

Audit and Risk Committee

6 December 2021

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

Venue Council Chamber - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

Membership

Chair Cllr Alan Butt (Lab)
Vice-chair Cllr Jonathan Yardley (Con)

Labour Independent Member

Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Craig Collingswood
Cllr Clare Simm
Cllr Milkinderpal Jaspal

Mr Mike Ager

Conservative

Cllr Andrew McNeil

Quorum for this meeting is two Councillors.

Information for the Public

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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 previous meeting** (Pages 5 - 10)
[For approval]
- 4 **Matters arising**
[To consider any matters arising from the minutes]

DECISION ITEMS

- 5 **Annual Governance Statement - 6 months update**
[To receive an Annual Governance Statement - 6 months update.] (To follow).
- 6 **Financial Management Code - update** (Pages 11 - 48)
[To receive an update on the Councils compliance with the CIPFA Financial Management Code.]
- 7 **Grant Thornton Progress Report** (Pages 49 - 72)
[To receive a progress report from Grant Thornton progress.]
- 8 **Appointment of the External Auditor** (Pages 73 - 76)
[To receive a proposal on the appointment of external auditors.]
- 9 **Internal Audit Progress Report** (Pages 77 - 86)
[To receive a progress report on the internal audit plan.]
- 10 **Internal Audit Charter** (Pages 87 - 94)
[To receive the updated internal audit charter.]
- 11 **Counter Fraud Update** (Pages 95 - 106)
[To receive an update on counter fraud.]
- 12 **Payment Transparency** (Pages 107 - 108)
[To receive an update on payment transparency.]
- 13 **Strategic Risk Register** (Pages 109 - 116)
[To receive an update on the strategic risk register.]

- 14 **Exclusion of press and public**
[To pass the following resolution:
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 paragraph 3 of Schedule 12A to the Act.]
- 15 **Civic Halls Programme**
[To receive an update on the Civic Halls programme.] Information relating to the
(To follow). financial or business affairs of
any particular person (including
the authority holding that
information) Para (3)

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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 Clare Simm
Mike Ager

Conservative

Cllr Andrew McNeil

Employees

Claire Nye	Director of Finance
David Pattison	Chief Operating Officer
Ian Cotterill	Audit Business Partner
Mike Wilkes	Audit Business Partner
Emma Bland	Finance Business Partner
Alison Shannon	Chief Accountant
Fabrica Hastings	Democratic Services Officer
Jaswinder Kaur	Democratic Services Manager
Darshan Singh	Head of Finance
Hayley Reid	Regulatory Governance Manager

In attendance

Nicola Coombe	Grant Thornton
Jon Roberts	Grant Thornton

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
There were no apologies received.
- 2 Declaration of interests**
Councillor Philip Bateman declared an interest as a member of the Birmingham International Airport.
Councillor Craig Collingswood declared an interest as a member of the Pensions Committee.

3 **Minutes of previous meeting**

That the minutes of the previous meeting held on 26 July 2021 be approved as correct record.

4 **Matters arising**

Councillor Jonathan Yardley requested a further response on Item 5 of the minutes of the previous meeting, regarding information on the Council's supplier. It was agreed that David Pattison, Chief Operating Officer and Claire Nye, Director of Finance, would pick this up with Councillor Jonathan Yardley directly.

The Chief Operating Officer advised the Committee that Councillor Milkinder Jaspal's membership vacancy was to be appointed by full Council on 3 November 2021 and that a membership recruitment campaign was underway for an independent member.

It was agreed that an update report regarding professional conversations following the previous audit review would be brought to the next meeting.

Resolved:

1. That it be agreed that an update report regarding professional conversations following the previous audit review would be brought to the next meeting.

5 **Strategic Risk Register Update**

Hayley Reid, Regulatory Governance Manager, presented the report on the Strategic Risk Register Update.

The Committee were advised that 18 risks were identified within the strategic risk register. Two new risks identified as amber, were adult social care provision and related parties. Risk 8 – WV Living was deescalated from the Strategic Risk Register. The four risks identified within the report as red were:

- Risk 5 – Reputation and loss of public confidence;
- Risk 6 – Social Care Providers;
- Risk 12 – Risking unemployment;
- Risk 14 – MTFS.

The Committee were advised that further narrative regarding risk appetite had been included in the covering report following queries from the last meeting.

The Chief Operating Officer advised the Committee that the Strategic Risk Register would continue to evolve and highlight assurance sources where appropriate. He also advised the Committee of the invitation from Richard Lawrence, Director of Regeneration, to Members to visit the Civic Halls and that a more detailed report on the risks associated with the Civic Halls would be brought to the next meeting.

Following a discussion on a number of related risks, it was agreed that a more detailed report on how the risks regarding regeneration and unemployment were being addressed, would be brought to a future meeting.

In response to a query raised by Councillor Philip Bateman regarding the impact on the City and key workers due to fuel shortages, The Director of Finance advised the Committee that contingency arrangements and operational processes were in place to monitor the current issues.

Resolved:

1. That the latest summary of the Council's Strategic Risk Register, as at Appendix A, be noted.
2. That it be agreed that further details on the risks associated with the Civic Halls be brought to the next meeting and on regeneration and unemployment to a future meeting.

6 Internal Audit Update

Ian Cotterill, Audit Business Partner, presented the Internal Audit Update listing the review completed so far during the 2021-2022 year. He noted the key issues to date and provided a breakdown of the classification of audit recommendations.

Resolved:

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

7 Audit and Risk Committee Annual Report 2020-2021

Councillor Alan Butt, presented the Audit and Risk Committee Annual Report 2020-2021.

The Chair went through the report with members and made reference to typo errors on page 9. The Chair requested members approval of the report.

Councillor Philip Bateman requested that the key achievements be moved to the front of the document. It was agreed that any amendments made would be presented to the Chair of the Committee for approval.

Resolved:

1. That the Committee endorsed the Audit and Risk Committee Annual Report for 2020-2021 and refer it to Full Council for approval.
2. That it be agreed that any amendments made would be presented to the Chair of the Committee for approval.

8 CIPFA Audit Committee Update

Ian Cotterill, Audit Business Partner, presented the CIPFA Audit Committee Update. The quarterly report outlined current developments within the sector, areas of best practice and to promote courses and seminars.

The themes contained within the report included supporting improvements to the risk management arrangements, defining the relationship between the Audit Committee and Scrutiny functions, as well as the new consultation on the Redmond review.

It was also noted that the Council was in the process of recruiting a new independent member following the stepping down of John Humphries.

Resolved:

1. That the contents of the latest CIPFA Audit Committee Update which has a focus on supporting improvements to risk management arrangements, defining the relationship between the audit committee and the scrutiny function, new consultation on local audit and audit committee arrangements and a regular briefing on current issues be noted.

9 **Counter Fraud Update**

Mark Wilkes, Audit Business Partner, presented the report on the Counter Fraud Update. He reflected on the fraud activity within Local Government and highlighted current areas of concern. He advised on areas including:

- Housing Fraud;
- Single Person Fraud;
- Social Care Fraud;
- Business Rates.

He advised the Committee that the Council aimed to ensure that all eligible businesses received their Covid related support grants and that a small number were being pursued.

In response to a query raised by Councillor Andrew McNeil, regarding the benchmarking of current data. Mark Wilkes advised that the Council take part in national benchmarking activities wherever possible, including the annual CIPFA Fraud and Corruption tracker.

Resolved:

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

10 **Payment Transparency**

Mark Wilkes, presented the report on Payment Transparency.

The Committee were advised that the spend data for the Council was published online on a monthly basis and that no public information requests have been received since the last meeting.

Resolved:

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

11 **Audited Statement of Accounts**

Nicola Coombe, Grant Thornton, presented the report on the Audited Statement of Accounts. She outlined the audit findings including estimates, highlighted any risks and discussed any future changes.

The Committee were advised on the new approach to the value for money conclusion and that the full annual auditors report would be completed by the end of 2021.

The Committee were advised that the approach to the going concern had slightly changed as outlined within the report. As the Group's auditors, the Groups going concern was also considered.

Grant Patterson, Grant Thornton presented the audit findings report for West Midlands Pension Fund (WMPF).

In response to a query raised by Councillor Craig Collingswood, regarding whether any funds were available to fund the any additional costs, due to covid and sought

clarification on who pays the fees, for the different organisations included within the accounts.

The Director of Finance responded that the use of Covid grants could be investigated, however, the costs of the audit have been budgeted for and can be funded from within existing budgets. It was also confirmed that the audit fees are funded by the relevant organisations. All fees are subject to the PSAA process and any increases, in fees are challenged to ensure they are reasonable and fair for the level of work being undertaken.

The Committee were advised that once the auditors had concluded their work, they would then issue their audit opinion. Grant Patterson confirmed that the pension fund accounts would need to be signed at the same time as the Council's accounts are signed.

Resolved:

1. That the formal publication of the 2020-2021 Statement of Accounts, as required by the Accounts and Audit Regulations 2015 be approved.
2. That the Director of Finance be approved to sign the draft Management Representation letter on behalf of the Council be approved.
3. That authority be delegated to the Chair of Audit Committee to agree subsequent changes to the Statement of Accounts and Management Representation letter in consultation with the Director of Finance, should there be any audit adjustments.
4. That the 2020-2021 reports to those charged with governance from the council's External Auditors, Grant Thornton be noted.

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 6 December 2021	Agenda Item No: 6
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Report title	Financial Management Code - Update	
Accountable Director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
Accountable employee	Alison Shannon	Chief Accountant
	Tel	01902 554561
	Email	Alison.shannon@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for noting:

The Audit and Risk Committee is asked to note:

1. The update on the Councils compliance with the CIPFA Financial Management Code following a six-month review.

1.0 Purpose

- 1.1 On 21 June 2021, Audit and Risk Committee received a report on the Councils self-assessment against the Chartered Institute of Public Finance & Accountancy (CIPFA) Financial Management Code (FM Code) and any future actions required to improve and / or ensure full compliance with the code.
- 1.2 This report provides an update on these actions following a six month review.

2.0 Background

- 2.1 CIPFA has introduced a new code, the Financial Management Code 2019 (FM Code). The FM Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. It sets out for the first time, the standards of financial management for local authorities. The FM Code helps identify the risks to financial sustainability and introduces an overarching framework of assurance which builds on existing financial management good practice.
- 2.2 The FM Code is a principle-based approach, it does not prescribe the financial management processes that local authorities should adopt, however, it requires that local authorities demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances.
- 2.3 Good financial management is proportionate to the risks of the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services. The FM Code identifies these risks to financial sustainability and introduces an overarching framework of assurance which builds on existing best practice but for the first time sets explicit standards of financial management.
- 2.4 The underlying principles have been designed to focus on an approach that will assist in determining whether, in applying the standards of financial management, a local authority is financially sustainable. The six key principles are:
 - Organisational **leadership** – demonstrating a clear strategic direction based on vision in which financial management is embedded into organisational culture
 - **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs
 - Financial Management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making
 - Adherence to professional **standards** is promoted by the leadership team and is evidenced
 - Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection

- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources

- 2.5 Local authorities must demonstrate that the requirements of the code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of elected members, the Chief Finance Officer and their professional colleagues in the leadership team.
- 2.6 Local authorities are required to demonstrate they are working towards the FM Code with the first full year of compliance in 2021-2022.
- 2.7 The purpose of the FM Code is to establish the principles in a format that matches the financial management cycle and supports governance in local authorities.

3.0 Update on the Financial Management Code

- 3.1 On 21 June 2021, the Committee received an update on the Councils initial self-assessment of the Authority's standing against each of the Financial Management Standards, which had been reviewed by the Section 151 Officer using a RAG rating approach.
- 3.2 In summary the findings of the initial self-assessment undertaken in June 2021 against the 17 Financial Management Standards were as follows:

RAG Rating	Progress Report	Number of Financial Management Standards
Green	Compliance is being demonstrated	14
Amber	Minor to moderate improvements are required to demonstrate compliance	3
Red	Moderate to significant improvements are required to demonstrate compliance	0

- 3.3 The result of the initial self-assessment indicated an overall rating of Green, which reflects that compliance is being demonstrated.
- 3.4 A review has been undertaken six months on against the code and an update is provided in Appendix 1. The review has identified that good progress is being made against the further actions identified and in particular those standards rated as Amber. The RAG rating of the individual standards remain unchanged at this stage.
- 3.5 The full assessment against the Financial Management Standard is at Appendix 1

4.0 Financial implications

- 4.1 There are no direct financial implications arising from this report. However, the FM Code provides the Council with an important tool to support the assessment of financial sustainability. [AS/25112021/W]

5.0 Legal implications

- 5.1 Whilst compliance with the code is not a statutory duty in itself, failure to comply could be viewed as not meeting existing statutory duties. [JB/25112021/I].

6.0 Equalities implications

- 6.1 Whilst there are no direct financial implications arising from the recommendations of this report, the Medium Term Financial Strategy is governed by the Council Plan and Relighting Our City priorities, which itself are guided by consultation and equality analysis; and thereby aid the Council its ability to meet its equality objectives.

