

Attendance

Members of the Audit and Risk Committee

Cllr Alan Butt (Chair)
Cllr Jonathan Yardley (Vice-Chair)
Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Craig Collingswood
Cllr Roger Lawrence
Cllr Barbara McGarrity
Cllr Lynne Moran

Employees

Emma Bland	Finance Business Partner
Ian Cotterill	Audit Business Partner
Peter Farrow	Head of Audit
Dereck Francis	Democratic Services Officer
Claire Nye	Director of Finance
Hayley Reid	Senior Auditor
Gail Rider	Head of ICT
Alison Shannon	Chief Accountant
Mark Wilkes	Audit Business Partner

External Auditors - Grant Thornton

Mark Stocks

Part 1 – items open to the press and public

Item No. Title

- 1 Apologies for absence**
Apologies for absence were submitted on behalf of Mike Ager and John Humphries (Independent Members).
- 2 Declaration of interests**
No declarations of interests were made.

3 **Minutes of the previous meeting - 11 March 2019**

Resolved:

That the minutes of the meeting held on 11 March 2019 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.

5 **External Audit Progress Report and Update**

Mark Stocks from the Council's external auditors Grant Thornton presented the report on progress made since the last meeting against their audit plan and on technical matters and developments. He informed the Committee that the external audit team were on site, undertaking a substantive part of the audit work. As in previous years, an interim audit had been carried out and the external auditor presented the report which summarised the findings from that work. The results from the interim work reflected how an interim audit should look at this stage of an external audit process.

Referring to the external audit value for money work on Civic Halls, Councillor Jonathan Yardley asked whether a contract had been awarded for completion of the Civic Halls refurbishment programme. Claire Nye, Director of Finance confirmed that a contract had been awarded and the programme had moved into the second phase of construction. The overall budget for the programme was £38.1 million. She undertook to report back on the value for the contract for completion of the phase two construction.

Councillor Philip Bateman MBE noted from the external auditors report that there were areas requiring further investigation but that the general tenor of the report was upbeat and a good position for the Council to be in.

Referring to the external auditors sector update on studies on the impact of the Government's Fair Funding Review, and variations between councils and the amount of council tax they can raise, Councillor Lynne Moran asked how the Council would try to influence the Fair Funding Review to obtain a fair deal. The Director of Finance reported that the Council looked at every opportunity to put its views forward. It responded to surveys and questionnaires from organisations and outside bodies it is associated with. It also responds to the Comprehensive Spending Review through the West Midlands Combined Authority. The Council was 'in the loop' as much as it could be.

Resolved:

That the progress report and update provided by Grant Thornton be noted.

6 **Draft Statement of Accounts 2018/2019**

The Committee received the Council's approved draft Statement of Accounts for 2018/2019, which were subject to audit. The final accounts would be submitted to the meeting on 22 July, subject to any changes from the external audit. The Director of Finance delivered a presentation focusing on the key information within the accounts. Arrangements would be made for her team to deliver training and to speak to the Committee in more detail on some of the key statements within the accounts prior to the next meeting in July. The Director also referred to reports to be considered by Cabinet (Resources) Panel on 18 June 'Revenue Budget Outturn 2018/2019' and 'Reserves, Provisions and Balances 2018/2019' that could be read with the

Statement of Accounts. She encouraged members of the Committee to read them before the next meeting as they both provided useful background information that helped to explain information in the Statement of Accounts.

In response to questions from Councillor Jonathan Yardley, the Director of Finance undertook to provide information on the detail behind the remuneration table referred to in the Statement of Accounts, and to clarify what information could be provided in relation to the exit packages payable by the Council during the year, also referred to in the Statement of Accounts.

Resolved:

1. That it be noted that the Director of Finance approved the Draft Statement of Accounts 2018-2019 on 31 May 2019, in accordance with the 31 May 2019 deadline set by the Accounts and Audit Regulations 2015.
2. That it be noted that the 2018-2019 Draft Statement of Accounts is to be audited by Grant Thornton UK LLP from 3 June through to 12 July, and that any material changes required as a result of the audit will be reported to the Audit and Risk Committee on 22 July 2019.
3. That it be noted that formal approval by the Council and publication of the 2018-2019 Statement of Accounts is required by 31 July 2019 (Accounts and Audit Regulations 2015).
4. That it be noted that the Statement of Accounts incorporates a copy of the Annual Governance Statement as required by the Accounts and Audit Regulations 2015.

7 Annual Governance Statement 2018/2019

Peter Farrow, Head of Audit presented for review and comment, the Annual Governance Statement for 2018/2019. The Council was required under Regulation 6 of the Accounts and Audit Regulations 2015, to produce the Statement to be included in the Annual Statement of Accounts, to be signed by the Leader of the Council and the Managing Director.

Resolved:

That the contents of the Council's Annual Governance Statement for 2018/2019 be noted.

8 Strategic Risk Register and Strategic Assurance Map

Hayley Reid, Senior Auditor took the Committee through changes to the Council's strategic risk register since it was considered at the last meeting on 11 March 2019.

Gail Ryder, Head of ICT was also in attendance. She gave an overview of action the Council was taking and proposed to take to mitigate and manage strategic risk 23 – cyber security. Members of the Committee welcomed the information and assurance provided on how the Council was managing its cyber security, and particularly that the council's processes were being externally tested to ensure that the Council was as fully protected as it could be.

