

# Audit and Risk Committee

## Minutes - 18 September 2017

### Attendance

#### Members of the Audit and Risk Committee

Cllr Craig Collingswood (Chair)  
Cllr Christine Mills (Vice-Chair)  
Cllr Harbans Bagri  
Cllr Mary Bateman  
Cllr Jasbir Jaspal  
Cllr Martin Waite  
Mike Ager (Independent Member)

#### Employees

Emma Bland	Finance Business Partner
Peter Farrow	Head of Audit
Dereck Francis	Democratic Services Officer
Claire Nye	Director of Finance
Hayley Reid	Senior Auditor
Lesley Roberts	Strategic Director - Housing
David Watts	Director of Adults Services
Mark Wilkes	Audit Business Partner

#### External Auditors – Grant Thornton

Mark Stocks  
Nicola Coombe

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## Part 1 – items open to the press and public

*Item No.*      *Title*

- 1      **Apologies for absence**  
Apologies for absence were submitted on behalf of Councillor Andrew Wynne.
- 2      **Declaration of interests**  
There were no declarations of interests.
- 3      **Minutes of previous meetings - 3 July 2017**  
Resolved:  
That the minutes of the meeting held on 3 July 2017 be approved as a correct record and signed by the Chair.
- 4      **Matters arising**  
There were no matters arising from the minutes of the previous meeting.

### **Audited Statement of Accounts 2016/17**

Claire Nye, Director of Finance gave a brief introduction on the work over the last two months to certify the draft Statement of Accounts for 2016/2017 by the 30 June 2017 deadline set by the Accounts and Audit Regulations 2015.

Mark Stocks from the Council's external auditors, Grant Thornton, presented the report on the findings from their audit of the Council's Statement of Accounts for 2016/2017. He informed the Committee that the audit was substantially complete and he anticipated that an unqualified audit opinion would be provided in respect of the Council's Financial Statements subject to the outcomes of the remaining elements of audit work. Based on their Value for Money review work, it was also intended to issue an unqualified conclusion. An addendum to the auditor's report was tabled relating to Pension Guarantee, and how it was now proposed that this be dealt within the Statement of Accounts. The issue had arisen late in the day during the audit.

Councillor Christine Mills thanked Grant Thornton for their work over the year and for their candid feedback on what the Council was doing well and those areas requiring action and improvement. Mike Ager, Independent Member added that he was pleased to see the progress the Council had made compared to last year.

In response to questions Grant Thornton reported that:

- The risk area 'worklessness' identified through our Value for Money work was not an easy area to extract metrics for. Skill sets of people was equally valid as the one used. Progress had been made on this risk area but there was more to do across the whole West Midlands area. It is a complex issue. Where we see growth a lot of it is around what local authorities are doing so it is within the Council's gift to generate growth and to stimulate economic activity.
- This year had seen substantive change in the number of employees working on the Statement of Accounts and there had been support from elsewhere within the Council. It was hoped that the earlier deadline for completing the audit of the Council's Statement of Accounts for 2018/2019 would be achieved.
- There had been a typographical error in the original Statement of Accounts related to Teachers Pension Scheme.
- The words 'available for sale' was an accounting term. It did not mean that specific assets were for sale.

Regarding the deadline for certifying the draft Statement of Accounts for 2017/2018, the Director of Finance reported that she was confident with the measures in place to meet the earlier deadline. A lot of automation work to prepare for next year's audit was taking place. Support was also available from the Strategic Executive Board and other employees within the Council.

In response to Mike Ager, Independent Member, it was confirmed that there would be a follow-up on the action plan arising from the audit of the Statement of Accounts for 2016/2017.

Emma Bland, Finance Business Partner added that the issue highlighted from the review of internal controls in relation to information security policies and procedures would be reviewed. The deadline for completion of the reviews was May 2018.

Resolved:

1. That the formal publication of the 2016/2017 Statement of Accounts, as required by the Accounts and Audit Regulations 2015, which require publication by 30 September 2017 be approved.
2. That authority be delegated to the Chair of the Audit Committee to agree subsequent changes to the Statement of Accounts in consultation with the Director of Finance should there be any audit adjustments.
3. The 2016/17 report to those charged with governance from the Council's External Auditors, Grant Thornton be noted.
4. That it be noted that the Council's external auditors intend to issue an unqualified opinion on the Statement of Accounts 2016/17, subject to the outcomes of remaining elements of audit work.
5. That it be noted that the external auditors have identified no material errors which are expected to remain unadjusted in the amended Statement of Accounts.
6. That it be noted that the Management Representation letter had been finalised and would be signed by the Director of Finance on behalf of the Council.