7.0 All other Implications

There are no other implications

8.0 Appendices

- 8.1 Appendix 1: CIPFA Financial Management Code – Update

Self-Assessment - Financial Management Code - Update

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
A	The leadership is able to demonstrate that the services provided by the authority provide value for money (VFM)	<p>On 17 March 2021 Cabinet approved the Council Performance Framework for 2021-2022.</p> <p>A performance framework has been developed to reflect how the Council is performing against city new and changing priorities, as articulated in Relighting Our City.</p> <p>This performance framework will provide high-level city data on key priorities, benchmark city performance against national and regional data, highlight the impact of targeted interventions, inform strategic decision-making in relation to provision and encourage scrutiny of those strategic decisions.</p> <p>The performance framework will look at two different types of indicators, city indicators and impact indicators which will be reported to Cabinet on a quarterly basis: city indicators are</p>	Amber	<p>To-date Cabinet have received two reports (July and November 2021), which bring together performance against our Relighting Our City priorities and the financial performance. In July 2021, Cabinet received a report against City level indicator. In November 2021, Cabinet received a report the performance against impact indicators.</p> <p>The performance and finance reporting will continue to be strengthened and reported to cabinet on a quarterly basis.</p> <p>The Council continues to develop and deliver against its priorities, aligning resources to key priorities and benchmarking our performance against national statistics - such as Wolves at Work 18-24 - Youth Employment. In November 2021, Council approved £3 million to support the Council and City's number one priority - a comprehensive programme of targeted intervention - Wolves at Work 18-24 Programme - to support our young people into sustainable employment, apprenticeships, education and training.</p>	Amber

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>high level indicators that although the council will influence, they may not be able to directly effect. Impact indicators are indicators that demonstrate what the Council is directly doing to improve outcomes and in turn influence the city indicators.</p> <p>In addition to the overarching framework the following areas provide assurance in specific areas:</p> <p>The Council's Project Assurance Group (PAG), provides assurance that the Council's projects and programmes are operating in line with expected corporate standards. PAG also provides scrutiny of business cases, ensuring that they are robust and demonstrate a clear understanding of time, costs, scope, risk and benefits / disbenefits. VFM is a key aspect of the business case.</p> <p>Key projects also have internal boards and working groups. Where appropriate the boards include</p>		<p>Work is ongoing to continue to develop and utilise benchmarking across specific services.</p> <p>Work will be undertaken during 2022 on a value for money review of the Housing Revenue Account (HRA). This will include building on initial benchmarking findings of an independent review and a review the 'housemark' benchmarking report which Wolverhampton Homes have participated in.</p> <p>In addition, the Council's external auditors are due to report back on their VFM 2020-2021 conclusion by 11 January 2022.</p>	

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>members of the Senior Executive Board (SEB). These boards evaluate options, before key decisions are made and monitor progress. Where appropriate, expert consultants are utilised on major projects.</p> <p>The Medium Term Financial Strategy (MTFS) delivers a robust financial plan through a rigorous budget setting process.</p> <p>The External Auditor provides a VFM assessment in which they determined that the 'Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources'.</p> <p>The Councils Counter Fraud Team prevent and detect fraud which contributes towards protecting public funds and ensuring VFM by stopping / recovering fraudulent transactions. Counter Fraud updates are reported to the Audit and Risk Committee.</p>			

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>Benchmarking is undertaken for specific services such as Adult Social Care, however this could be widened to other service areas.</p> <p>The council work in partnership with neighbouring local authorities, in areas such as children's social care to secure VFM for services across the region.</p> <p>The Council also participates in data sharing / benchmarking with SIGOMA, ADASS and other organisations.</p> <p>Further Action</p> <p>The delivery of the performance framework will provide further assurance that the authority is delivering value for money.</p> <p>In addition, benchmarking specific council services will be enhanced.</p> <p>A value for money review of the projects within the Housing Revenue</p>			

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		Account (HRA) will also be considered.			
B	The authority complies with the CIPFA Statement of the Role of the Chief Finance Officer in Local Government	<p>This is reviewed and completed each year by the Chief Finance Officer (CFO).</p> <p>The CFO is a fully qualified CIPFA member and reports directly to the Chief Executive.</p> <p>The responsibilities of the role of the CFO are detailed within the Constitution.</p> <p>The CFO is a member of the Senior Executive Board and has influence on all material business decisions, ensuring financial implications are provided on all reports.</p> <p>The CFO, through the Strategic Finance Team provides financial and treasury management reports throughout the year to Cabinet and Council.</p>	Green	<p>The Statement of Accounts 2020-2021 has been audited by the Council's external auditors and in their opinion the financial statement:</p> <ul style="list-style-type: none"> • gives a true and fair view of the financial position of the group and of the Authority as at 31 March 2021 and the group's expenditure and income and the Authority's expenditure and income for the year then ended; • have been properly prepared in accordance with CIPFA/LASCCA code of practice on local authority accounting in the United Kingdom 2020-2021 • have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014. 	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>The Strategic Finance team is suitably resourced with appropriately qualified staff.</p> <p>There are contracts in place for specialist financial advice (treasury management, specific financial support).</p> <p>The annual Statement of Accounts 2019-2020 received an unqualified external audit opinion.</p> <p>Strategic Finance has received substantial assurance in the key financial systems internal audit.</p> <p>Further Action</p> <p>It is proposed that the statement is shared with SEB.</p>			
C	The leadership team demonstrates in its actions and	The Council's Audit and Risk Committee has an independent member as well as Councillor representatives. The Committee receives updates, provides independent assurance over	Green	In May and July 2021, Council approved amendments to the Councils Constitution to ensure it continues to reflect legislative and organisational changes, ensuring the Council is remains able to meet its duties.	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
	behaviours responsibility for governance and internal control	<p>governance, risk and internal control. The Audit and Risk Committee reports to Full Council on an annual basis.</p> <p>The internal audit annual opinion provides reasonable assurance on the Council's governance, risk management and control processes. This is reported to the Audit and Risk Committee.</p> <p>The Annual Governance Statement draws and comments on the management and internal control framework of the Council, especially the work of internal and external audit and the Council's risk management arrangements.</p> <p>SEB own and are accountable for the Strategic Risk Register and Internal Audit Plan.</p> <p>SEB have oversight and review the Council's forward plan – the timetable for taking key decisions to Cabinet and Council.</p>		From the internal audit reviews completed and reported so far during 2021-2022, there have been no issues identified that would impact on the ability to give reasonable assurance on the adequacy and effectiveness of the internal control, governance and risk management framework in the annual audit opinion at the year-end.	

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>The Council is a learning organisation, reviews of the Monitoring Officer are presented to SEB and the Executive Team.</p> <p>The Head of Paid Services is responsible for the proper recruitment and organisation of staff. The Council's Monitoring Officer has a specific duty to ensure the Council, its officers and its elected members maintain the highest standards of conduct in all they do.</p> <p>The Constitution includes the Financial and Contract Procedure Rules, scheme of delegation and the roles and responsibilities of Senior Officers, elected members and committees. It also sets out the responsibilities of Heads of Services, Budget Managers and employees. It includes the scheme of delegation for decisions. These responsibilities are reinforced in the Management Accountability letter which all</p>			

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		managers are required to sign on appointment.			
D	The authority applies the CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016)	<p>The Governance and Ethics Committee is a cross-party group which considers and advises the appropriate Council bodies on matters relating to governance and the Constitution.</p> <p>The Audit and Risk Committee provide independent assurance on the adequacy of the governance and risk management framework and the associated control environment. This Committee receive the draft Annual Governance Statement for review and consideration prior to approving the final statement and action plan, which is subsequently monitored and reported on.</p> <p>The Council has a local Code of Corporate Governance. However, this does need updating in order to reflect the latest CIPFA / SOLACE Delivering Good Governance in local Government Framework.</p>	Green	The Council is currently in the process of updating its Local Code of Corporate Governance.	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>This is reported in the Annual Governance Statement.</p> <p>Further action</p> <p>The Local Code of Corporate Governance will be reviewed and updated during the 2021-2022 year in order to reflect the latest CIPFA/SOLACE framework.</p>			
E	The financial management style of the authority supports financial sustainability	<p>The Constitution details Cabinet/ Committee functions elected members and officer delegations.</p> <p>The Constitution includes the Financial and Contract Procedure Rules and sets out the responsibilities of Senior Officers, Heads of Services, Budget Managers and employees. These responsibilities are reinforced in the Management Accountability letter which all managers are required to sign on appointment. Budget managers are responsible for budget monitoring, and Strategic Finance -</p>	Green	<p>The Council continues to review the Constitution to ensure it is lawful and effective and reflects any organisational changes to so that the Council can continue to meet its duties. In 2021-2022, Council approved a number of amendments to the Council's Constitution.</p> <p>The Council's 'one council' approach to budgets aligned to the council's priorities is demonstrated through the combined quarterly performance and financial reports to Cabinet. In addition, in November 2021, the Council approved £3 million to support Wolves at Work 18-24; a comprehensive programme to support young people into employment, apprenticeships, education or training. A "One</p>	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>review, challenge, advice and have oversight of the whole process.</p> <p>All reports include financial and other key implications. Financial implications are signed off by Strategic Finance.</p> <p>Decisions are reported through leadership teams, and SEB for approval before they are considered by Cabinet.</p> <p>The Council has a 'one council' approach and budgets aligned to the Council's priorities. The Medium Term Financial Strategy is driven by the Section 151 Officer, but also owned by SEB.</p> <p>SEB have regular focussed sessions on the budget and the MTFS to inform strategic decision making.</p> <p>Directors lead on providing updates to SEB and ensuring their Cabinet members are briefed on financial</p>		City' response to the youth unemployment issue within the City.	

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>monitoring / implications within their service area.</p> <p>Strategic Finance are represented on major project groups and attend Directorate Leadership Teams to provide strategic advice and challenge to enable successful delivery.</p> <p>The Council supports an enabling management style, allowing transformation to be undertaken within services, improving service delivery, driving out efficiencies, and delivering better value for money. The Council ensures that finances and other resources are put in place to ensure that these transformation programmes can be delivered effectively.</p>			
F	The authority has carried out a credible and transparent financial	The Council's Five Year Financial Strategy Framework clearly sets out the Council priorities and is aligned to Our Council Plan 2019-2023.	Amber	Work has progressed well on identifying proposals to close the forecast budget deficit for 2022-2023 and 2023-2024. In July and October Cabinet received updates on the budget strategy for both 2022-2023 and 2023-2024. In October 2021, it was reported that the	Amber

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
	resilience assessment	<p>The Strategy provides the strategic framework to address the budget challenge facing the council over the medium term.</p> <p>The Council reports updates on the Budget and three year MTFS throughout the year, reports clearly set out the projected budget deficit, the assumptions, uncertainties and risks.</p> <p>In response to the pandemic, the Council has approved its five-point recovery plan, 'Relighting Our City'. On 17 March 2021 Cabinet approved the refreshed Relighting Our City Recovery Framework which demonstrated how the budget is linked to the key priorities.</p> <p>The Council's Capital Strategy sets out the long-term context in which capital expenditure and investment decisions are made.</p> <p>The capital programme covers a 5 year period and provides a level of</p>		<p>Council is on track to balance the budget for 2022-2023, however, proposals were mainly one-off and not sustainable over the medium term. The report detailed measures that would continue to be developed and testes in order to provide a sustainable medium term strategy.</p> <p>There continues to be significant uncertainty around the level of resources that will be made available to local authorities over the medium term. In September 2021, Government announced that a three-year spending review would be held on 27 October 2021. It is hoped that the provisional settlement expected to be announced mid December will provide some clarification on the funding over the next three years.</p> <p>The Final Budget Report which will be presented to Cabinet in February will include an extension to the MTFS to incorporate assumptions for 2024-2025, in line with the three year spending review.</p>	

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>contingency to ensure provision is made to sustain key council assets such as fleet, ICT and properties.</p> <p>In addition, the Council Housing Revenue Account is based on a 30 year time horizon and is presented to Cabinet and Full Council on an annual basis.</p> <p>The Council has set a balanced budget for the last seven consecutive years without the need to use general reserves. The Council does, however, have planned use of specific reserves built into the budget.</p> <p>A full risk assessment is undertaken as part of the MTFS. The Council's Strategic Risk register incorporates the MTFS as a risk due to the level of uncertainties facing the Council over the medium term. Mitigations are identified for risks where appropriate; risks are monitored, reviewed and reported against on a regular basis.</p>			

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>In relation to demand led services, in particular social care, Strategic Finance supports the services to undertake scenario modelling on potential future demand to determine demographic growth requirements, inflation implications and impact on suppliers.</p> <p>The main challenge facing the Council is the level of uncertainty on the level of resources that will be made available to the council over the medium term. Strategic Finance considers different scenarios to inform the financial strategy.</p> <p>A number of reserves are held to mitigate against future financial risks such as Budget Contingency reserve, Business Rates equalisation reserve, Treasury Management equalisation reserve. Reserves are also held to support transformation of services, development of projects and delivery of Relight priorities.</p>			