In response to questions from the Committee the Senior Auditor reported that risks for the Westside development were included in risk 9 - City Centre Regeneration. If it was felt that a separate risk was required for the Westside development it would be considered. Any risks on that development project would be reported through the Council's project management system, Verto and through the Project Assurance Group. Regarding risk 28 - Health and Safety, it was rated amber because of the strength of controls the Council had in place. The Senior Auditor undertook to report direct to Councillor Philip Bateman MBE in response to his question on whether there were any reported incidents of health and safety issues from the spraying of friendly weed killers within the city.

Resolved:

1. That the latest summary of the Council's strategic risk register as at Appendix 1 be noted.
2. That The inclusion of risk 36 – Parent Company Assurance of Tenant Management Organisations (TMOs) be noted.
3. That the reduction in the scores for the following risks be noted:
 - Risk 8 – Business Continuity Management
 - Risk 25 – Payment card industry data security standard
 - Risk 35 – Brexit.
4. The change in target score for risk 24 - Maximising Benefits from West Midlands Combined Authority to reflect the change in the seven Council's and other Local Authority leaderships and allow time to develop new relationships be noted.
5. That the amendment to the narrative of risk 32 – Waste Management Services to refer to the on-going management of the service following the changes to service delivery be noted.
6. That it be noted that as the target score had been achieved, risk 33 – Governance of Major Capital Projects and Programmes had been archived and replaced by risk 37 which refers to the on-going governance and management of capital projects and programmes.
7. That it be noted that as the target score for risk 34 – Wolverhampton Interchange Programme (Train Station) had been achieved, this risk had been archived.
8. That the main sources of assurance available to the Council against its strategic risks at Appendix 2 to the report be noted.

9 **Annual Internal Audit Report 2018-2019**

Peter Farrow, Head of Audit presented the report that provided the Committee with an annual internal audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control processes.

The report referred to a piece of audit work on 'Recruitment and Retention of Social Workers'. Councillor Lynne Moran said that she had noted the Council was having difficulty recruiting social workers. It would cost the Council more in the long term if it were unable to recruit social workers. She asked whether the Council was thinking outside the box to attract social workers to the city. The Head of Audit reported that the Council was taking action through a variety of measures to increase social worker recruitment and retention.

Councillor Roger Lawrence informed the Committee of the Annual Report from the Principal Social Worker on work to promote and improve the quality of social work practice was recently presented to Cabinet. The report identified that for the first time the Council no longer had agency staff as managers of its social work teams. This was unprecedented and the Principal Social Worker's report demonstrated that a lot of work had gone on the protection of social care.

Councillor Philip Bateman MBE and Councillor Mary Bateman both declared a non-pecuniary interest in the report in so far as it referred to Ashmore Park Nursery School where they are school governors.

Resolved:

That the contents of the Annual Internal Audit Report and the overall opinion that "based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the council by other providers as well as directly by Internal Audit, Internal Audit can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes".

10

Audit and Risk Committee Annual Report - 2018/2019

The Chair asked the Committee to endorse the report which summarised the principal areas of work undertaken by the Committee during 2018/2019. The annual report would be presented to the Council.

Councillor Philip Bateman MBE commented that the Committee had undertaken a lot of good work during the last Municipal Year that was reflected in the annual report. He also highlighted the valued contributions made during the year by the two independent members on the Committee.

Resolved:

That the Audit and Risk Committee Annual Report for 2018/2019 be endorsed and referred to Full Council for approval.

11

Audit Services - Counter Fraud Update

Mark Wilkes, Audit Business Partner presented the update report on current counter fraud activities undertaken by Audit Service since the last meeting.

Resolved:

That the contents of the latest Audit Services Counter Fraud Update be noted.

12 Payment Transparency

Peter Farrow, Head of Audit presented the report on the Council's payment transparency activity. Since the last report to the Committee no requests had been received for information from the public (armchair auditor request). Instead, the public were using the Freedom of Information route or Subject Access Requests as the vehicle to obtain information. He would continue to monitor armchair auditor requests and report to the Committee on any received.

Resolved:

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

13 CIPFA Audit Committee Update

The Committee received the latest edition of regular briefings issued by the Chartered Institute for Public Finance and Accountancy (CIPFA) for audit committee members or public bodies. The focus of the update was on providing support and oversight for organisation's counter fraud and anti-corruption arrangements.

The CIPFA update included details of workshops and training being delivered. The Head of Audit advised that if any member wished to attend the courses, to contact Dereck Francis, Democratic Services, who would make the arrangements.

Resolved:

That the contents of the latest CIPFA Audit Committee Update - the Audit Committee Role in Supporting Counter Fraud and Anti-Corruption be noted.

14 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 paragraphs 1 and 3 of Schedule 12A of the Act.

Part 2 - exempt items, closed to press and public

15 Audit Investigations Update

Mark Wilkes, Audit Business Partner presented a further update on the audit investigation discussed at the previous meeting related to the theft of Council computers by an employee.

Resolved:

That the current position regarding audit investigations be noted.

16 External Audit Progress Report and Update

Mark Stocks from the Council's external auditors Grant Thornton presented a report on two items that had been reported to them during the course of work against their audit plan. One of the issues was an internal matter for the Council and the other was being reviewed as part of the audit and would be reported on at a future meeting.

Resolved:

That the progress report and update provided by Grant Thornton be noted.