

## 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 QN  
Cllr Lynne Moran  
Mike Ager (Independent Member)  
John Humphries (Independent Member)

### Employees

Ross Cook	Director of City Environment
Ian Cotterill	Audit Business partner
John Denley	Director of Public Health
Peter Farrow	Head of Audit
Claire Nye	Director of Finance
Hayley Reid	Senior Auditor
Kirsty Tuffin	Democratic Services Officer
Mark Taylor	Deputy Chief Executive
Mark Wilkes	Client Lead Auditor

### External Auditors, Grant Thornton

Nicola Coombe

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

*Item No.*    *Title*

- 1 Apologies for absence**  
There were no apologies for absence.
- 2 Declaration of interests**  
There were no declarations of interest.
- 3 Minutes of previous meetings**  
That the minutes be approved as a correct record with the following amendment to the last sentence on page 3:

The Chair reported that he would like to see appropriate Council Officers obtaining regular feedback on the performance of the main contractors and their sub-

contractors during the life of Major Council Contracts. This may already happen via regular site meetings. These meetings give the opportunity for all parties (including sub-contractors) to report on any issues that might affect completion of the contract.

4 **Matters arising**

After clarification was sought for item 6, Councillor Jonathan Yardley advised the group that a note had been circulated by Claire Nye regarding payment for asbestos work for Civic Halls.

5 **External Audit Communication**

Nicola Coombe, External Auditor – Grant Thornton, presented the report that contributes towards the effective two-way communication between auditors and the Audit and Risk Committee. The report outlined a series of questions to help Grant Thornton oversight and understanding of management processes of the following areas:

- Fraud
- Laws and Regulations
- Going Concern
- Related Parties
- Accounting estimates

The group were advised that the responses from the Council's management to questions on these areas were outlined in the presentation attached to the report.

With reference to question 10 in the presentation, enquiries were made regarding the range and price of consultants used in the Council. It was agreed that Claire Nye would report back on the cost of consultants.

Resolved:

1. That the External Audit Communication report be noted.
2. That it be agreed that Claire Nye report back to the Audit and Risk Committee the cost of consultants used within the Council.

6 **External Audit Progress Report and Update**

Nicola Coombe, External Auditor – Grant Thornton, presented the annual progress report that provided an update on technical matters, sector issues and developments. She advised that a copy of the report had been attached in Appendix A.

The group were advised that the audit for the 2018-2019 Statement of Accounts now had certified closure following Grant Thornton issuing a report on the consistency of the Pension Fund financial statements. Grant Thornton had certified the Council's annual Housing benefit Subsidy claim in accordance with the Department for Work and Pensions procedures. Nicola Coombe advised that following last year's result from the value for money assessment on Civic Halls the risk would be included in this years Risk action plan and that the accounts would need to be audited.

Resolved:

1. That the external audit progress report and update be noted.

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### **Strategic Risk Register**

Hayley Reid, Senior Auditor, presented the report on an update to the key risks the Council faces and how they were being mitigated. The summary of the strategic risk register had been attached in Appendix 1 that outlined the risks as at December 2019.

The group were advised that climate change had been added to the strategic risk register moving forward. The level of risks for the following two risks had been decreased:

- Business Continuity Management
- Civic Halls

The risk of Brexit would be looked into as to whether it should be a stand-alone item on the strategic risk register. It was agreed that an update be brought to the next Audit and Risk Committee meeting on this.

Hayley Reid advised the group that following additional work to compile the Council's information asset register the target date to reduce the risk score for risk 3 – Information Governance had been delayed.

Following questions, Hayley Reid advised that an update regarding Westside would be provided at the next Audit and Risk Committee meeting. Claire Nye advised that the final contracts for Civic Halls would be underway in the next few months and had been incorporated into the financial budget.

It was agreed that the risk for Business Continuity be called in to the next Audit and Risk Committee meeting. It was agreed that the risk for waste Management services also be called in to the next Audit and Risk committee meeting for more information.

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 38 – Climate Change be noted.
3. That the decrease in the scores for the Risk 8 – Business Continuity Management and Risk 30 – Civic Halls be noted.
4. That the increase in the risk score for risk 29, Fire Safety – Public Buildings be noted.
5. That a change to the target date for a reduction in the score of risk 3 – Information Governance, whilst additional work is undertaken to compile the Council's information asset register be noted.
6. That changes to the risk description for risk 24 – Maximising Benefits from the Combined Authority be noted.
7. That the main sources of assurance available to the Council against its strategic risks at Appendix 2 be noted.
8. That it be agreed that an update on a Brexit stand-alone risk item be brought to the next Audit and Risk committee meeting.
9. That it be agreed that the risk for Business Continuity be called in to the next Audit and Risk Committee meeting.
10. That it be agreed that the risk for waste Management services be called in to the next Audit and Risk committee meeting for more information.

