

**Time** 2.00 pm **Public Meeting?** YES **Type of meeting** Regulatory

**Venue** Committee Room 3 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

## Membership

**Chair** Cllr Alan Butt (Lab)

**Vice-chair** Cllr Jonathan Yardley (Con)

### Labour

Cllr Mary Bateman

Cllr Philip Bateman MBE

Cllr Craig Collingswood

Cllr Roger Lawrence

Cllr Barbara McGarrity QN

Cllr Lynne Moran

### Independent Members

Mr Mike Ager

Mr John Humphries

Quorum for this meeting is two Councillors.

## Information for the Public

If you have any queries about this meeting, please contact the Democratic Services team:

**Contact** Dereck Francis

**Tel/Email** Tel: 01902 555835 or [dereck.francis@wolverhampton.gov.uk](mailto:dereck.francis@wolverhampton.gov.uk)

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Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

# Agenda

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

*Item No.*    *Title*

### MEETING BUSINESS ITEMS

- 1            **Apologies for absence**
- 2            **Declaration of interests**
- 3            **Minutes of the previous meeting - 10 June 2019** (Pages 3 - 8)  
[For approval]
- 4            **Matters arising**  
[To consider any matters arising from the minutes of the previous meeting]

### DECISION ITEMS

- 5            **Audited Statement of Accounts 2018-2019**  
[To receive the update from the Council's external auditor's findings in relation to the Statement of Accounts 2018-2019] [**Report to follow**]
- 6            **Tenancy Management Organisations - Audit Review Update** (Pages 9 - 14)  
[To provide an update on the implementation of the recommendations arising from the recent internal audit reviews of the Council's Tenancy Management Organisations]

<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Audit and Risk Committee</b> Minutes - 10 June 2019
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## 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

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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 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.



<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<h1>Audit and Risk Committee</h1> <p>22 July 2019</p>
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<b>Report title</b>	Tenancy Management Organisations – Audit Review Update	
<b>Accountable director</b>	Kate Martin, Director of City Housing	
<b>Accountable employee(s)</b>	Mark Lowthian	Service Support Manager
	Tel	01902 558619
	Email	mark.lowthian@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Not applicable	

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**Recommendation for noting:**

The Committee is asked to note:

1. An update on the implementation of the recommendations arising from the recent internal audit reviews of the Council's Tenancy Management Organisations.

## **1.0 Purpose**

- 1.1 This report is to update the Committee on the implementation of the recommendations arising from the 2018-2019 internal audit reviews of the Council's Tenancy Management Organisations (TMOs).

## **2.0 Background**

- 2.1 The Council has arrangements with four organisations that manage just over 2,000 properties on the Council's behalf. These are:

- Bushbury Hill Estate Management Board
- Dovecote Tenant Management Organisation,
- New Park Tenant Management Co-operative
- Springfield Tenant Management Co-operative

- 2.2 At its March 2019 meeting, the Audit and Risk Assurance Committee heard that Internal Audit had been commissioned by the Service Director of City Housing to undertake an audit review on each of these four organisations.

- 2.3 These reviews had primarily focussed upon their compliance with regards to meeting the requirements of their respective management arrangements and covered areas such as governance, tenant engagement, housing allocations, housing maintenance, financial control, equalities and performance monitoring.

- 2.4 TMO Audits were undertaken during the period June to December 2018 at:

- Bushbury Hill Estate Management Board (BHEMB) – report issued 6 November 2018.
- Dovecotes TMO (DTMO) – report issued 21 November 2018.
- New Park Village Tenant Management Cooperative – report issued 20 December 2018.
- Springfield Horseshoe Housing Management Cooperative – report issued 20 December 2018.

- 2.5 The audit reviews had identified many areas where there were both significant concerns and considerable scope for improvement, including:

- Recruitment, rotation and training of board members
- The build-up of large surpluses with no clear plans on how they will be used to benefit the residents
- Insufficient equalities and anti-social behaviour activities and monitoring
- Lack of communication with tenants and general tenant engagement
- Unclear housing allocations
- Inconsistent dealing with potential tenancy breaches
- Insufficient right to work checks for employees
- Not processing complaints adequately

- 2.6 The audit reviews also recognised that there was scope for increasing the support offered from the Council and in the client management and performance monitoring arrangements.
- 2.7 The Committee subsequently asked for an update on the implementation of the recommendations arising from these reviews.