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>The Council has successfully maintained the level of reserves.</p> <p>On an annual basis, a specific Reserves Working Group undertake a review of the appropriateness of reserves held by the Council and make recommendations to Cabinet on any future reserves no longer required for their original purpose.</p> <p>Further Action</p> <p>Whilst the Council has a Five Year Financial Strategy framework, and three year MTFS, due to the uncertainty over future funding streams focus has been given to addressing the next year's budget deficit in order to set a balance budget and recalculating the potential impact on future years.</p> <p>During 2021-2022 more focus will be given to looking over the medium term with the aim of developing</p>			

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		proposals that address the deficit over multiple years.			
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	<p>The MTFS remains a Strategic Risk.</p> <p>The MTFS is reviewed and updated on an ongoing basis including a continual review of the assumptions and projections of the strategy, risks, and the effectiveness of key transformation projects.</p> <p>The Council reports updates on the Budget and MTFS throughout the year, reports clearly set out the projected budget deficit, the assumptions, uncertainties, risks and the plan in place to address the budget gap. The Five-year Financial Strategy provides a strategic framework to address the budget challenge facing the Council over the medium term.</p> <p>In relation to demand led services, in particular social care, Strategic Finance supports the services to undertake scenario modelling on</p>	Green	<p>The MTFS still remains a Strategic Risk and updates are provided on a regular basis.</p> <p>The Budget Report presented to Cabinet in October detailed the current risks and uncertainties facing the council and the assumptions built into the MTFS. It reported that the overall risk associated with the 2022-2023 draft budget and medium term financial strategy remains at Red.</p> <p>The performance and finance quarterly monitoring report presented to Cabinet in November provided a summary of the current forecast costs of the pandemic, including the cost of recovery. Current forecasts suggest that these costs can be met from the Recovery Reserve and Covid Emergency Grant.</p>	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>potential future demand to determine demographic growth requirements, inflation implications and impact of supplier services.</p> <p>The main challenge facing the Council is the level of uncertainty on the level of resources that will be made available to the council over the medium term. Strategic Finance considers different scenarios to inform the financial strategy</p> <p>There is considerable uncertainty over the medium term on the impact of the pandemic and the cost of 'living with covid,' including the additional demand which will continue to be placed on services such as social care, public health and wellbeing. The economic costs of the pandemic will also place additional pressures on the Council's income collected from fees and charges as well as council tax and business rates for years to come.</p>			

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>The Council approved its Recovery Plan, 'Relighting Our City' in September 2020. This plan outlines the Council's commitment to continue to work with partners to support the City to live with and recover from Covid-19. In order to support this work, the Council has established a Recovery Reserve.</p> <p>In addition, the delay of the review of Local Government finances has placed uncertainties on the Council's MTFS.</p> <p>The Council's Capital Programme includes a Corporate Contingency for Growth to fund the Council's replacement programme and support new schemes requiring capital investments. Requests for funding are subject to business cases reviewed in line with corporate priorities.</p>			
H	The authority complies with the CIPFA Prudential	The Council is aware of its obligations under the Prudential Code and has assessed itself as compliant with this principle.	Green	CIPFA have consulted on the Prudential and Treasury Management Codes with the revised codes expected to be published at the end of 2021.	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
	Code for Capital Finances in Local Authorities	<p>The Council's Full Council has approved the Capital Strategy which is a key document and forms part of the Council's integrated capital, revenue, strategic management and balance sheet planning. The strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity is undertaken in line with service objectives, whilst taking account of stewardship, value for money, prudence, sustainability and affordability.</p> <p>The Council also has a Housing Revenue Account which is based on a 30 year time horizon and is presented to Cabinet and Full Council on an annual basis.</p> <p>Treasury management activity is monitored and reported on a quarterly basis to Cabinet, with mid-year and annual reports being considered by Full Council. The</p>		<p>Measures proposed include how to define proportionate commercial investment in the context of local authority regeneration work and will also strengthen both codes with a greater focus on climate and environmental, social and government risks when making financial decisions.</p> <p>The Council's Treasury Management Strategy will be reviewed and updated on release of the final guidance. An updated Strategy will be reported to Cabinet and Full Council for approval prior to the commencement of the 2022-2023 Financial year.</p>	

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>Treasury Management Strategy is approved by Full Council each year.</p> <p>The Treasury Management Strategy and performance reports are presented to Our Council Scrutiny Panel for scrutiny and review throughout the year.</p> <p>Specific training on Treasury Management is provided for councillors.</p>			
I	The authority has a rolling multi-year medium term financial plan consistent with sustainable service plans	<p>The MTFS is a 'live' document detailing budget pressures, opportunities, level of resources and the forecast deficit.</p> <p>The continuous budget setting and monitoring cycle captures the major risks, uncertainties and opportunities facing the Council.</p> <p>Medium term financial modelling is undertaken on areas of uncertainty such as social care, and where appropriate growth is built into the MTFS to deal with future forecast demands. Earmarked reserves are</p>	Green	<p>The MTFS continues to be a 'live' document, with updates reported to Cabinet. Reports clearly set out the forecast deficit, uncertainties, risks and the budget strategy to address the budget gap.</p> <p>The impact of Covid and the cost of recovery, particularly for income generating services and social care continue to be closely monitored.</p> <p>The 2020-2021 outturn position enabled the council to safeguard essential earmarked reserves which are held to support service transformation.</p>	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>held to support service transformation with the aim of driving out efficiencies in future years.</p> <p>The Council reports updates on Budget and MTFS throughout the year, reports clearly set out the projected budget deficit, the assumptions, uncertainties, risks and the plan in place to address the budget gap. The Five-year Financial Strategy provides a strategic framework to address the budget challenge facing the Council over the medium term.</p> <p>In order to be prudent, the MTFS incorporates Corporate Contingency budgets to deal with emerging pressures identified during the budget setting process. These pressures are monitored throughout the year and request for funding are subject the submission of business cases, any efficiencies identified against these budgets are released to support future budget deficits.</p>			

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>Regular updates are presented to Leadership Teams, SEB and Cabinet on the Councils financial position over the medium term.</p> <p>The Council also holds a General Fund reserve of £13.7 million, which represents approximately 5% of the net budget requirements to deal with any unforeseen events.</p>			
J	The authority complies with its statutory obligations in respect of the budget setting process	<p>As required by legislation, the Council set a balanced budget on an annual basis, which is presented and approved by Full Council. The annual budget reports are submitted to Full Council for approval prior to the start of the new financial year.</p> <p>The Council has set a balanced budget without the need to utilise general fund reserves for the last seven consecutive years.</p> <p>Updates on the MTFS and Budget are presented throughout the year to Cabinet for approval.</p>	Green	<p>It was reported to Cabinet in July and October that the Council is on track to set a balanced budget for 2022-2023, without the need to use general fund reserves.</p> <p>The Final Budget 2022-2023 will be presented to Cabinet and Full Council in February / March 2022.</p>	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		The Council is aware of the circumstances and process in issuing a Section 114 notice but does not envisage this to be an issue over the medium term.			
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	<p>The forecast and actual level of reserves are monitored and reported to Cabinet.</p> <p>A number of reserves are held to mitigate against future financial risks such as Budget Contingency reserve, Business Rates equalisation reserve, Treasury Management equalisation reserve. Reserves are also held to support transformation of services, development of projects and delivery of Relight priorities.</p> <p>On an annual basis, a specific Reserves Working Group undertake a review of the appropriateness of reserves held by the Council and make recommendations to Cabinet on any future reserves no longer required for their original purpose.</p>	Green	The Specific Reserves Working Group is scheduled to review the reserves position on 14 December 2021.	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>Whilst the Council does not hold high levels of reserves, through good financial management and prudent planning, it has been able to protect the level of reserves.</p> <p>The Final Budget Report approved by Full Council includes a statement from the Director of Finance (Section 151 Officer) on the robustness of the estimates and levels of reserves.</p>			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget	<p>The budget consultation process forms part of a continuous process of engagement with residents, businesses and other key stakeholder throughout the year which focuses on understanding people's priorities.</p> <p>The council has also invited residents and businesses to submit questions via social media to which the Leader of the Council and Cabinet Member for Resources have provided responses.</p>	Green	The Council is currently engaging with local people to help shape the refresh of the Council Plan 2019-2024. This has included a resident survey, engagement sessions with equality groups in the city as well as young people, businesses and partners. The engagement builds on the extensive programme undertaken with local people to help shape the Relighting Our City Recovery plan which has supported the organisations transition from the response to the recovery phase of the pandemic. The Council has made a commitment to a continuous conversation with communities and will continue to ensure there are opportunities	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>The Council aligns its resources to Our Council Plan 2019-2024 which set out how we will deliver our contributions to Vision 2030 and how we work with partners and communities to be a city of opportunity.</p> <p>Alongside managing the emergency response to the Covid-19 pandemic, the Council has also undertaken extensive planning for recovery. The Council engaged with around 2,500 people including residents, young people, the voluntary and community sector and other partners, employees, Councillors and businesses across to city which helped shape the Council's five-point recovery plan – 'Relighting Our City'. The Budget Report in March reported that the MTFS will be aligned to the our Relight priorities, with growth being built in to support our Relighting Our City agenda, in addition to the £3 million Recovery reserve held to support our recovery.</p>		<p>for local people to share their views and engage in the policy making process.</p> <p>The digital tool will be re-launched in early 2022</p>	

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>On 17 March 2021 Cabinet approved the refreshed Relighting Our City Recovery Framework which demonstrated how the budget has been linked to the key priorities.</p> <p>Further Action A new digital tool will be re-launched in 2021-2022 giving respondents a chance to set their own Council budget in line with their preferences.</p> <p>Work will continue to embed the budget consultation process into the continuous engagement we have with our residents, businesses, and key stakeholders.</p>			
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for	The council uses project management methodology as standard practice, which includes feasibility / options analysis gateway for all registered projects. A later business case gateway check provides further detail on cost / benefit impacts of option selected for further development. The Project Management Group (PAG) provides	Amber	To support the Council's plans to have a one council approach to contract management. A contract management framework based on the National Audit Office's Good Practice Contract Management Framework with a supporting toolkit have been drafted. In addition, relevant officer data is being collated to launch mandatory contract management training for officers. The training which is being utilised is	Amber

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
	money of its decisions	<p>scrutiny, support and gateway control to projects.</p> <p>Details are captured in a standardised options appraisal template which is held on central system (Verto).</p> <p>The project methodology at present is a waterfall based approach – with the advancing gateways representing greater levels of understanding about the project.</p> <p>Further Action</p> <p>The Council is continuing to develop the project methodology / approach as part of ongoing enhancements. The Council's default project methodology at present is the waterfall based approach. However, particularly as a consequence of the uncertainties caused by the pandemic, the need for alternative project management approaches has been brought into sharper focus. Shorter, more critical / urgent</p>		<p>the Foundation Training available through the Government Commercial College.</p> <p>The Council also intends procuring a contract management software system. The system will provide greater visibility of contract performance and a strategic oversight of contracts.</p> <p>The above identified areas will provide a consistent and efficient method where possible and contribute to continuous improvement whilst obtaining value for money. These improvements will also prepare the Council in good stead for the forthcoming new procurement regulations as the Government's green paper, 'Transforming Public Procurement', identified contract management and commercial life cycle as key areas.</p>	

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>projects may be more suited to an agile management approach – this is subject to further work.</p> <p>The Council is also looking to develop a new a contract management framework with supporting documents.</p>			
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	<p>The continuous budget setting and monitoring cycle captures the major risk and uncertainties facing the council.</p> <p>Quarterly budget monitoring reports detailing the forecast annual outturn position and reasons for variances are presented to the Directorate Leadership Teams and SEB for their consideration and approval.</p> <p>Strategic Finance attend leadership teams and major project groups, identifying at an early stage any emerging risks; providing challenge and strategic support.</p>	Green	The budget and monitoring reports presented to Cabinet continue to clearly set out the uncertainties and risks that have emerged as part of the continuous financial cycle.	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>The Strategic Risk Register is reviewed on a regular basis by SEB and Directorate leads which also informs risks at an early stage.</p> <p>As required, growth is built into the MTFS to address risks identified during the monitoring, which are reviewed and agreed by SEB.</p> <p>Corporate contingency budgets are also held for emerging risks that are identified, but where there is still a level of uncertainty at the time of budget setting.</p> <p>Approved budget reduction targets are also reviewed as part of the budget setting process to ensure they are still deliverable, undeliverable targets are removed or re-profiled as appropriate.</p> <p>The Budget reports presented to Cabinet (both MTFS and quarterly monitoring), clearly set out the financial risks.</p>			

