, flexible, motivated individuals now and in the future.
- Maximise staff retention by being a good employer.

To support achieving these objectives we have start to develop a programme to widen participation in the workplace, leverage apprenticeships, work experience, sponsored internships, employability and skill development.

As highlighted earlier in this review of internal controls, a risk was added to the strategic risk register in February 2024 relating to our workforce. This focuses on:

- The loss of skilled and experienced staff can also result in the loss of organisational knowledge, expertise, and networks, which can affect the quality and innovation of the organization's work.
- Additionally, the failure to recruit and retain skilled and experienced staff can increase the workload and stress of the remaining staff, leading to lower morale, productivity, and retention.

Whilst many of the action we have already identified will act as effective controls and assurances we will be working to establish new additional controls in this area.

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 or 'High' priority recommendations 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's 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.

Annual Governance Statement 2023/24

1. Scope of responsibility

This statement is given in respect of the 2023/4 statement of accounts for Walsall Council. Walsall Council is responsible for ensuring that its business is conducted in accordance with the laws and proper standards, and that public money is safeguarded and properly accounted for, and used economically, effectively and efficiently. Walsall Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Walsall Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and this includes arrangements for the management of risk.

Walsall has approved and adopted a Code of Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and sets out its commitment to good governance. This statement explains how Walsall Council has complied with the Code and also meets the requirement of the Accounts and Audit Regulations 2015.

2. The purpose of the Governance Framework

The governance framework comprises the systems, processes, and behaviours by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Walsall Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Walsall Council for the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

The key elements of the council's governance arrangements, including the system of internal control, are contained in the council's Local Code of Governance (The 'Code'). The Code in force during 2023/24. The Code incorporates seven core principles of good governance:

- 1) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- 2) Ensuring openness and comprehensive stakeholder engagement.

- 3) Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- 4) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- 5) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- 6) Managing risks and performance through robust internal control and strong public financial management.
- 7) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The governance framework consists of the local Code of Governance supported by the strategies, corporate systems, policies, practices and processes, spanning the whole range of the council's activities. This includes management information, finance and contract rules, established financial, budgetary, personnel and other procedures, a performance management framework, community and corporate planning, management supervision in accordance with the corporate annual performance conversation (APC) framework, a risk management strategy and process, and a system of officer and member delegation and accountability and Codes of Conduct. Diagram 1 illustrates the overall governance framework. Updates for 2023/24 are shown in green.

The Code was updated in 2023 in consultation with Audit Committee and approved by the Corporate Management Team in April 2024 and is currently being socialised across the organisation. This includes reviewing induction training and engagement with the Senior Manager Group and Director Group to ensure the refreshed Code is fully understood and embedded.

Diagram 1: ANNUAL GOVERNANCE STATEMENT (AGS) FRAMEWORK

Framework – Key documents / process guidelines supporting delivery of the Council’s Aim, Priorities and Outcomes:

- Local Code of Governance (revised 2024)
- Budget and Medium Term Financial Framework
- Performance Management Framework (including Corporate Planning Process and Annual Performance Conversation Process)
- Risk Management Strategy and Corporate Risk Register
- Counter Fraud Policy
- Policies, procedures, constitution, codes of conduct
- Partnership arrangements

Supported by Authority & Directorate Policies, Procedures and the following Assurance Arrangements

Corporate Process: Officer responsibility for drafting AGS and evaluating assurances and supporting evidence

Audit Committee Approve the Annual Governance Statement

Audit Committee:
- receives the annual review of the effectiveness of its system of internal control

Approval of AGS by the Leader of the Council and Chief Executive

Performance, Information and Data Management

Risk Management

Legal and Regulatory Assurance

Elected Member’s Assurance and the Work of Audit Committee

Assurances by Executive Directors / Directors / Heads of Service

Other sources of assurance (including 3rd party)

Financial control assurance

Internal Audit

External Audit

- We Are Walsall 2040
- Our Council Plan 2022-25
- Health & Wellbeing Strategy
- Performance Management Framework
- Strategic Transformation Plans / Service / Team planning
- Annual Performance Conversations (APC’s)
- Performance monitoring & reporting (Cabinet, CMT & Scrutiny)
- Intelligence gathering (incl. equality impact, need assessments & consultation)
- Walsall Proud Board
- Technical & business design authority
- Information & Data Quality, Security and Management
- Forum for Information Governance (FIGA)