### **3.0 Progress, options, discussion**

- 3.1 Across the four audit reports there were a total of 111 recommendations which were all captured in an Audit Action Plan for each TMO.
- 3.2 The TMOs` Chief Officers responded positively to their Audit Action Plans and worked collaboratively and proactively with Housing Strategy by taking the agreed actions and provided the required evidence. This has enabled many of the actions to be closed off.
- 3.3 As at 30 June 2019 103 actions had been signed off as completed by Housing Strategy with the remaining 8 actions taken forward onto a TMO Workplan for 2019-2020. These reflect cross cutting themes on which we intend to work across the TMOs to action.
- 3.4 The key findings from the audits, were reported to the Council`s Strategic Executive Board (SEB) on 12 February 2019 and highlighted a need for the Council to bring resources and expertise to provide a greater level of targeted support for the TMOs to facilitate their organisational development and deliver more consistent services across the city. SEB recognised that the Council needs to better engage with and support the TMOs and become a stronger and more supportive lead partner.
- 3.5 SEB, at its meeting on 7 May 2019 approved an enhanced programme of support for the TMOs. This programme of support is for this financial year and draws on both the audit reports and staff perceptions that have arisen from a more focussed and intensive period of joint working with the TMOs during the last two quarters of 2018-2019.
- 3.6 The programme of support for TMOs 2019-2020 covers 17 areas of support where a cross-directorate approach will provide the Council with a higher level of assurance in the TMOs compliance and organisational development and add significant value to the TMOs. The programme draws on the Council`s expertise in the following areas; HR, Legal, Finance, Democratic Services, Health and Safety, Risk Management, Business Continuity and Resilience, Wolverhampton Homes Anti-Social Behaviour Team.
- 3.7 An update report on the TMOs and response to their audit programme was presented to Better Homes Board in April 2019.
- 3.8 During the last 12 months Housing Strategy have worked closely with Internal Audit on the recommendations and in taking forward the associated actions with the TMOs.

### **4.0 Conclusion**

- 4.1 The TMOs have responded positively to the Audit programme of 2018 and have made good progress with their respective action plans. The TMOs` response to their respective

audit reports and delivery against their Audit Action plans addressed immediate concerns and issues.

- 4.2 A resourced programme of support for 2019-2020 provide the platform for longer term sustainable improvement and provide the Council with assurance that the TMOs are providing effective services on our behalf.
- 4.3 A further progress report will be provided to the Audit and Risk Committee before this year-end.

## **5.0 Resources implications**

- 5.1 Resources in the Housing Strategy Team were increased to focus on the work of the TMOs. This has included;
- Interim Service Support Manager from October 2018
  - Client Relationship Manager from December 2018
- 5.2 The TMO programme of support for 2019-2020 approved by SEB included;
- c100 Days of “officer time” across directorates
  - £2,500 External training budget
  - £10,000 Additional HR service cost
  - £78,000 Additional posts of ASB Officer and Health and Safety Officer

## **6.0 Financial Implications**

- 6.1 The staffing costs and costs associated with the package of support for 2019-2020 are fully funded by the Housing Revenue Account (ring fenced account solely for accounting for the management of Council Housing).  
[MH/12072019/W]

## **7.0 Legal Implications**

- 7.1 The Council's legal obligations as a housing authority rest with the City Council. Therefore, it is essential that the Council ensures that functions are effectively and properly discharged through its managing agents. The audits and ensuing actions taken have helped provide assurance to the City Council.  
[JB/12072019/F]

## **8.0 Equalities implications**

- 8.1 Equality and diversity was one of the areas identified as weak and has been included on the work plan with City of Wolverhampton Council support for 2019-2020.

## **9.0 Environmental implications**

- 9.1 There are no environmental implications arising from the recommendation in this report.

## **10.0 Human resources implications**

10.1 Additional posts were identified and approved by Strategic Executive Board for 2019-2020.

## **11.0 Corporate landlord implications**

11.1 There are no corporate landlord implications arising from the recommendation in this report.

## **12.0 Schedule of background papers**

12.1 Strategic Executive Board report - 12 February 2019 - Key findings from Tenant Management Organisations internal audit programme.

12.2 Better Homes Board - 3 April 2019 -TMO Update

12.3 Strategic Executive Board report - 7 May 2018 - Proposed Programme of Support for Tenant Management Organisations (TMOs) during 2019-2020.

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