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability	<p>The level and areas of credit losses are reviewed on a regular basis and feed into the quarterly monitoring which is reported to elected members.</p> <p>Budget managers also have access to reports on any income still owed for their service areas.</p> <p>Cashflow is monitored on a daily basis and updates shared with the Finance Business Partners and Chief Accountant.</p> <p>The Council holds and maintains a comprehensive list of assets. The year-end process includes detailed valuation of assets by external valuers. These are then reviewed and challenged by Strategic Finance. Reasons for movement are explored and explained.</p> <p>The Director of Finance and Deputy Section 151 Officer review and sign off the assumptions used to calculate major estimates.</p>	Green	<p>Cabinet in June received a report on the Council's resources held in earmarked reserves, provisions and general balances held as at 31 March 2021, after taking into account the outturn position for 2020-2021.</p> <p>The Specific Reserves Working Group is scheduled to undertake a full review of reserves on 14 December 2021.</p> <p>A full review of the assets held by the Council was undertaken as part of the 2020-2021 annual external audit.</p> <p>A dashboard has now been developed which details outstanding debt, making it more visible for Budget Managers and Services to review and take any necessary action. This dashboard is currently being rolled out and will form part of the quarterly financial monitoring review by Directorates.</p> <p>Initial feedback from rolling out the dashboard is that it increases visibility and accessibility to the data for the budget manager, which in turn enables them to direct resources where required.</p>	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		<p>Provisions are reviewed and agreed with the Director of Finance.</p> <p>The Council has effectively managed its Reserves and reports them to Cabinet. In addition, on an annual basis, a specific Reserves Working Group undertake a review of the appropriateness of reserves held by the Council and make recommendations to Cabinet on any future reserves no longer required for their original purpose.</p> <p>Details around reserves, provisions and balances are shared with SEB.</p> <p>The CFO reviews the Statement of Account and confirms that they are a true and fair view of the financial position of the authority as at 31 March in year of account.</p> <p>Further Action As part of the quarterly monitoring, service areas which generate significant income will be asked to</p>			

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
		review and comment on outstanding income.			
P	The Chief Finance Officer (CFO) has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code	<p>SEB and the CFO are aware of the CFO's responsibilities in terms of the preparation of the annual statement of accounts and is compliant with this principle.</p> <p>Any required changes are reviewed and implemented in advance. Staff attend training / seminars to ensure we are aware of any pending updates/ changes.</p> <p>In addition, information / understanding / approaches are also shared amongst regional colleagues.</p> <p>The Council met the statutory deadline for the production of the Statement of Accounts 2019-2020.</p>	Green	<p>The Director of Finance approved the draft Statement of Accounts 2020-2021 on 21 June 2021, in advance of the revised statutory deadline of 31 July 2021.</p> <p>The Audit and Risk Committee approved the Council's Statement of Accounts on 27 September 2021 and they were signed off after the completion of the external audit on 11 October 2021, just outside the revised challenging deadline of 30 September 2021, a similar experience to many other local authorities during the last 12 months.</p> <p>The external auditors have concluded that the 2020-2021 Statement of Accounts have been properly prepared in accordance with the CIPFA/LASCCA code of practice on local authority accounting in the United Kingdom 2020-2021 and in accordance with the requirements of the Local Audit and Accountability Act 2014.</p>	Green
Q	The presentation	The draft outturn figures are presented to Directorate Leadership	Green	The 2020-2021 outturn position was presented to leadership teams in May / June 2021, before	Green

Ref	Financial Management Standard	Our Response June 2021	RAG Rating June 2021	Updated position November 2021	Updated RAG rating
	of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	<p>Teams and to SEB for review and to agree the final position (including the use of reserves and grants). Directors lead on providing explanations on any variances against budget within their service areas and are expected to explain what action is being taken to address any adverse variances, both in year and for future years. The Outturn position is presented to Cabinet for approval.</p> <p>The Outturn report includes explanation on variations to budget, updates on use of reserves and any newly identified budget risks that may need to be incorporated into the MTFS.</p>		formally being reported to Cabinet on 16 June 2021.	

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 6 December 2021
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Report title	External Audit Progress Report and Update	
Accountable director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
Accountable employee	Emma Bland	Finance Business Partner
	Tel	01902 553928
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Report to be/has been considered by	None	

Recommendation for noting:

The Audit and Risk Committee is asked to note:

1. The Progress Report and Update provided by Grant Thornton.

1.0 Purpose

- 1.1 To update the Audit and Risk Committee on progress made by Grant Thornton in delivering their responsibilities as the Council's external auditors.

2.0 Background

- 2.1 Grant Thornton customarily report on progress made against their Audit Plan and provide an update on technical matters, sector issues and developments. A copy of the report is attached at Appendix 1.

3.0 Financial Implications

- 3.1 The Statement of Accounts, and the audit of the accounts by the external auditors, is an important element of the accountability and transparency of the Council's finances.

[EB/25112021/P]

4.0 Legal implications

- 4.1 The Secretary of State makes the Accounts and Audit Regulations in exercise of powers conferred by the Local Audit and Accountability Act 2014. The Accounts and Audit Regulations 2015 require the 2020-2021 Statement of Accounts be produced in accordance with proper practice.
- 4.2 This is exemplified by the Code of Practice on Local Authority Accounting which is published by CIPFA. These regulations also require that the accounts are approved and published by 30 September 2021.

[JB/25112021/E]

5.0 Equalities implications

- 5.1 While there are no direct equalities implications arising from the recommendation in this report, the local audit process is a key part of the preparation and sign-off of the Statement of Accounts, and thereby will aid the Council in its ability to meet its equality objectives.

6.0 All other implications

- 6.1 There are no other implications arising from this report.

7.0 Schedule of background papers

- 7.1 There are no relevant preceding reports.

8.0 Appendices

8.1 Appendix 1 – City of Wolverhampton Council Audit Progress Report and Sector Update

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City of Wolverhampton Council Audit Progress Report and Sector Update

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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This paper provides the Audit and Risk Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Risk Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at December 2021

2020/21 Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in January 2021, and interim audit in February and March.

In June we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2020/21 financial statements, and we began our work on your draft financial statements thereafter.

At the last Committee meeting on 27 September we reported to you our Audit Findings Report which at the time including some outstanding items which were still a work in progress, including anticipated changes to the accounts.

Subsequently, a final version of the Audit Findings Report was provided to management on 11 October 2021 concurrently with our signed audit opinion.

We are happy to provide the updated report to members on request but we summarise the final findings below.

Adjusted misstatements

6 adjustments were made, one of which resulted in a change to the Council's Comprehensive Income and Expenditure Statement (£3.6m), but did not impact on the Council's reserves:

- 1) Derecognition of the Sports Ground at Wobaston Road which had been disposed of in 2014/15 but not removed from the balance sheet -£3.6m.
- 2) Reclassification of Wobaston Road land from other land and buildings to assets held for sale £6.3m.
- 3) Reclassification of income and expenditure from investment property from City Assets and Housing line on the Comprehensive Income and Expenditure Statement to the Financing and Investment line £3.0m.
- 4) Reclassification of two COVID-19 grants (tax income guarantee scheme and section 31 rates relief) between corporate resources income in the CIES and taxation and nonspecific grant income as they are not service-specific £35.3m.

- 5) Correction of revaluation reserve debit balance £7.8m.

- 6) Correction of differences between the balances of PPE and Investment Property per the Balance Sheet and the Non-Current Assets Note £0.7m.

Unadjusted Misstatements

There were a further 6 unadjusted misstatements reported, which management did not adjust for on the grounds of materiality:

- 1) Reversal of a prior period adjustment (PPA) to assets held for sale opening balances, which was not material and therefore did not meet the criteria of a PPA £1.6m.
- 2) Correction of the valuation of Loxdale Primary School for updated pupil numbers £0.7m.
- 3) Understatement of the Council's share of the West Midlands Pension Fund pension fund assets £6.39m.
- 4) Correction of CIES element of revaluation reserve debit entries £4.5m
- 5) Note 2C - Pooled Budgets: in our view this did not clearly describe the nature of the arrangement or how the Council has accounted for the pooled budget.
- 6) Note 2K - Events after the Reporting period: In accordance with IAS10 this note should be used to describe an event after the year end that could potentially have an impact on the figures reported. Whilst informative, (as it explains the challenges the Council continues to face in light of the pandemic) it could be enhanced to more explicitly note what the event after the reporting period has been and which figures could be impacted.

These errors were considered immaterial both individually and in aggregate. There would have been no impact on the Council's usable reserves had these adjustments been made. The overall impact on the balance sheet would have been an increase to assets of £7.1m.

Progress at December 2021 (cont.)

2020/21 Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required. The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements.

The extended deadline is now no more than three months after the date of the opinion on the financial statements, which would be 11 January 2022. In our Audit Findings Report (including our letter setting out the reasons for delay) we confirmed that we anticipate issuing our Annual Auditor’s Report by this deadline.

Other areas

Certification of claims and returns

We certify the Authority’s annual Teachers’ Pensions return in accordance with procedures agreed with Teachers’ Pensions. Officers provided us with the supporting documentation promptly and we were able to certify the claim without qualification or amendment on 5 November 2021, ahead of the 31 November deadline.

We certify the Authority’s annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). Initial work was performed for the 2020/21 claim in June, and then paused while we focussed on the audit of the Authority’s financial statements. We have recommenced work and have agreed findings with officers, with the aim of certifying the claim within the next few weeks, well ahead of the 31 January deadline.

We also certify the Authority’s annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Ministry of Housing, Communities & Local Government. (MHCLG) – now the Department for Levelling Up, Housing and Communities (DLUHC). Guidance has recently been issued, and officers have made contact with us to certify the claim for 2020/21. Grant Thornton’s legal team is in the process of drafting an appropriate engagement letter, which we will issue to the Authority when available in order that we can commence work.

Progress at December 2021 (cont.)

Whole of Government Accounts

We have been unable to certify our audit complete pending completion of our procedures in relation to the Whole of Government Accounts. The Council and ourselves expect to receive relevant guidance from the National Audit Office and access to the relevant system pertaining to the completion of this work in December. We will report the outcome of this work to the Committee in due course.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers will be invited to our Financial Reporting Workshop in the new year, which will help ensure that members of your Finance Team were up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

As in prior years we have attended the Authority's own closedown workshop, held on 23 November. We welcome any thoughts, comments and feedback from officers on the audit process. Clearly we are required to abide by the requirements of auditing standards and will continue to query and challenge until we have obtained the levels of assurance we need, but if there are tasks we can approach differently, which will still allow us to adhere to the relevant standards and regulations, we would be keen to explore it.

Deliverables

2020/21 Audit Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit and Risk Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.	June 2021	Complete
Audit Findings Report This reports the findings of our audit work on the Authority's financial statements	30 September 2021	Complete
Auditors Report This is the opinion on your financial statements.	30 September 2021	Completed and issued 11 October 2021
Auditor's Annual Report This Report communicates the key issues arising from our Value for Money work.	11 January 2022	Not yet due

2020/21 Audit-related Deliverables	Deadline	Status
Teachers Pensions Scheme – certification This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform.	30 November 2021	Submitted 5 November 2021
Housing Benefit Subsidy – certification This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.	31 January 2022	Not yet due but likely to be submitted before Christmas
Pooling of housing capital receipts - certification This is the report we submit to Ministry of Housing, Communities and Local Government based upon the mandated agreed upon procedures we are required to perform.	4 February 2022	Not yet due

JR0

Slide 7

JR0

can we anticipate - as it will be do by the AC date?

Jon Roberts, 2021-11-23T12:42:19.052

NC0 0

this is an oversight - it has already been signed off. Will add the date

Nicola Coombe, 2021-11-23T16:05:30.747

FRC AQR report on major local audits

On 29 October, the FRC published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here: [FRC AQR Major Local Audits_October 2021](#)

Grant Thornton is one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our results over the past three years are shown in the table below:

Grade	Number 2018/19	Number 2019/20	Number 2020/21
Good with limited improvements (Grade 1 or 2)	1	1	6
Improvements required (Grade 3)	2	5	3
Significant improvements required (Grade 4)	1	0	0
Total	4	6	9

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

FRC AQR report on major local audits (cont.)

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits an society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

What can be learned from Public Interest Reports? – Grant Thornton

2020 will be remembered as a tumultuous year in local government, with the pandemic creating unprecedented pressure on the sector. It also saw the appearance of two Public Interest Reports (PIRs), followed by another in January this year – the first to be issued in the sector since 2016. PIR's can be issued by local auditors if there are significant concerns around council activity, such as major failings in finance and governance.