- Risk Management
- Strategic Risk Register
- Reports to Council / Cabinet / Audit Committee
- Strategic Management & Oversight by CMT / Director Group
- Financial Risk Assessment
- Directorate Risk Registers / Champions
- Employee Risk Assessments
- Information Risk & Security
- Business and emergency resilience

- Monitoring Officer (MO) & Chief Financial Officer (CFO) protocols
- Statutory Officer Group (SOG)
- CFO & MO attend council Committees
- Legal & Finance implications in all reports
- Information Rights management & assurance
- Partnership Incident Management Meetings
- Health & Safety Board
- EqlAs for policy changes
- Public Sector Equality Duty (PSED)

- The work of Audit Committee
- Independent member representation on Audit Committee and Independent Chair
- Code of Conduct
- Constitution
- Member development
- Statutory Member Training
- Council Plan
- Committee Meetings
- AGS sign off
- Partnership working (local and regional)
- Community engagement
- Stronger leader executive decision making.
- Standards / regulatory Committees
- Overview and Scrutiny Committees

- Management assurances
- Review of audit reports & agreed recommendations
- Performance monitoring, directorate level reporting (DMT’s)
- Officer delegations
- Service level financial and HR monitoring
- Director Group
- Senior Management Group

- Fraud reports & investigations
- Post implementation reviews of projects
- Scrutiny Working Party Reports
- Human Resource Policies & Procedures including employee Code of Conduct
- Joint National Consultative Committees (JNCC)
- Employee Relations Forum (ERF)
- Reports by Inspectorates and follow up actions
- Ombudsman Reports
- Peer Reviews and follow up actions
- Senior Information Risk Owner (SIRO) and Caldicoth Guardian

- Medium Term Financial Framework & Outlook / Plan
- Accountable Body status, protocol & grants manual
- Regular financial reports
- Financial rules
- Contract rules
- Constitution, scheme of delegations
- Statutory officer provisions
- Key systems, procedure notes
- Internal/External Audit reports
- Proud Finance & Transformation Group
- Strategic Investment Board

- Internal Audit Opinion and Annual Report to Audit Committee and progress reports
- Operates under Charter and in accordance with CIPFA Public Sector Internal Audit Standards
- Rolling risk assessed audit plan, Audit Committee endorsed
- Assurance Mapping
- Ad hoc audits

- Auditor’s Annual Report & Value for Money opinion
- Opinion on Statement of Accounts “to those charged with governance” (the Audit Findings Report)
- Annual Plan
- Interim Audit
- Audit opinions
- Ad hoc projects

Ongoing assurance on adequacy and effectiveness of controls over key risks

The council acknowledges its responsibility for ensuring that effective governance arrangements, including an effective system of internal control (including financial control), are maintained and operated in connection with the resources concerned. Any system of internal control, including internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. Development and maintenance of the system is undertaken by managers within the council.

In particular, the system includes the following key elements:

- A Partnership Plan (We Are Walsall 2040) setting out the long-term ambition, objectives and priorities of the council and key partners, developed following extensive consultation with the community and stakeholders during 2022 – supported by our refreshed [Council Plan 2022/25](#).
- A robust financial framework, incorporating a comprehensive medium term financial strategy and plan, budget management and control framework, supported by financial procedures and guidelines underpinning sound financial management, reporting and standing.
- An information governance framework incorporating appropriate policies, procedures, standards and guidance that ensures robust controls are in place for compliance of our legal obligations under the UK Data Protection Regulations.
- A comprehensive risk management strategy and internal control framework, operating at both strategic and operational levels.
- An approved Constitution, including finance and contract rules, a scheme of delegations and decision-making processes of the council, ensuring sound decision making and compliance with regulations and the law.
- Standards Committee, Audit Committee, scrutiny function and other regulatory committees.
- Statutory Monitoring and Chief Finance Officers ensuring the council operates within existing legislation and statutory guidance.
- Comprehensive policies and procedures, including Codes of conduct (member and officer ethics and behaviours), a Counter-Fraud and Corruption Policy and whistleblowing policy.
- Clear measures of financial performance linked to the Council Plan 2022-2025.
- The preparation of regular reports to managers, executive directors, Corporate Management Team (CMT), Directors Group and elected members which indicate actual expenditure against budget and highlight remedial action, where required.
- Use of an accountable body status protocol and grant management arrangements when the council acts as accountable body for funds, including in relation to partnership working to ensure that activities are administered consistently and robustly across the council.
- A risk assessed Internal Audit plan that is planned in advance and covers all major systems of internal control and which is based on a risk assessment of key systems and controls.
- An Internal Audit function that operates in accordance with the CIPFA Code of Practice, compliance with which is assessed.
- An independent External Audit function which reports on the financial and governance arrangements of the council.
- Member and officer development strategy and individual development planning processes.

