

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 Roger Lawrence
Cllr Barbara McGarrity QN
Cllr Lynne Moran
Mike Ager (Independent Member)
John Humphries (Independent Member)

Employees

Ian Cotterill	Audit Business Partner
Peter Farrow	Head of Audit
Dereck Francis	Democratic Services Officer
Claire Nye	Director of Finance
Hayley Reid	Senior Auditor
Mark Wilkes	Audit Business Partner

External Auditors, Grant Thornton

Nicola Coombe

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 Craig Collingwood.
- 2 **Declaration of interests**
No declarations of interests were made.
- 3 **Minutes of previous meetings - 22 and 31 July 2019**
Resolved:
 1. That the last sentence on the third page of the minutes on 31 July 2019 be in be corrected to read:

‘The Chair reported that he would like to see the Council obtain independent external references on subcontractors appointed by the main contractor other than the referees offered by the main contractors’
 2. That subject to 1 above, the minutes of the meetings held on 21 and 31 July 2019 be approved as a correct record and signed by the Chair.

4 **Matters arising**

There were no matters arising from the minutes of previous meetings.

5 **Annual External Audit Letter**

Nicola Coombe from the Council's external auditors Grant Thornton presented the Annual Audit Letter that summarised the key findings from their work at the Council's subsidiary groups and the West Midlands Pension Fund for the year ending 31 March 2019. The report drew upon and summarised the report the Committee received on 31 July 2019, therefore no new significant information was contained in the Audit Letter. She took the Committee through the executive summary of the Letter and highlighted the results from the audit of the West Midlands Pension Fund Statement of Accounts. No adjustments for misstatements were made to the accounts and an unqualified opinion had been given on them.

Resolved:

The Annual Audit letter by Grant Thornton be noted.

6 **Strategic Risk Register and Strategic Assurance Map**

Hayley Reid, Senior Auditor presented the report and highlighted changes made to the strategic risk register since the last meeting since the meeting of the Committee on 10 June 2019.

Referring to risk ref 30 - Civic Halls and the confirmation letter in the comment section on the risk, Councillor Jonathan Yardley said that he had been informed that a letter had been sent to the Council from a subcontractor claiming they were owed money for asbestos survey work they had undertaken and that they are unwilling to release their report and certificates for the work until they have been paid. This could cause delay to completion of the refurbishment works. He sought clarification on this point. Claire Nye, Director of Finance reported that the checks referred to in the report related to a point in time before the Council went through the extension of the Civic Hall contract. The two issues are separate. There is a bond in place in case of such instances. She undertook to report back on the issue raised by Councillor Yardley regarding payment for asbestos work.

Referring to risk ref 4 - Medium Term Financial Strategy, Mike Ager, Independent Member asked how the Committee could gain assurance that all was well in Adult Social Care and Children's Services, activities within Local Government that were under pressure at the moment. The Senior Auditor reported that the two service areas had their own risk register that were reviewed prior to the strategic risk register being compiled for Committee. Risks within the two service areas are considered, including at Leadership teams, even if they are not detailed within the strategic risk register.

Referring to risk 9 - City Centre Regeneration and the Westside development, John Humphries, Independent Member reported that, under new arrangements, the Council would take some of the responsibility for letting out space at the development and would be acting as a landlord for some of the units once the development was complete. He suggested that there was a risk to the Council from having void units. He asked about the Council's exposure to this. Claire Nye, Director of Finance reported that appropriate safeguards would be put in place to protect the Council from such risks and to protect its interests.

Resolved:

1. That the latest summary of the Council's strategic risk register as at Appendix 1 to the report be noted.
2. That the increase in the scores for the following risks be noted:
 - Risk 7 – Safeguarding, a temporary increase whilst changes to the Council's Multi-Agency Safeguarding arrangements are implemented.
 - Risk 30 – Civic Halls, in light of the Civic Hall's construction contractor going into administration.
3. That it be noted that risk 35 – Brexit had been incorporated into risk 8 – Business Continuity Management which had been renamed Business Continuity Management, Including Brexit Implications. This risk had been increased from amber to red and would be continually monitored alongside the ongoing political situation.
4. That changes to the target date for a reduction in the scores of the following risks be noted:
 - Risk 29 – Fire Safety – Public Buildings
 - Risk 24 – Maximising Benefits from the West Midlands Combined Authority.
5. That the main sources of assurance available to the Council against its strategic risks at Appendix 2 be noted.

7 Annual Review - Internal Audit Charter

Peter Farrow, Head of Audit presented the Internal Audit Charter for review and approval. The document had last been reviewed by the Committee in September 2018 and there had been no changes since that time.

Resolved:

That the Internal Audit Charter be approved.

8 Internal Audit Update - Quarter One

Peter Farrow, Head of Audit presented the report on progress made against the 2019/2020 internal audit plan and on four pieces of work that had been completed so far in the current year.

Councillor Philip Bateman MBE asked for an update on the Wolves@Work scheme, in the light of an article in the Express and Star about funding for the scheme. The Head of Audit explained that the Council was seeking to secure funding sources for Wolves@Work. The internal audit review work focused on the delivery of the outcomes from an audit review of the service. In that respect the programme was running successfully. Claire Nye, Director of Finance confirmed that Wolves@Work scheme was a council priority. The Council was working with partners to explore different ways of funding for the service. There were no plans to reduce the service. Councillor Roger Lawrence added that it was always intended that funding for the scheme would be a three-year deal and at the end of that period there would be discussion about future funding.

Mike Ager, Independent Member said that it was pleasing to note from the report the Audit team's increasing involvement with project/programme Boards and groups across the Council.

Resolved:

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

9 **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. In doing so he highlighted the work on the National Fraud Initiative Exercise, the Council's involvement in a National Fraud Initiative HMRC pilot, and work of the Counter Fraud Team on tenancy fraud.

The Chair said that it is to the credit of the Council that it was one of only ten local authorities to take part in the pilot National Fraud Initiative exercise where HMRC data is matched to the Council's data for the first time.

Councillor Lynne Moran welcomed the performance of the Counter Fraud Team in stopping tenancy fraud during the quarter. She said that given the number of people who need social housing, it was disconcerting to hear that there needed to be three council house Right to Buy sales for one local authority built house. Anything the Council could do to prevent fraudulent right to buy applications was a good thing.

Resolved:

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

10 **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).

Resolved:

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

11 **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 the role of the head of internal audit, external audit arrangements for English local government bodies and a regular briefing on current issues.

The Chair said that he had requested that a briefing session from the Procurement team on the tendering procedures for major council projects prior to the next meeting in December 2019.

Resolved:

That the contents of the latest CIPFA Audit Committee Update - The Statements on the Role of the Head of Internal Audit, External Audit Arrangements for English Local Government Bodies and a Regular Briefing on Current Issues be noted.