The recent PIRs have made headlines because, up to this point, very few have ever been issued. But, as our latest report “Lessons from recent Public Interest Reports” explores, all three illustrate some of the fundamental issues facing the wider sector and provide a lesson for all local authorities around: weaknesses in financial management; governance and scrutiny practices; and council culture and leadership; which, when combined, can provide fertile ground for the kind of significant issues we might see in a PIR. The COVID-19 pandemic highlighted four essential factors we probably always knew about local government, have often said, but which are now much better evidenced:

- 1) Local government has provided fantastic support to its communities in working with the NHS and other partners to deal with the multifaceted challenges of the pandemic.
- 2) Britain's long centralised approach to government has been exposed to some degree in terms of its agility to tailor pandemic responses to regional and local bodies. This is recognised by the current government who continue to pursue the options for devolution of powers to local bodies. Track and Trace delivered centrally has not been as successful as anticipated and, according to government figures, local interventions have had more impact.

- 3) Years of reduced funding from central government have exposed the underlying flaws in the local authority business model, with too much reliance on generating additional income.
- 4) Not all authorities exercise appropriate care with public money; not all authorities exercise appropriate governance; and not all authorities have the capability of managing risk, both short and long term. Optimism bias has been baked into too many councils' medium-term plans.

The PIRs at Nottingham City Council (August 2020), the London Borough of Croydon (October 2020), and Northampton Borough Council (January 2021) are clear illustrations of some of the local government issues identified above. The audit reports are comprehensive and wide-ranging and a lesson for all local authorities. Local authorities have a variety of different governance models. These range from elected mayor to the cabinet and a scrutiny system approach, while others have moved back to committee systems. Arguments can be made both for and against all of these models. However, in the recent PIR cases, and for many other local authorities, it's less about the system of governance and more about how it operates, who operates it and how willing they are to accept scrutiny and challenge.

There are a number of lessons to be learned from the recent PIR reports and these can be broken down into three key areas which are explored further in our report:

- 1) The context of local government in a COVID-19 world
- 2) Governance, scrutiny, and culture
- 3) Local authority leadership

The full report is available here:

[Lessons from recent Public Interest Reports | Grant Thornton](#)

Annual Transparency Report – Grant Thornton

As auditors of several listed entities as well as nearly one hundred major local audits, we are required as a firm to publish an annual transparency report.

The report contains a variety of information which we believe is helpful to audit committees as well as wider stakeholders. The Financial Reporting Council (FRC) in their thematic review of transparency reporting noted that they are keen to see more Audit Committee Chairs actively engaging and challenging their auditors on audit quality based on the information produced in Transparency reports on a regular basis. We agree with the FRC and are keen to share our transparency report and discuss audit quality with you more widely.

The transparency report provides details of our:

- Leadership and governance structures
- Principle risks and Key Performance Indicators
- Quality, risk management and internal control structure
- Independence and ethics processes
- People and culture
- Compliance with the Audit Firm Governance code and EU Audit directive requirements

We have made significant developments in the year as part of our Local Audit Investment Plan to improve our audit quality. We welcome an opportunity to discuss these developments and our transparency report should you wish.



The full report is available here:

[Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Local government finance in the pandemic – National Audit Office

The National Audit Office (NAO) report, published in March, notes “The COVID-19 pandemic has been an unprecedented public health and economic emergency. Local authorities in England have made a major contribution to the national response to the pandemic, working to protect local communities and businesses, while continuing to deliver existing services. The pandemic has in turn placed significant pressure on local authorities’ finances, which in many cases were already under strain going into the pandemic.”

The NAO report examines if the Department’s approach to local government finance in the COVID-19 pandemic enabled it to assess and fund the costs of new services which local authorities have been asked to deliver. It also examines whether the Department fulfilled its responsibilities in securing financial sustainability across the sector.

The NAO report concludes “Steps taken by the government, led by the Department, have supported local authorities in the COVID-19 pandemic response. The Department’s successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government. Action by the Department and wider government to support the sector has averted system-wide financial failure at a very challenging time and means that the Department has managed the most severe risks to value for money in the short term.

However, the financial position of local government remains a cause for concern. Many authorities will be relying on reserves to balance their 2020-21 year-end budgets. Despite continuing support into 2021-22 the outlook for next year is uncertain. Many authorities are setting budgets for 2021-22 in which they have limited confidence, and which are balanced through cuts to service budgets and the use of reserves.”

The NAO report found that “the combined impact on spending and non-tax income in 2020-21 is £9.7bn – equivalent to 17.6% of revenue expenditure. So far the government has announced £9.1bn of financial support, leaving a deficit of £605m.”



The full report can be obtained from the NAO website:

[Local government finance in the pandemic - National Audit Office \(NAO\) Report](#)

Local authority Covid-19 pressures – MHCLG

Outturn figures from the Ministry for Housing, Communities and Local Government (MHCLG) show that local authorities in England reported additional cost pressures of £12.8bn relating to Covid-19 in 2020-21. Overall, local authorities spent £7.2bn responding to the pandemic last year, with the largest share of additional expenditure going on adult social care services at £3.2bn.

Additional expenditure due to COVID-19 by class and service area (£ millions) (2020-21)

	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Adult Social Care – total	0.473	1,254.880	848.656	663.404	413.842	3,181.254
Children's social care - total (excluding SEND)	0.000	94.933	131.127	89.799	62.987	378.846
Housing - total (including homelessness services) excluding HRA	63.129	5.254	74.949	42.281	112.971	298.584
Environmental and regulatory services - total	33.564	68.097	67.512	66.704	63.556	299.433
Finance & corporate services - total	48.222	53.445	83.984	76.923	78.284	340.858
All other service areas not listed in rows above	184.550	634.578	584.924	564.737	395.137	2,363.926
Total	329.937	2,111.187	1,791.153	1,503.848	1,126.777	6,862.902



The figures are available in full here:
<https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information>

Income losses due to COVID-19 by class and source of income (£ millions) (2020-21)

	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Business rates	276.498	0.000	194.192	207.351	537.667	1,215.708
Council tax	399.037	0.000	217.633	191.219	232.727	1,040.616
Sales fees and charges	516.426	194.923	553.907	396.745	475.728	2,137.728
Commercial income	82.448	24.159	120.629	204.211	52.154	483.600
Other	33.494	39.947	27.163	53.664	45.166	199.435
Total	1,307.903	259.029	1,113.524	1,053.190	1,343.441	5,077.087

Government response to Redmond review – MHCLG

Government has published an update on the Ministry of Housing, Communities & Local Government response to Sir Tony Redmond's independent review into the effectiveness of external audit and transparency of financial reporting in local authorities.

The MHCLG press release states "The Audit, Reporting and Governance Authority (ARGA) – the new regulator being established to replace the Financial Reporting Council (FRC) – will be strengthened with new powers over local government audit, protecting public funds and ensuring councils are best serving taxpayers.

The new regulator, which will contain a standalone local audit unit, will bring all regulatory functions into one place, to better coordinate a new, simplified local audit framework.

ARGA will continue to act as regulator and carry out audit quality reviews as the FRC does now. It will now also provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice – the guidelines councils are required to follow.

The government has confirmed that the Public Sector Audit Appointments (PSAA) will continue as the appointing body for local audit, in charge of procurement and contract management for local government auditors.

In the immediate term, MHCLG will set up and chair a Liaison Committee, which will comprise senior stakeholders across the sector that will oversee the governance of the new audit arrangements and ensure they are operating effectively."

The press release goes on to state the "measures finalise the government's response to Sir Tony Redmond's independent review into local audit, carried out last year.

The government has already announced £15 million to support councils with additional costs in audit fees, and recently consulted on the distribution of this funding. Government is also consulting on improving flexibility on audit fee setting and has extended the deadline for when councils must publish their audited accounts.



The press release can be found here:

<https://www.gov.uk/government/news/government-publishes-update-to-audit-review-response>

2019/20 audited accounts – Public Sector Audit Appointments

In December 2020 Public Sector Audit Appointments (PSAA) published figures relating to the audit of 2019/20 local authority financial statements.

PSAA report “Audit arrangements in local councils, police, fire and other local government bodies are continuing to exhibit signs of stress and difficulty. In the latest audit round, focusing on 2019/20 financial statements and value for money arrangements, fewer than 50% of bodies’ audits were completed by the revised target of 30 November.

Figures compiled by PSAA, the organisation responsible for appointing auditors to 478 local bodies, reveal that 55% (265) of audit opinions were not issued by 30 November. This is a further deterioration on 2018/19 audits when 43% of opinions (210 out of 486) were delayed beyond the then target timetable of 31 July.”

By 30 November, Grant Thornton had signed 113/208 audits (a 55% completion rate), meaning that only 45% of audit opinions were not signed by 30 November, compared to the 55% all firms average.

PSAA go on to note “This year’s timetable has been deliberately eased by Ministers in recognition of the underlying pressures on the audit process and the significant added complications arising from the Covid-19 pandemic. The pandemic has posed practical challenges for bodies in producing accounts and working papers, and for auditors to carry out their testing. Both sets of staff have had to work remotely throughout the period, and the second national lockdown came at a critical point in the cycle.

Questions and concerns about the potential implications of the pandemic for some bodies have meant that both finance staff and auditors have needed to pay particular attention to the financial position of each entity. Additionally, following a series of increasingly challenging regulatory reviews, auditors have arguably been more focused than ever on their professional duty to give their opinion only when they are satisfied that they have sufficient assurance.”



The news article can be found here:

[News release: 2019/20 audited accounts – PSAA](#)

Consultation on 2023-24 audit appointments – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) is consulting on the Draft prospectus for 2023 and beyond.

PSAA state “Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

The objectives of the procurement are to maximise value for local public bodies by:

- securing the delivery of independent audit services of the required quality;
- awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;
- encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
- encouraging audit suppliers to submit prices which are realistic in the context of the current market;
- enabling auditor appointments which facilitate the efficient use of audit resources;
- supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and
- establishing arrangements that are able to evolve in response to changes to the local audit framework.”

The plans include proposals to adjust the procurement ratio between quality and costs from an equal 50:50 to 80:20, as well as trying to bring new suppliers in to the market.

The consultation on the PSAA’s proposals closed on 8 July and PSAA is currently holding market briefings regarding this procurement.



The news article can be found here:

<https://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/draft-prospectus-for-2023-and-beyond/page/7/>

Councils given power to build more homes for first time buyers and for social rent – MHCLG

The Ministry of Housing, Communities & Local Government (MHCLG) has announced that councils in England will have more freedom on how they spend the money from homes sold through Right to Buy to help them build the homes needed in their communities.

The MHCLG press release states the “package will make it easier for councils to fund homes using Right to Buy receipts, including homes for social rent, and give them greater flexibility over the types of homes they provide to reflect the needs of their communities.

It will also give councils more time to use receipts and to develop ambitious building programmes. The government wants homes supplied using Right to Buy receipts to be the best value for money, and to add to overall housing supply, to help towards delivering 300,000 new homes a year across England by the mid-2020s.”

The press release goes on to note “New measures include:

- extending the time councils have to spend Right to Buy receipts from 3 years to 5 years
- increased cap on the percentage cost of new homes councils can fund from Right to Buy receipts raised from 30% to 40% per home, making it easier to build replacement homes
- allowing receipts to be used for shared ownership, First Homes, as well as affordable and social housing, to help councils build the homes their communities need
- introducing a cap on the use of Right to Buy receipts for acquisitions to help drive new supply.”



The press release can be found here:

<https://www.gov.uk/government/news/councils-given-power-to-build-more-homes-for-first-time-buyers-and-for-social-rent>



CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 6 December 2021
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Report title	Appointment of the External Auditor	
Accountable director	Claire Nye, Finance	
Originating service	Audit	
Accountable employee	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for decision:

The Audit and Risk Committee is recommended to:

1. Recommend to Council that the Council takes up the invitation from Public Sector Audit Appointments to opt into the national scheme for auditor appointments from April 2023.

1.0 Purpose

- 1.1 To consider the options available and recommend that the Council takes up the invitation from Public Sector Audit Appointments (PSAA) to opt into the national scheme for auditor appointments from April 2023.

2.0 Background

- 2.1 The arrangement with our current external auditors Grant Thornton expires in 2022-2023, and a new external auditor (which includes the independent audit of the Council's statutory accounts and arrangements for achieving value for money) has to be appointed before the end of December 2022.
- 2.2 The secretary of State has confirmed PSAA in the role of appointing person for eligible principal bodies for the period commencing April 2023.
- 2.3 In September 2021 the Council received an invitation from PSAA to opt into the national scheme for auditor appointments from April 2023.
- 2.4 The auditor appointment to an opted-in local authority does also include the audit of the pension fund. However, the pension fund audit will be subject to a separate engagement and scale audit fee.
- 2.5 The Council previously opted into the national scheme for the appointment of its current external auditors, along with 98% of the sector. The alternative would be for the Council to procure its own external auditor.

3.0 Progress, options, discussion

- 3.1 As indicated above, if the Council does not opt into the national scheme, it would need to procure its own external auditor. However, to do this would be a lengthy and complex process and would see the Council going against the vast majority of the sector.
- 3.2 The letter from PSAA appended to this report sets out a number of reasons why accepting the national scheme to opt-in is seen as the best solution. Examples given in the letter include:
- PSAA are a not-for-profit independent company limited by guarantee incorporated by the Local Government Association offering a value for money offer based on minimising PSAA costs and the distribution of any surpluses to scheme members (which they have done in the past).
 - Collective efficiency savings for the sector through undertaking one major procurement as opposed to multiplicity of smaller procurements.
 - Avoids the necessity for local bodies to establish an auditor panel and undertake and auditor procurement, enabling time and resources to be deployed elsewhere.

- Appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency.

- 3.3 Under Regulation 19 of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015 (the Regulations) a decision to become an opted-in authority must be taken by the members of an authority meeting as a whole (i.e. Full Council or equivalent).
- 3.4 Therefore, the Audit and Risk Committee is asked to recommend to Council at its next meeting that the Council opts into the national scheme.
- 3.5 The closing date to give notice to PSAA of the Council's acceptance of their invitation is Friday 11 March 2022.
- 3.6 PSAA expect to formally commence the procurement of audit services in February 2022 and at that time their procurement documentation will be available for opted-in bodies to view. Also, they plan to run a series of webinars covering specific areas of their work.

4.0 Financial implications

- 4.1 The recent Redmond Review identified that the fee structures and variation process surrounding the audit contracts administered by PSAA was insufficiently flexible and that local audit fees had reduced by 40% when compared against a 20% rise in central government and FTSE100 audit fees. This had led to difficulties in supporting the sustainability of the local audit market.
- 4.2 The review recommended that the current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements. As part of recent consultation, the Government has committed to amend the Local Audit (Appointing Person) Regulations 2015 to provide PSAA with more flexibility to agree both standardised and local fee variations that more closely match the actual costs of audit.
- 4.3 The external audit fee agreed for the Council in 2020-2021 was just under £216,000, compared to £158,000 in 2018-2019. This is a significant increase over the last couple of years and reflects the additional work required by the regulator, taking into account local risk factors. The West Midlands Pension Fund external audit fees also rose over the same period, from £44,000 in 2018-2019 to £61,000 in 2020-2021.
- 4.4 The current budget set aside for the Council's audit fees, excluding provision for grant audit work, is £200,000. A further increase in external audit fees is anticipated for 2021-2022, though the government announced following the Redmond Review that additional funding would be made available to offset the rise in costs. A consultation process was entered into to agree the methodology for distribution of those funds. Under the proposed methodology the Council would receive in the region of £75,000 in this financial year.

- 4.5 The opt-in scheme does not include the audit arrangements for grants and housing benefit returns. PSAA has no power under the Local Audit and Accountability Act 2014 or the Regulations to make arrangements or appointments for assurance on grant claims and returns and these would require a separate local arrangement as per current practice.

[GE/25112021/Z]

5.0 Legal implications

- 5.1 The PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During autumn 2021 all local government bodies need to make a decision about their external audit arrangements from 2023/24. Authorities have the option to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or to join and take advantage of the national collective scheme administered by PSAA. If the Council opts to join the scheme administered by the PSAA, this will be subject to the Public Contracts Regulations 2015 and Public Procurement Regulations.

[TC/26112021/G]

6.0 Equalities implications

- 6.1 While there are no direct equalities implications arising from the recommendation in this report, the local audit process is a key part of the preparation and sign-off of the Statement of Accounts, and thereby will aid the Council in its ability to meet its equality objectives.

7.0 All other implications

- 7.1 There are no other implications arising from the recommendations in this report.

8.0 Schedule of background papers

- 8.1 Invitation letter of 22 September 2021 from Public Sector Audit Appointments.

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 6 December 2021
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Report title	Internal Audit Update – Quarter 2	
Accountable director	Claire Nye, Finance	
Accountable employee	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for noting:

The Audit and Risk Committee is asked to note:

1. The contents of the latest internal audit update as at the end of quarter two.

1.0 Purpose

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2021 - 2022 internal audit plan and to provide information on recent work that has been completed.

2.0 Background

- 2.1 The internal audit update report as at 30 September 2021 (quarter two) contains details of the matters arising from audit work undertaken so far this year. The information included in the report will feed into, and inform, the overall opinion in our annual internal audit report issued at the year end. It also updates the Committee on various other activities associated with the internal audit service.

3.0 Progress, options, discussion, etc.

- 3.1 Quarterly internal audit update reports will continue to be presented to the Committee throughout the year.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. [GE/23112021/J]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. [TC/26112021/H]

6.0 Equalities implications

- 6.1 Equalities issues form part of the Audit Universe which is then used to help inform the Annual Internal Audit Plan. Equalities issues are also implicit in a number of audit related activities undertaken during each year.

7.0 All other implications

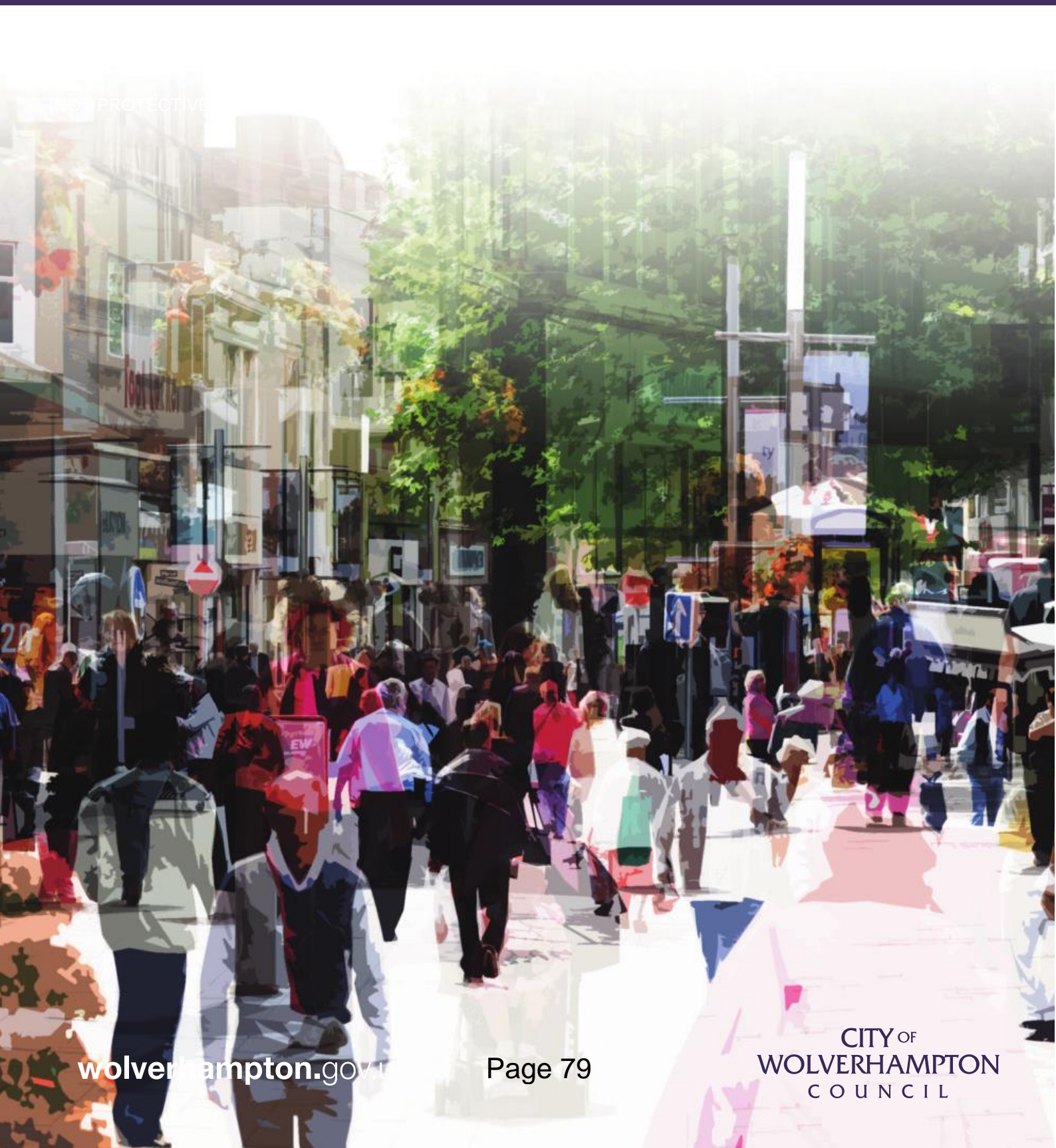
- 7.1 There are no other implications arising from the recommendations in this report.

8.0 Schedule of background papers

- 8.1 There is no schedule of background papers.

Appendix 1 - Internal Audit Update Report 2021-2022

[NOT PROTECTIVELY MARKED]



1 Introduction

The purpose of this report is to bring the Audit and Risk Committee up to date with the progress made against the delivery of the 2021 - 2022 internal audit plan.

The Audit and Risk Committee has a responsibility to review the effectiveness of the system of internal controls and also to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control, and governance. This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into, and inform, our overall opinion in our internal audit annual report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

No Assurance	Limited	Satisfactory	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

2 Internal Audit Plan Update

Reports were presented to the Council's Audit and Risk Committee during the previous financial year, which updated the Committee on how Covid-19 had impacted the Council's internal audit plan. These reports explained how a significant proportion of the audit resources had been temporarily redeployed to other areas of the Council's business to provide assistance in a number of areas including the food distribution hub, the various business support grants team, assisting Procurement with supplier due diligence checks regarding the supply of personal protective equipment (PPE) and other Covid-19 related grant assurance.

Since these reports were presented to the Committee, members of the team have continued to support areas of the business with existing grant schemes that are still live. Whilst the team continues to support the Council in these areas a small number of audits have been completed during quarter two, details of which are included under section three of this report.

3 Summary of audit reviews completed

The following audit reviews were completed by the end of the second quarter of the current year.

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
2020/21 Audits							
Adult Education External Funding	Medium	-	1	2	3	3	Satisfactory
ConnectED – CWC Supervisory Compliance	Medium	-	2	5	7	7	Satisfactory
2021/22 Audits							
Co-ordination and Monitoring of School Financial Value Standard (SFVS) Returns	Medium	-	-	-	-	-	N/A
2020/21 Senior Officer Remuneration	High	-	-	-	-	-	N/A
Early Years Grant Arrangements	Medium	-	1	5	6	6	Satisfactory
Children's Residential Homes – Employee Working Hours	Medium	3	3	1	7	7	Limited
2020/21 Bad Debt Review	Medium	-	-	-	-	-	N/A
Reported this quarter for the first time:							
Elections – Postal Votes	Medium	-	-	5	5	5	Substantial
WMPF Payroll Contribution Statements	High	-	-	-	-	-	Substantial
2020 – 2021 Transport Grant Certifications	Medium	-	-	-	-	-	N/A
Graiseley Primary School	Medium	-	3	3	6	6	Satisfactory
Wilkinson Primary School	Medium	-	1	1	2	2	Substantial
Income Management	High	-	-	-	-	-	Substantial

Key: AAN Assessment of assurance need.

4 On-going assurance where reports are not issued

It is a requirement of the Internal Audit Charter that Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations. Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement. Therefore, should any reviews be conducted on the below, then they will be led by another member of the audit team.

Project/Programme	Was this in the original plan?	Audit Service's Role
Pay Strategy	Yes	A member of the team sits on the Council's Pay Strategy Board. The purpose of the board is to ensure that all requests in respect pay and grading is approved in accordance with the Council's Collective Agreement for NJC employees.
Project Assurance Group	Yes	A member of the team is involved in this group. The purpose of the group is to ensure that all of the Council's projects and programmes, recorded through the Verto system, are reviewed and scrutinised.
Business Support Programme	Yes	A member of the team sits on the Board in the capacity of providing advice and support. The programme's main objective is the centralisation of administration within the Council.
City Learning Quarter Programme	Yes	Audit Services have been invited to provide an assurance role for the programme. This is a major capital investment project which has a reputational risk to the Council.
Agresso Board	Yes	A member of the team sits on this Board to oversee the on-going development of the Council's enterprise resource planning (ERP) solution.
Children's Transformation Board		A member of the team attends the Board and provides support and assurance on project management arrangements and specific audit issues. This also includes advice and support on the implementation of the new Eclipse management information system.