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### **Strategic Risk Register and Strategic Assurance Map**

Lesley Roberts, Strategic Director for City Housing updated the Committee on risk 27, Safety Concern around the City's Tower Blocks, and on issues that had moved on since her report at the previous meeting.

In response to questions, Strategic Director reported that:

- Decisions on whether to implement any likely changes that might arise from the Grenfell Enquiry in advance of the publication of the Government's reports and recommendations, would be made collectively. Where the Council's highrise blocks are scheduled for work it would be sensible to anticipate the contents of the Government's report. In terms of the rest of the housing stock, a measured approach would be taken on what work we do.
- The 'stay put' policy, had served the Council well over the last dozen years. West Midlands Fire Service want to maintain that policy. We will await to see if there is a concerted approach coming out of the Enquiry on this issue.

David Watts, Director of Adults Services reported on risk - 21, Transforming Adult Social Care (TASC) Programme and on the work being undertaken during 2017/2018 to support the transformation of adult social care and meet savings targets included in the Council's medium term financial strategy. In response to questions the Director reported that:

- Home visits to elderly people had not stopped with the introduction of the Promoting Independence programme. As part of the programme the Service has been working on a robust community offer. The approach was to say to older people, how do we help you overcome the barriers that stop you from being involved in your community or to do the things that you used to do, rather than just providing home visits.

- The risk had been rated prudently. The financial savings target was challenging and the plans to achieve it relied on factors outside the Council's control. It was therefore difficult to downgrade the risk at this time. The current position and approach to delivering the savings was regularly reviewed with the Audit team.
- Capacity existed within the city to respond to referrals from private care providers, although there had been some exiting from the domiciliary care market. The Council had recently increased the hourly rates for domiciliary care services and introduced the Wolverhampton Wage. Monitoring of domiciliary care provision funded by the Council was delivered through the Commissioning Contractor Department within the Quality Commissioning Team (QCT) and by the QCT in the Clinical Commissioning Group. The Service also regularly met with the Care Quality Commission. People in receipt of Council funded domiciliary support also received an annual review. Wolverhampton HealthWatch would also perform health visits to people's homes. The Service also relied on the eyes and ears of council employees and councillors for intelligence on monitoring of care provision.

Hayley Reid, Senior Auditor, gave a brief outline of the remainder of the report on the key risks the Council faced and how the Committee could gain assurance that the risks are being mitigated.

Councillor Martin Waite commented that the number of looked after children (LAC) was not reducing and remained static. From his discussions with council employees there was not a lot of scope for the Council's LAC population to reduce. He asked whether the rating of the risk should therefore be reduced. The Senior Auditor suggested that it was worth looking at the wording of the risk. She undertook to speak to Emma Bennett, Director of Children's Services. In response to the Chair she added that whilst the target had been achieved, it would remain on the risk register because LAC was a strategic programme. The risk could be reviewed to determine whether it should remain a strategic risk or a risk for the People directorate.

Mike Ager, Independent Member reported that the practice adopted by the Committee of calling in risk owners for a more detailed discussion on their plans to mitigate the risk and progress being made, was a valuable exercise.

In response to a further question, the Senior Auditor explained how the risks for each programme were tracked, and that in relation to risk 14 (School Improvement) the percentage of the city's schools classified as good was at 85%. The Council was reliant upon when OFSTED could carry out their school inspections.

At the end of the discussion the Committee agreed that risk 9 – City Regeneration be discussed in detail at the next meeting.

Resolved:

1. That the strategic risk register at Appendix A to the report be noted.
2. That the increase in the risk score for risk 9 – City Centre Regeneration, due to cost and programme control issues, relating to a small number of significant City Centre regeneration projects be noted.
3. That the reduction in the risk score for risk 26 – Community Cohesion, due to the reduction in the likelihood of an incident occurring be noted.

4. That the main sources of assurance available to the Council against its strategic risks at Appendix B to the report be noted.
5. That risk 9 – City Regeneration be considered at the next meeting and the risk owner be invited to attend.

