

Independent auditor's report to the members of Sandwell Metropolitan Borough Council

In our auditor's report issued on 27 February 2025, we explained that we could not formally conclude the audit and issue an audit certificate for Sandwell Metropolitan Borough Council ('the Authority') for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office (NAO) had concluded their work in respect of WGA for the year ended 31 March 2024. The NAO has now concluded their work in respect of WGA for the year ended 31 March 2024 and confirmed that audit certificates that are open in relation to this can be issued. We are therefore satisfied all audit work necessary has been completed.

Disclaimer of opinion

We were engaged to audit the financial statements of Sandwell Metropolitan Borough Council (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2024, which comprise the which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Statement of Movement on the Housing Revenue Account Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Group Movement in Reserves Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Authority or the group. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2024 by 28 February 2025 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The latest date on which unaudited accounts could be published to enable local elector rights to be met in time for the backstop was 16 January 2025. The authority published its unaudited accounts on 18 December 2024. We have been unable to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's and group's financial statements for the year ended 31 March 2024 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence over the corresponding figures or whether there was any consequential effect on the Authority Comprehensive Income and Expenditure Statement and Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2024 for the same reason. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2024 by the backstop date.

Report on other legal and regulatory requirements - the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

In our auditor's report for the year ended 31 March 2024 issued on 27 February 2025 we reported that:

We have nothing to report in respect of the above matter except on the 16 March 2023, we identified a significant weakness in the Authority's governance arrangements for the year ended 31 March 2021. This relates to the external audit of the financial statements being significantly delayed due to the quality of the financial statements and working papers presented for audit. We reported that the failure to publish annual accounts on a timely basis undermines the ability of those charged with governance to ensure good financial stewardship and fails to provide a transparent financial position to the public. We recommended that the Authority needs to make significant improvements in its arrangements to deliver accurate financial statements in a timely manner and to support an efficient audit. This significant weakness was not fully addressed during 2021/2, 2022/23 or 2023/24 and therefore remained in place as at 31 March 2024.

On the 18 July 2024, we identified a further significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. We found that during 2022/23 key aspects of the Council's arrangements for delivering the Housing Service were not adequate and constituted a significant weakness in arrangements in place to secure value for money. We recommended that the Authority should ensure the Housing transformation programme focuses on addressing the identified weaknesses in the service and that this should be fully delivered within a reasonable timeframe and progress should be closely monitored by members and the senior management team. This significant weakness was not fully addressed during 2023/24 and therefore remained in place as at 31 March 2024.

No matters have come to our attention since that date that would have resulted in any additional exception reporting on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Sandwell Metropolitan Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Andrew Smith". The script is cursive and fluid, with the first letters of "Andrew" and "Smith" being capitalized and prominent.

Andrew J Smith, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

22 August 2025