## 8 **Internal Audit Progress Update**

Peter Farrow, Head of Audit, presented the report on an update on the progress made against the 2019-2020 internal audit plan and provide an update on the work completed.

Peter Farrow advised that the following three areas had resulted in Limited Assurance Reports and the respective directors had been invited to the meeting in order to answer any questions Members may have:

- Fire Safety in Council Buildings
- Business Continuity Arrangements
- Fleet Services – Vehicle Spares and Stock Management

With regards to Fire Safety in Council Buildings - Mark Taylor, Deputy Chief Executive, and Neil Shore, Buildings Compliance Safety Manager, advised that a robust fire strategy had now been in place and relevant training to officers had been completed. The site responsible programme had also now been completed. Training had been intended to be rolled out to schools this year. Peter Farrow advised the group that a follow up report had since been completed and progress had been made. The % of schools not returning their Termly Fire Safety checklists would be provided at the next Audit and Risk Committee meeting.

With regards to Business Continuity Arrangements - John Denley, Director of Public Health and Wellbeing advised that following the audit review, action was underway, and Task and Finish groups had been developed to deal with any issues that may arise. A quarterly report taken to Strategic Executive Board had been prominent.

With regards to Fleet Services - Ross Cook, Director of City Environment, advised the group that the need for contracts had been advertised and there had been two options for the management of the fleet:

1. Lease out all the stock to one company
2. Go out for a framework procurement similar to one established in Wales.

The group were advised that option one could result in the process for parts taking longer. The fleet of vehicles would need to be replaced within the next five years. After questions were raised, Ross Cook advised the group that the full report and implementation of the recommendations outlined in Appendix 1 would not be completed by the initial target date of March 2020. It was agreed that Ross Cook would provide an update at a future Audit and Risk Committee meeting on the development of the recommendations agreed between services and procurement.

Resolved:

1. That the internal audit progress update be noted.
2. That the % of schools who had not returned their Termly Fire Safety checks be reported at the next Audit and Risk Committee meeting.
3. That it be agreed that Ross Cook provide an update at a future Audit and Risk Committee meeting on the development of the recommendations agreed between services and procurement.

## 9 **Annual Governance Statement - Action Plan Update**

Peter Farrow, Head of Audit, presented the report on the Annual Governance Statement and the mid-year - update on the action plans.

The group were advised that a watching brief would be maintained for the Procurement, Contract Management and Monitoring on any changes to legislation as

a result of Brexit issue. The West Midlands Combined Authority (WMCA) dynamics could change following the forthcoming Mayoral Election and the Leader of the Council would have responsibility for a specific portfolio within the WMCA. The group were advised that Kate Martin, Director of Housing, may attend a future meeting to provide an update on her actions.

Resolved:

1. That the progress made in addressing the key improvements areas identified in the 2018-2019 Annual Governance Statement action plan.

10 **Payment Transparency**

Peter Farrow, Head of Audit, presented the report on an update on the Councils current position for the publication of all its expenditure. He advised the group that the Council publishes its own spend data every month and was available to view on the Councils internet site under Transparency and Accountability.

Resolved:

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

11 **Tendering Procedures for Major Capital Projects**

John Thompson, Head of Procurement, presented the report on an update for tendering procedures for major capital projects.

The group were advised that if the anticipated value of a contract would be between £10,000 and £50,000 then three quotes are requested and taken to procurement to ensure that the Council would be getting the lowest price and best value for money.

Councillor Alan Butt advised that he was keen for feedback on how contracts for major projects compliance were checked and raised concerns on how the tendering contracts and sub-contractors were managed and selected.

Resolved:

1. That the tendering procedures for major council projects be noted.
2. That the Crown Commercial Service Procurement Policy note 8/16: Standard Selection Questionnaire (SSQ) template be noted.
3. That the health and safety and equality evaluation questions be noted.

12 **Counter Fraud Update**

Mark Wilkes, Audit Business Partner, presented the report on an update on the current counter fraud activities undertaken by Audit Services. He advised that the national fraud survey had highlighted the different levels of risk of fraud for different areas and the information had help formulate the risk register. The group were advised that the Risk Register outlined the four red rating risks:

1. Housing tenancy
2. Council Tax
3. Personal budgets
4. Cyber security

Resolved:

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

13 **Exclusion of the press and public**

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 on the grounds shown below: Information relating to any individual. Information which is likely to reveal the identity of an individual. Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (1, 2, 3).

14 **Investigations Update**

Mark Wilkes, Audit Business Partner, presented the report to provide an update on current audit investigations. With reference to appendix A, the group were advised that following the dismissal of an employee for the theft of computers, the case had been heard at Wolverhampton Crown Court on 1 November 2019. The group were advised of their sentence.

Resolved:

1. That the current position regarding audit investigations be noted.