Project/Programme	Was this in the original plan?	Audit Service's Role
Transform Adult Social Care Programme	Yes	A member of the team attends the Board to provide support and assurance on project management arrangements and specific audit issues.
Strategic Transport Asset Group	Yes	A member of the team is involved in this group. The purpose of the group is to ensure that business cases submitted by business areas for vehicles and equipment replacement are reviewed and assessed prior to approval, as well as addressing future Council Fleet requirements and climate targets for a cleaner environment and reduction in carbon emissions, and future use of electric / hybrid vehicles.
Civic Halls Operational Board	Yes	A member of the team is a representative on this group. The purpose of the board is to oversee the operational delivery of the Civic Halls full refurbishment.
Infrastructure for Growth Board	Yes	The purpose of this group is to oversee the strategy of regeneration projects across the city to ensure there is a co-ordinated joined up approach. A member of the team is present on this board to provide support and assurance around governance.
Our Assets Board	Yes	A member of the team attends the Board to provide support and assurance on project management arrangements and any specific audit issues.
Local Fibre Network Programme Board	Yes	The purpose of this Board is to oversee the implementation and roll-out of a new fibre network across the city, which will enable superfast broadband. A member of the team attends the Board to provide support and assurance on project management arrangements and any specific audit issues.
Art Gallery Improvements Scheme Board	Yes	The purpose of this Board is to provide a strategic overview of the building improvements to the City's Art Gallery. A member of the team attends the Board to provide support and assurance on project management arrangements and any specific audit issues.
Adult Eclipse Project Board	Yes	A member of the team will attend the Board to provide support and assurance on project management arrangements for the new Eclipse management information system and any specific audit issues.
Business Improvement Programme Boards	Yes	The purpose of these boards is to drive through service improvements in selected areas of the Council. Audit's role on these boards is provide assurance around governance and risk, as well as addressing any particular audit issues.

5 *Counter Fraud Activities*

The Audit Service's team investigate all allegations of suspected fraudulent activity, during the year. Details of these will be presented to the Audit and Risk Committee in a separate report, along with details of initiatives put in place in order to both raise awareness of, and tackle fraud across the Council.

6 *Audit reviews underway*

There were a number of reviews underway as at 30 September 2021 and these will be reported upon in future update reports.

7 *Summary of issues from Q2 reviews*

School Audit Programme

As a result of Covid-19 our cycle of school audit visits was postponed throughout the 2020-2021 year. Our programme of visits has subsequently recommenced from September 2021. All visits to schools are carried out after prior agreement and consultation with Headteachers and adherence to any covid-19 precautions in schools. Schools also have the option to have a 'virtual audit' where they can provide the evidence required to the Audit Team remotely. However, the bulk of schools have to date opted for a 'physical' visit.

When carrying out school audits we review and test the following areas:

- Governance
- Protection of People and Assets
- Budget Planning and Control
- Payroll
- Procurement
- Income

Our school audit programme is continuously reviewed to ensure that we are looking at the key risk areas facing schools and we consult with and report our audit findings to the Council's newly established School Compliance Board. For example, the school audit programme has been updated to ensure that schools have a Covid-19 workplace risk assessment policy in place and that this has been published on the school website.

Key Financial Systems

The team are in the process of commencing the auditing of the Council's key financial systems. These reviews involve the auditing of each financial system's core controls. The team have changed the way we undertake these reviews as we are now undertaking transactional testing throughout the year in order to minimise the impact on services at year end. The advantage of adopting this approach also means that we can identify issues earlier so that corrective measures can be put in place. A summary report of the year's findings will be produced towards the end of the year.

8 *Follow-up of previous recommendations*

We continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit and Risk Committee.

9 *Changes to the Audit Plan during the year*

Based on the current position there are no proposed changes to the plan that require reporting during this quarter.

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 6 December 2021
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Report title	Internal Audit Charter – Annual Review	
Accountable director	Clare Nye	Finance
Originating service	Audit	
Accountable employee	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for decision:

The Audit and Risk Committee is recommended to:

1. Carry out an annual review of, and approve the Internal Audit Charter.

1.0 Purpose

- 1.1 The Charter was originally approved by the Committee in September 2013 and is now due for its latest review. The Charter was last reviewed in September 2020, and has since been updated to incorporate a section on Equalities and Internal Audit.

2.0 Background

- 2.1 There is a statutory requirement for Internal Audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the 'Public Sector Internal Audit Standards' and the Internal Audit Charter reflects this.

3.0 Progress, options, discussion

- 3.1 The Internal Audit Charter will continue to be subject to annual review by the Audit and Risk Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendations in this report.
[GE/23112021/S]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report.
[TC/26112021/K]

6.0 Equalities implications

- 6.1 Equalities issues form part of the Audit Universe which is used to help inform the Annual Internal Audit Plan. Equalities issues are also implicit in a number of audit related activities undertaken during each year. This has also been included in this latest version of the Internal Audit Charter.

7.0 All other implications

- 7.1 There are no other implications arising from the recommendations in this report.

8.0 Schedule of background papers

- 8.1 There is no schedule of background papers.

Internal Audit Charter

CITY OF
WOLVERHAMPTON
COUNCIL



**Stronger
Economy**



**Stronger
Communities**



**Stronger
Organisation**

Definition of internal auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Mission of internal audit

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Core Principles for the Professional Practice of Internal Auditing

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement

Authority and standards

Internal audit is a statutory service in the context of the Accounts and Audit Regulations (Amendment)(England) 2015. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer to have responsibility for those arrangements

The Local Government, England and Wales, Accounts and Audit Regulations 2015 also states that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"*. These Standards have been adopted by the Council's internal audit section.

The responsibility for ensuring that the Council has an effective internal audit has been delegated to the Chief Financial Officer/Section 151 Officer.

In the Council's Financial Procedure Rules, the Section 151 Officer has the responsibility to ensure that an adequate and effective internal audit of all Council activities is carried out in accordance with the most recent CIPFA Statements on Internal Audit Practice and relevant legislation.

Internal audit have the right of access to all records, assets, personnel and premises, including those of partner organisations, and has the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

The logo for Public Sector Internal Audit Standards is a blue rectangle. It contains the text "Public Sector Internal Audit Standards" in white, with "Public Sector" on the first line, "Internal Audit" on the second, and "Standards" on the third. Below this, in smaller white text, it says "Applying the ISA International Standards to the UK Public Sector".

Public Sector Internal
Audit Standards
Applying the ISA International Standards to
the UK Public Sector

Throughout the Public Sector Internal Audit Standards, reference is made to the terms 'Chief Audit Executive', 'board' and 'senior management'. For the purposes of this Charter, the 'Chief Audit Executive' is defined as the Head of Audit the 'board' as the Audit and Risk Committee and 'senior management' as the Strategic Executive Board.

Scope and objectives of internal audit activities

The scope of work of internal audit is to determine whether the Council's risk management, control, and governance processes are adequate and effective in order to ensure that:

- Key risks are identified and managed;
- Key financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the Council's control process; and
- Key legislative and regulatory issues impacting the Council are identified and addressed appropriately.

Internal audit's remit extends to the entire control environment of the Council and not just financial controls. Where other internal or external assurance providers may have undertaken relevant assurance and audit work, internal audit will seek to rely on the work of these other assurance providers where professional standards would make it appropriate to do so.

Responsibilities

Internal audit has a responsibility to:

- Provide a cost effective and value added full internal audit service;
- Develop a flexible annual audit plan using a risk-based methodology;
- Implement the annual audit plan;
- Track status of outstanding management actions;
- Provide regular updates on the work of internal audit to the Audit and Risk Committee and where appropriate, senior officers;
- Assist, as needed, in the investigation of significant suspected fraudulent activities within the organisation; and
- Work with the External Auditor and other review bodies to share assurance and minimise duplication.

Organisational independence

Internal audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Audit has direct access and freedom to report in his own name to all officers and councillors and particularly to those charged with governance. If required the Head of Audit may request to meet privately with the Audit and Risk Committee.

Internal audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.

Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement.

Accountability, reporting lines and relationships

The Head of Audit reports on an administrative basis to the Section 151 Officer and reports functionally to the Audit and Risk Committee, the Chief Executive and other senior management. An Annual report will also be produced and presented to the Audit and Risk Committee which will include an 'opinion' from the Head of Audit on the adequacy and effectiveness of internal control, risk management and governance within the Council.

A written report will be prepared by internal audit for every internal audit review. The report will be subject to an internal quality review before being issued to the responsible officer and, where appropriate, will include an 'opinion' on the adequacy of controls in the area that has been audited. The responsible officer will be asked to respond to the report in writing. The written response must show what actions have been taken or are planned in relation to each recommendation. Accountability for the response to the advice and recommendation of Internal Audit lies with management, who either accept and implement the advice or formally reject it.

The full role and responsibilities of the Audit and Risk Committee are detailed in their terms of reference, which are based on the model provided by CIPFA in their "Audit Committees – Practical Guidance for Local Authorities".

Internal audit resourcing

Internal audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience. Internal auditors need to be properly trained to fulfill their responsibilities and should maintain their professional competence. The Section 151 Officer is responsible for the appointment of the Head of Audit, who must be suitably qualified and experienced. The Head of Audit is responsible for appointing all of the other staff to internal audit and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Head of Audit is also responsible for ensuring that the resources of internal audit are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was concluded that resources were insufficient, this must be formally reported to the Section 151 Officer, and, if the position is not resolved, to the Audit and Risk Committee.

Fraud

Managing the risk of fraud is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption. Internal audit may be requested by management to assist with fraud related work. It is a requirement of the council's Anti-Fraud and Corruption Policy that any concerns over suspected fraud and corruption should be raised initially with the Head of Audit Services. Internal audit will then control any such investigations.

Advisory work

The standards allow that internal audit effort may, where considered to have the right skills, experience and available resource, sometimes be more usefully focused towards providing advice rather than assurance over key controls. Any such internal audit involvement in consultancy and advisory work, would only take place where it would not constitute a conflict of interest in keeping an independent stance. Any significant additional consulting services will be approved by the Audit and Risk Committee beforehand.

Equalities

Equalities issues form part of the Audit Universe which is used to help inform the Annual Internal Audit Plan. Equalities issues are also implicit in a number of audit related activities undertaken during each year.

Review of the internal audit charter

This charter will be reviewed annually by the Head of Audit Services and the Audit and Risk Committee.

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 6 December 2021
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Report Title	Audit Services – Counter Fraud Update	
Accountable Director	Claire Nye	Finance
Accountable employee	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for noting:

The Audit and Risk Committee is asked to note:

1. The contents of the latest Audit Services Counter Fraud Update.

1.0 Purpose

- 1.1 The purpose of this report is to provide Members with an update on current counter fraud activities undertaken by Audit Services.

2.0 Background

- 2.1 The Counter Fraud Unit was set up within Audit Services, in response to the increased emphasis being placed upon both fraud prevention and detection by the Department for Levelling Up, Housing and Communities.

3.0 Progress, options, discussion, etc.

- 3.1 At the last meeting of the Audit and Risk Committee in September 2021, it was agreed that regular updates on the progress the Council was making in tackling fraud would continue to be brought before the Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report.
[GE/23112021/I]

5.0 Legal implications

- 5.1 Investigations by the Counter Fraud Unit may have legal implications depending upon what action is taken or decided against in respect of those investigations.
[TC/26112021/I]

6.0 Equalities implications

- 6.1 Equalities issues are taken into consideration and where appropriate are implicit in a number of fraud related activities undertaken during each year.

7.0 All other implications

- 7.1 There are no other implications arising from the recommendations in this report.

8.0 Schedule of background papers

- 8.1 There is no schedule of background papers.



Audit Services Counter Fraud Report @ December 2021

1 *Introduction*

The counter fraud agenda is one that continues to hold significant prominence from Central Government who are promoting a wide range of counter fraud activities. The purpose of this report is to bring the Audit and Risk Committee up to date on the counter-fraud activities undertaken by the Counter Fraud Unit within Audit Services.

The Council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. This message is made clear within the Authority's Anti-Fraud and Corruption Policy, which states: "The Council operates a zero tolerance on fraud, corruption and bribery whereby all instances will be investigated, and the perpetrator(s) will be dealt with in accordance with established policies. Action will be taken to recover all monies stolen from the Council."

2 *The Counter Fraud Team*

The Counter Fraud Team, which sits within Audit Services, is continuing to develop and lead in raising fraud awareness across the Council and in promoting an anti-fraud culture. The team carries out investigations into areas of suspected or reported fraudulent activity and organises a series of Council wide pro-active fraud activities, including the targeted testing of areas open to the potential of fraudulent activity. The team maintains the Council's fraud risk register, implements the counter fraud plan and leads on the Cabinet Office's National Fraud Initiative (NFI) exercise.

The team also provide a tenancy fraud investigation service to Wolverhampton Homes under a service level agreement.

During the Covid-19 Pandemic members of the Counter Fraud Team have supported the due diligence activities undertaken before and after the award of the various support grants introduced by Central Government to reduce the risk of fraud.

3 *Counter Fraud Update*

Counter Fraud Plan

The latest status of progress against the counter fraud plan is shown at Appendix 1

Fraud Risk Register

The Counter Fraud Team maintains the Council's fraud risk register. The register is used to help identify areas for testing and to inform future audit assurance plans by focusing on the areas with the 'highest' risk of fraud. The latest fraud risk register is included at Appendix 2.

Covid-19 Business Support Grants

To support Local Authorities in the administration of these grants, the Department for Energy & Industrial Strategy (BEIS) Counter Fraud Function developed a toolkit that included a range of measures that could be used to reduce the risk of fraud and error in these schemes. Where appropriate these tools were used by the Council when assessing each application and prior to payment.

