

<b>Minutes of the Audit and Risk Committee</b>
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**24 July 2023 at 10:30 hours**

Conducted as a public meeting at Headquarters and digitally via  
Microsoft Teams

**Present:** Councillor Barrie, Councillor Jalil, Councillor Mahmood  
(Chair), Councillor Spence

**Virtually:** Councillor Little, Avtar Sohal (Grant Thornton)

**Officers:** Karen Gowreesunker, Mike Griffiths, Sofia Mahmood,  
Chandni Patel, Kal Shoker, Stephen Timmington, Kirsty  
Tuffin

38/23 **Apologies for Absence**

Apologies for absence were received from Mike Agar.

39/23 **Declarations of Interest**

There were no declarations of interest registered.

40/23 **Minutes of the Audit and Risk Committee held on 19 June 2023**

Resolved:

That the minutes of the Audit and Risk Committee held on 19  
June 2023 were approved as a correct record.

41/23 **Matters Arising**

No matters were raised.

42/23 **Introductions**

Councillor Mahmood welcomed the new Members of the  
Committee and welcomed Sofia Mahmood, who had been  
appointed as the new Head of Finance and Procurement, and

Section 151 Officer. Councillor Mahmood thanked Mike Griffiths for his service and wished him all the best in his retirement.

43/23 **Statement of Accounts 2022-2023**

Mike Griffiths, Section 151 Officer, presented the Statement of Accounts 2022-2023.

The report contained a number of key statements, namely:

- The comprehensive income and expenditure statement
- The movement in reserves statement
- The balance sheet
- The cash flow statement

It was noted that general reserves remained a key issue and consideration for the Authority. With regard to unearmarked general fund reserve, there had been a modest movement of £4k, which resulted in a closing balance of £3.862M as at 31 March 2023 (£3.858M as at 31 March 2022). These reserves equalled approximately 3.25% of the Authority's revenue budget. The level of reserve was considered reasonable and provided a degree of headroom as a result.

The balance of earmarked general fund reserves as at 31 March 2023 was £21.413M, a reduction of £8.403M compared to the 31 March 2022 balance of £29.816M and represented a more significant move.

As shown in the Balance Sheet, total usable reserves stood at £28.067M as at 31 March 2023.

It was noted that the Other Long-Term Liabilities (£1,289M) related to how the Service accounted for pensions related matters.

Long-term borrowing had reduced to £29.839M due to no new borrowing being undertaken in 2022/23 and an amount of debt being repaid. The Authority has Property, Vehicles, Plant & Equipment valued at nearly £162M, which these loans have, in previous years, been used to finance.

It was noted that the amount of borrowing was proportionate to the budget and remained in a comfortable position.

It was noted that the Statement of Accounts were un-audited. The external auditor, Grant Thornton, would commence the audit of the Statement of Accounts in September 2023. It is planned for the audited Statement of Accounts along with the Auditor's Findings Report to be submitted to the Committee later in the year.

In answer to Members' questions, the following points were raised:

- No new borrowing had been incurred during 2022/2023. However, it was anticipated that a need to borrow would be likely during 2024/2025 due to reduced capital earmarked reserves. When the Authority borrowed it acquired assets that had a value. Officers would assess the business benefits of the assets and their value to ensure the effectiveness of any borrowing.
- The Authority utilised the Public Works Loan Board for borrowing and always strived to consider any appropriate alternative options to acquire the most competitive rates.

Resolved:

That it be agreed that the draft Statement of Accounts 2022/2023 (unaudited) be approved.

That it be agreed that the draft Statement of Accounts summary for 2022/2023 be noted.

#### 44/23 **Treasury Management Annual Report 2022/2023**

Kal Shoker, Finance Manager, presented the Treasury Management Report 2022/23.

It was noted that the report was historical and that changes had occurred to the economy and interest rates since the end of the financial year.

The Authority had approved the Treasury Management Strategy in February 2022 and the Committee had received the mid-year update at its meeting in November 2022.

The Committee's attention was drawn to three key treasury management activities:

- The Authority's Capital Expenditure and Financing: total capital expenditure had been £2.419M for 2022/2023, with the majority financed through the use of earmarked reserves (£2.388M). This comprised of the Service's Vehicle Replacement Programme (1.963M), drill tower/training facilities (£0.191M) and roof replacements (£0.128M). No borrowing was undertaken to finance any capital expenditure in 2022/23.
- The Authority's total debt stood at £30.7M, of which £29.2M was in respect of borrowing with the Public Works Loan Board and the balance £1.5M in respect of the Authority's share of the Ex WMCC. It was noted that the average rate of interest payable on this debt was 5.21%.
- The Authority's investments totalled £26.413M as at 31 March 2023, which are invested with Sandwell MBC as part of the treasury management arrangement with them. Interest is received on the Authority's daily cash balance and is based on the average return achieved by Sandwell MBC plus 10 basis points which for 2022/23 was 2.34%. This compares favourably to the benchmark, the average Sterling Overnight Index Average un compounded rate of 2.24%. The interest received in 2022/23 was greater than the £0.540M revised budget, due to the continuing increase in interest rates. £0.890M was received, which was £0.350 above the revised budget.

Resolved:

That it be agreed that the Treasury Management Annual Report 2022/2023 be noted, and the prudential and treasury indicators approved.

#### 45/23 **Audit Progress and Sector Update**

Avtar Sohal, Grant Thornton (external auditor), presented the Audit Progress and Sector Update.

The report was provided to ensure the Committee remained informed of the progress of the external auditor in delivering their responsibilities.

The Committee were advised that Grant Thornton would be issuing the Audit Plan in September 2023 which will set out the proposed approach to the audit of the Authority's 2022/2023 financial statements. The work will be reported in the Audit Findings Report and Grant Thornton aim to provide their opinion on the Statement of Accounts by December 2023. With regard to the Value for Money arrangements, Grant Thornton intended to issue a joint Auditor's Annual Report for 2021/2022 and 2022/2023 by December 2023.

Resolved:

That it be agreed that the Audit Progress and Sector Update be noted.

46/23 **Update on Topical, Legal and Regulatory Issues (Verbal Update)**

No topical, legal or regulatory issues were raised.

47/23 **Draft Audit and Risk Committee Work Programme 2023/2024**

Kirsty Tuffin, Democratic Services Officer, presented the draft Audit and Risk Committee Work Programme for 2023/2024.

It was noted that all standard reports and items for business, plus Member training, had been included within the draft work programme.

Resolved:

That the draft Audit and Risk Committee Work Plan 2023/2024 be approved.

The meeting closed at 10:58 hours.

OFFICIAL

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