- Comprehensive communication and consultation arrangements both internally and externally.

There are a number of key elements of the governance framework and internal control environment which assist the council in monitoring and managing the achievement of its objectives. These are included in the council's published overarching strategies and plans including; the Council Plan (informed by key strategic needs assessments - the joint strategic needs assessment, economic needs assessment and community safety needs assessment); medium term financial framework and plan, annual corporate budget plan, capital strategy, risk management strategy; treasury management and investment strategy; change management approach, and directorate strategy and planning documents.

Responsibility for managing performance lies with individuals at all levels in the organisation and the current approach continues to aim to empower staff, services and leadership to apply the principles of performance management appropriately as required to individual circumstances. The council's Performance Management Framework was last reviewed and refreshed to fully align with the Corporate Planning process. The [refreshed framework](#) was presented to Audit Committee on 28 April 2022. The next review is due in 2024/25 to align with a revised Council Plan.

The Walsall Proud Programme Management Office (WPPMO) is responsible for the governance of all change activity and have an established various governance forums to provide oversight at specific points during the implementation of change.

The Council's Constitution sets out how the authority operates and refers to required procedures to be followed to ensure all activity and decision-making is transparent and accountable to the local community. This includes a scheme of delegation and contract and finance rules which set out the control environment in which the council operates. The Constitution was reviewed and updated in May 2023 and May 2024. Throughout 2023/2024 the council has continued to utilise the live streaming of Committees.

The council has an established risk management framework, 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 corporate and operational risks, and this extends to an assessment of risks in financial planning and major projects and partnerships. Audit Committee was consulted on a revised Risk Management Strategy during 2022/23 and a Strategy has subsequently been published.

Updates on the Strategic Risk Register (SRR) were presented to Audit Committee at their September 2023 and February 2024 meetings. Additionally, the Committee called in officers in respect of four specific risks, which were considered in September and November 2023 and February 2024 to seek assurance on controls and actions being put in place to manage them. Further, at their November 2023 meeting, the Committee requested that Strategic Risk 2 (Proud and transformational change) be subject to further review at their first meeting of 2024/25.

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 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 council has a robust medium term financial framework and a rolling four year plan 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 Director of Finance, Assurance and Procurement as S151 Officer was responsible during 2023/24 for the proper administration of the council's affairs, as required by Section 151 of the Local Government Act 1972.

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 (2016)*. 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. In assessing these five principles, the Authority complied with all of these during 2023/24.

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, Assurance and Procurement whose post reports to the Executive Director, Resources and Transformation. However, the Director sits on the leadership team as S151 Officer and has unfettered access to the Chief Executive in this aspect of his role. In assessing the five principles, the Authority is therefore considered to have broadly complied with the Statement for principle 1.

Arrangements for the provision of Internal Audit are contained within the Council's Constitution. The council, via its statutory S151 Officer, must ensure that there is an adequate and effective Internal Audit of accounting records and of its systems of internal control as required by the Accounts and Audit Regulations 2015.

Executive directors and accountable budget and asset owners are required to provide assurance via Internal Audit reports and where appropriate, to Audit Committee that agreed audit actions are being implemented, and where control weaknesses are identified, to put in place remedial action in a timely manner, and as agreed with audit.

The Audit Committee receives summary reports of audits receiving a 'Limited' or 'Unsatisfactory' assurance opinion and audit recommendations and actions, including a report on 'high' priority (fundamental) recommendations, and seeks to ensure that where control weaknesses were identified they are addressed. The Committee has a key function in respect of the system of internal control and its effectiveness and the work of the Committee includes the review of the Annual Governance Statement and its formal approval each year.