7 **Internal Audit Charter - Annual Review**

Peter Farrow, Head of Audit, presented for review and approval the internal Audit Charter. No changes had been made to the document since it was last updated in September 2016.

Resolved:

That the Internal Audit Charter be approved.

8 **Internal Audit Update - Quarter One**

Pete Farrow, Head of Audit presented the report on progress made against the 2017-2018 internal audit plan and on recent work that has been completed.

In response to a request for an update on the audit work at St Patricks Primary, the Head of Audit reported that, at the request of the School's newly appointed Head Teacher, the Audit Team carried out a wider review than it would normally perform for a school. The work uncovered some practices against which recommendations were made and an action plan produced and agreed. A follow up visit to the School would happen in early January 2018 to check that the recommendations had been actioned.

Mike Ager, Independent Member commented that it was pleasing to note from the report that where recommendations from audit reviews are not actioned the matter is escalated.

In response to the Chair, the Head of Audit reported that the issue identified from the audit of WV Active income and banking and e-returns was a scheduling matter and there was no missing income.

Resolved:

That the contents of the latest internal audit update as at the end of quarter one be noted.

9 **Payment Transparency**

Peter Farrow, Head of Audit updated the Committee with the current position regarding the Council's publication of all its expenditure activity since the last meeting of the Committee in June 2017. He also reported that it had been several years since the Council last received a request for information from the public (as an 'armchair auditor'). The public appeared to be receiving information through the submission of Freedom of Information requests rather than via armchair auditor requests.

Resolved:

That the Council's current position with regards to the publication of all its expenditure be noted.

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### **Audit Services - Counter Fraud Update**

Mark Wilkes, Audit Business Partner presented the update report on current counter fraud activities undertaken by Audit Services. The report also contained a response to the request made at the previous meeting for an update on the current requirements relating to employee declarations of interests.

Councillor Harbans Bagri suggested that the requirement to disclose interests should not be restricted to senior managers or employees involved in contract decision making. There could be employees not involved in contract decision making who may have an interest that could be affected by aspects of their work. He also suggested that there should be a single employee interests register rather than an additional 'local interests' register maintained by managers. In response Peter Farrow, Head of Audit undertook to confirm the level/grade above which employees need to register any interests and at what level/grade employees would need to register interests in the local register.

The Chair commented that in his opinion the Council was in line with other local authorities in the way it asked its employees to register. He added from the information in the report and the verbal update from the Audit Business Partner, he was reassured that the Council was doing everything it should.

Councillor Mary Bateman referred to the latest series of the BBC One programme 'Council House Crackdown', which featured Wolverhampton Homes (WH) and its work on tackling social housing fraud across the city. She reported that WH and City of Wolverhampton Council were presented well in the programme.

Referring to the National Fraud Initiative (NFI) data matching exercise concerning Blue Parking Badges, Councillor Harbans Bagri asked how the Council was made aware of the death of a Blue Badge holder, to then recover the badge. The Audit Business Partner reported that it would be down to the bereaved family to return the badge. If they do not, the Blue Badge Service would not be made aware that the person is deceased and that the badge should not be in use. If the family of the deceased used the Tell Us Once service the Council would be made aware. The register of deaths does not belong to the Council therefore there was a potential Data Protection issue in releasing information.

Councillor Martin Waite informed the Committee that the Data Protection Act only related to living persons. He suggested that if the Act was being used as the reason for not confirming whether a person was deceased then advice from Legal Services should be sought.

Resolved:

1. That the contents of the latest Audit Services counter fraud update be noted.
2. That a note be included in the next counter fraud update report to the Committee on the grades above which employees are required to register any interests.

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### **CIPFA Audit Committee Update - Issue 22**

The Committee received the latest edition of briefings issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) for audit committee members in public sector bodies. The latest briefing included: developing an effective Annual

Governance Statement; a briefing on current developments; and Audit Committee training.

Resolved:

That the contents of the latest CIPFA Audit Committee Update, Issue 22 be received and noted.

**12 Exclusion of the press and public**

Resolved:

That in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information falling within the paragraph 3 of Schedule 12A of the Act.

## **Part 2 - exempt items, closed to public and press**

**13 Audit Investigations Update**

Mark Wilkes, Audit Business Partner presented the report on the current position of audit investigations that had recently been completed. There were also a number of ongoing investigations on which further details would be provided once the investigations were done.

Resolved:

That current position with regard to audit investigations be noted.