The council is investing 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.

4. Review of Effectiveness

Walsall Council (via Audit Committee) has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

This annual review of the effectiveness is informed by, and assurance obtained from key areas of the governance framework including:

- 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 2023/24 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 the review of work in relation to information governance, resilience planning and other sources of assurance;
- The Chief Executive and the Leader of the Council and elected members, via the Audit Committee, who formally consider and approve the AGS annually;

In respect of the system of internal control, a review of the following areas has been undertaken and reported to Audit Committee on 24 June 2024 as part of the annual review of effectiveness, to inform the overall opinion as to the effectiveness of the system of internal control:

- The work of the Audit Committee in 2023/24 in:
 - 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 asking officers to attend the Committee to provide assurance over controls and actions;
 - Approving accounting policies, oversight and approval of the 2022/23 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 updates on Voter ID arrangements;
 - Receiving Inspection and Review findings, including the Corporate Peer Challenge report;
 - Receiving updates on the Redmond Review regarding Oversight of Local Audit and the Transparency of Local Authority Financial Reporting;
 - Review of its own effectiveness as an Audit Committee and reporting on this to Council.

- Internal Audit's evaluation of the effectiveness of the council's risk management, control and governance processes; identified control weaknesses and the Annual Opinion. The Annual Opinion is as follows in respect of the 2023/24 financial year:

"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 certain weaknesses and exceptions were highlighted by our audit work, none of our reviews concluded with unsatisfactory assurance. Of the 35 reviews for which an assurance opinion was provided, 14 provided substantial assurance, 16 moderate assurance and 5 limited assurance. We have raised 6 high priority recommendations, 77 medium priority recommendations and 46 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. These will continue to be followed up as part of the follow up programme for 2024/25".

- Progress in addressing governance issues and control weaknesses identified in the 2022/23 AGS and progress in addressing these;
- The work of Internal Audit to assess the extent to which compliance with the AGS framework has been met by the council;
- The work of Internal Audit and compliance with Public Sector Internal Audit Standards which came into effect on 1 April 2013;
- Regular reporting to and scrutiny by Audit Committee of Strategic Risks;
- The work of other regulatory Committees – Standards;
- The work of Inspectorates and the council’s response and actions plans to address findings;
- The work of External Audit;
- Financial and performance reporting, including in relation to financial and budgetary control, risk, information governance and data protection arrangements, and other supporting evidence.

Some control weaknesses were identified as a result of the work of the above evaluation and actions have been put in place to address the findings and follow ups will be undertaken, and feedback reported to the Committee as appropriate.

The Council, like many others, faces risks to delivery of its corporate objectives. These are reflected within the council’s Strategic Risk Register (SRR). There are 12 Strategic Risks, with the latest full SRR update reported to Audit Committee in February 2024, which can be found on CMS at [CMIS > Meetings \(walsall.gov.uk\)](https://www.walsall.gov.uk/cmIS/Meetings). The SRR outlines the risk, controls in place, current and target risk score and further actions required to deliver the target risk score and to manage the risks going forward. 8 of the 12 risks are assessed as ‘high risk’. The Council will continue to manage risk in accordance with the agreed Risk Management Strategy and Directors Group will review both directorate and strategic risks and refer them to CMT for consideration, with updates on controls and scores presented to Audit Committee for review at least twice. Additionally, Audit Committee will be receiving reports during 2024/25 on SRR2 at their request.

5. Significant Governance Issues

Officers who drafted this Annual Governance Statement, evaluated assurances and supporting evidence, have concluded that the effectiveness of the governance framework, in respect of the system of internal control is satisfactory overall.

There are no significant governance issues to report. Some internal control weaknesses have been identified, which were reported to Audit Committee throughout 2023/24 as they arose and actions are in place to address these.

Emma Bennett, Chief Executive

Date: xx September 2024

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Councillor Garry Perry
Leader of the Council
Date: xx September 2024

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In approving this statement, the views and assurances of the statutory officers and Executive Directors have been sought and appropriate evidence obtained to support it.