Type of applicant:	Upfront low-friction controls										Post-event assurance				
	Existing data sets	Data specification	Claw back agreements	Fraud clause	Privacy notice	GOVUK Verify	Spotlight	AppCheck	Account verification	Existing bank account data	GOVUK Verify (post-payment)	National Fraud Initiative (post-payment)	Account verification trace funds	Spotlight	Data analytics
Individuals	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗
Businesses	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗
Charities	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗

While BEIS placed an emphasis on speed of payment the Council completed due diligence checks in accordance with the BEIS Counter Fraud toolkit. These checks were designed to reduce the risk of fraud and error in the grant schemes. BEIS also agreed to stand behind any erroneous grant payments subject to Local Authorities taking reasonable and practicable measures to minimise the risk of errors and/or fraud, avoid making payments to those not entitled and to take reasonable and practicable steps to recover any over-payments

Business Grants Paid April to September 2020

The total number of Small Business Grants, Retail, Leisure and Hospitality Grants and Discretionary Grants paid was:

Small Business Grants paid	3,255	£32,550,000
Retail, Hospitality and Leisure Grants paid	724	£12,620,000
Discretionary Grants paid	296	£2,275,000
Total number of grants paid	4,275	£47,445,000

Following a series of post payments checks on the above 4,275 grants, invoices were raised to recover payment for ineligibility, as follows:

Small Business Grants found to be ineligible and an invoice raised for recovery	24	£255,000
Retail, Hospitality and Leisure Grants found to be ineligible and an invoice raised for recovery	4	£100,000
Discretionary Grants	3	£15,000
Total grants where invoices were raised for recovery	31	£370,000

Of the above 31 invoices fourteen grants have been fully repaid and a further eight part repaid totalling a recovery of £185,000. Recovery action for the remaining invoices is continuing and further progress will be reported to future meetings of this Committee.

Business Grants Paid October 2020 onwards

Since October 2020 BEIS has introduced a series of additional local and national restrictions support grants designed to provide financial support to businesses and individuals affected by the ongoing Covid-19 measures. These grants are subject to similar due diligence checks to those applied to the previous rounds of grants and this process will remain a significant piece of work. As at the end of October 2021 the following grants had been awarded.

Total number of grants paid (all types)	10,714	£31,589,484
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To assist with managing the grants awarded since October 2020 the Council has used third party software to manage the application, checking and award process.

Following a series of post payments checks on the above 10,714 grants paid, invoices were raised to recover payment for ineligibility, as follows:

Total Local and National Restrictions Support Grants (all types)	25	£107,945
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Of the above 25 invoices six grants have been fully repaid and a further three part repaid totalling a recovery of £19,198. Recovery action for the remaining invoices is continuing and further progress will be reported to future meetings of this Committee.

Reporting Potentially Fraudulent Business Grants

The Council will continue to complete pre and post payment checks for all business grants awarded and take recovery action where necessary. Further action may also be required due to fraudulent activity. It is anticipated that BEIS will provide the Council with further advice and guidance on any recovery or legal action required to be taken.

Grants where an invoice has been raised to recover the payment, plus several other applications where a payment was not made but potential fraud was suspected, have been reported to the National Anti-Fraud Network (NAFN). BEIS has appointed NAFN to collate details of all potentially fraudulent activity in relation to the Covid-19 Business Grants. The information is to be used by Crime Agencies to identify potential criminal activity and organised crime.

BEIS Business Grant Post Payment Assurance

Following completion of the first three business grant schemes, in September 2020, the Council was required to provide evidence of the pre and post payment checks completed for fifteen applications randomly selected by BEIS. A similar process will now be required for each of the Business Grant schemes introduced since October 2020. BEIS will assess the evidence to determine whether the Council has followed a satisfactory process when awarding the grants.

BEIS has indicated that they are to provide further guidance on business grant debt recovery and counter fraud activities. Once details are known the Council will determine the impact and report any outcomes to future meetings of this Committee.

National Fraud Initiative Exercise 2020/21

The Counter Fraud Unit co-ordinates the investigation of matches identified by the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Where matches are identified, the ensuing investigations may detect instances of fraud, over or underpayments, and other errors. A match does not automatically mean there is a fraud. Often there is another explanation for a data match that prompts bodies to update their records and to improve their systems. The NFI exercise also provides assurance to management that systems are working effectively where fraud and error is not present.

The latest NFI exercise commenced in January 2021 and a total of 10,184 matches have been released. Work is progressing to investigate the various categories of matches based on those deemed to be the highest risk. Over 1,100 matches have been processed, including 298 Blue Badge Parking Permits that have been cancelled following identification that the holders are deceased. As further matches are processed details of the progress made will be brought before the Committee.

Counter Fraud Team - Tenancy Fraud

During the Covid-19 pandemic the Counter Fraud Team has continued to provide a Tenancy Fraud Service. Potential fraud referrals have been recorded and investigated where possible. Due to the restrictions imposed by the lockdown and social distancing measures it was not possible to visit premises or to interview suspects.

As the Covid 19 restrictions have been eased investigations, into potential tenancy fraud have been progressed, including cases that had been on hold. Since April 2021 the following outcomes have been achieved:

- 4 properties recovered for subletting and non-residency.
- 2 property assignment or successions refused.

National Anti-Fraud Network Intelligence Notifications

The National Anti-Fraud Network (NAFN) issues regular alerts which provide information on fraud attempts, trends and emerging threats. The information provided in the alerts has been notified to NAFN by other local authorities from across the country. These alerts are checked to the Council's systems to verify whether there have been any instances at Wolverhampton. Alerts which either involve suppliers used by the Council or are applicable to all Councils, are notified to appropriate sections of the Council. The most common alerts relate to Covid-19 Business Rates Relief Grant frauds, Bank Mandate fraud, Council Tax Refund fraud, cyber fraud including ransomware and email interception.

Midland Fraud Group

This group consists of fraud officers from across the Midland's local authorities. The purpose of the group is to identify and discuss the outcome of initiatives being used to tackle fraud. At the last meeting in October 2021 discussions were held on:

- Business Grant NFI Matches
- Post verification of Covid-19 grants
- Other cases of interest.

Counter Fraud Plan Update

Issue	Action	Timescale
Raising counter fraud awareness across the Council	Develop and deliver Fraud Awareness seminars	Fraud based training provided Autumn 2019. Next round of training to be planned
	Develop on-line fraud training for staff.	To be refreshed Spring 2022
	Work with Workforce Development to develop and promote fraud training.	Fraud seminars and surgeries to be promoted through City People On-going use of online training package
	Establish measures for assessing the level of employee fraud awareness.	Spring 2022
	Hold fraud surgeries to enable staff to report areas of suspected fraud.	Fraud surgeries planned for Spring 2022
	Use various forms of media to promote fraud awareness across the Council including City People, the intranet and the internet.	Fraud seminars and surgeries will be promoted through City People
	Work closely with Wolverhampton Homes and seek opportunities to promote joint fraud awareness.	On-going
Work with national, regional and local networks to identify current fraud risks and initiatives.	Maintain membership of the National Anti-Fraud Network (NAFN).	On-going
	Participate in the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Acting as key contact for the Council, the West Midlands Pension Scheme and Wolverhampton Homes.	On-going. Latest exercise commenced January 2021
	Complete the annual CIPFA fraud survey.	CIPFA Survey last completed August 2020
	Investigate opportunities to develop the use of NFI real time and near real time data matching.	Used for additional Single Person Discount data match
	Participate in CIPFA's technical information service.	On-going
	Maintain membership of the Midlands Fraud Group.	On-going – last meeting October 2021 next meeting January 2022
	Attend external fraud seminars and courses.	Annual Counter Fraud and Forensic Accounting Conference June 2021

Issue	Action	Timescale
		<p>Midland Fraud Forum Conference July 2021</p> <p>CIFAS Working together to prevent fraud Sept 2021</p> <p>NAFN AGM and Conference Oct 2021</p> <p>Cyber Security Conference Nov 2021</p> <p>Whistleblowing Nov 2021</p>
Assess the counter fraud strategy against best practice	Complete national fraud self-assessments, for example:	
	<ul style="list-style-type: none"> New CIPFA Code of Practice 	June 2015 (the last time required) with ongoing awareness
	<ul style="list-style-type: none"> CIPFA Counter Fraud Tracker Survey 	Annually
	<ul style="list-style-type: none"> The former Department for Communities and Local Government – ten actions to tackle fraud against the Council. 	On-going
	<ul style="list-style-type: none"> Consideration of fraud resilience toolkit 	On-going
Identify and rank the fraud risks facing the Council	Manage the Council's fraud risk register to ensure key risks are identified and prioritised.	On-going
	Develop measures of potential fraud risk to help justify investment in counter fraud initiatives.	On-going
	Seek opportunities to integrate the fraud risk register with other corporate risk registers and also the Audit Services Audit Plan	On-going
Work with other fraud investigation teams at the Council	Develop good communication links between the Counter Fraud Unit, Wolverhampton Homes, and Audit Services.	The Council's Counter Fraud Team provide a tenancy fraud service to Wolverhampton Homes.
Work with external organisations to share knowledge about frauds?	Establish joint working relationships with external bodies, for example Police, Health Service and Immigration Enforcement as and where appropriate.	On-going
Participate in external initiatives and address requests for information	Implement industry best practice as identified in reports produced by external bodies, for example; CIPFA's Annual Fraud Tracker Survey and the National Fraud Initiative report.	Annual/on-going
	Encourage Service Areas to participate in initiatives to identify cases of fraud.	Cross service area working where required

Issue	Action	Timescale
	Look for opportunities to use analytical techniques such as data matching to identify frauds perpetrated across bodies, for example other Councils.	On-going
	Undertake a programme of proactive target testing.	On-going
	Respond to external requests for information or requests to take part in national initiatives.	On-going
All cases of reported fraud are identified, recorded and investigated in accordance with best practice and professional standards.	Work with Service Areas to develop methods of recognising, measuring and recording all forms of fraud.	Cross service area working where required
	Manage and co-ordinate fraud investigations across the Council.	As reported back to the Audit and Risk Committee where appropriate
	Implement and update the Council's portfolio of fraud related policies in response to changes in legislation.	Latest version will be presented to the Audit and Risk Committee in Spring 2022
	Where appropriate take sanctions against the perpetrators of fraud either internally in conjunction with Human Resources and Legal Services or externally by the Police.	On-going
Ensure responsibility for counter fraud activities is included in Partnership agreements with external bodies.	Embed responsibility for counter fraud activities in partnership agreements with the Council's strategic partners.	On-going
	Partnership agreements to include the Council's rights of access to conduct fraud investigations.	On-going
Provide the opportunity for employees and members of the public to report suspected fraud.	Manage and promote the Whistleblowing Hotline and record all reported allegations of fraud.	City People article – planned for Spring 2022
	Promote and hold fraud surgeries that provide the opportunity for staff to discuss any potentially fraudulent activity at the Council.	Fraud surgeries planned for Spring 2022
	Seek other methods of engaging with employees and the public to report fraud.	On-going – for example through the Council's internet site
	Where appropriate ensure allegations are investigated and appropriate action taken.	On-going
	Work with and develop procedures for carrying out investigations with other service areas for example Human Resources, Legal Services and Wolverhampton Homes.	On-going
Inform members and senior officers of counter fraud activities.	Report quarterly to the Audit Committee on the implementation of Counter Fraud initiatives and the progress and outcome of fraud investigations.	On-going

Fraud Risk Register @ December 2021

Themes	Potential fraud type	Risk rating
Housing Tenancy	Subletting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home, right to buy. This risk is managed by Wolverhampton Homes.	Red
Council Tax	Fraudulently claiming for discounts and exemptions such as the single person's discount and Local Council Tax Support Schemes.	Red
Personal Budgets	Falsely claiming that care is needed, carers using direct payments for personal gain, carers continuing to receive direct payments after a person dies, duplicate applications submitted to multiple Councils.	Red
Cyber Security	Using technology as a tool to commit acts of fraud – this currently has a very high profile and is an ever-increasing area susceptible to fraud	Red
Covid-19	The Council was open to fraud and misappropriation due to changes in legislation and the speed in which government support grants were processed.	Amber
Welfare Assistance	Fraudulent claims.	Amber
Procurement	Collusion (employees and bidders), false invoices, overcharging, inferior goods and services, duplicate invoices.	Amber
Business Rates	Evading payment, falsely claiming mandatory and discretionary rate relief, empty property exemption, charity status.	Amber
Payroll	'ghost' employees, expenses, claims, recruitment.	Amber
Blue Badge	Fraudulent applications use by others and continuing use after a person dies.	Amber
Electoral	Postal voting, canvassing.	Amber
Schools	School accounts, expenses, procurement, finance leases.	Amber
Bank Mandate Fraud	Fraudulent request for change of bank details (increased following a recent case).	Amber
Theft	Theft of Council assets including cash (increased following a recent case).	Amber
Insurance	Fraudulent and exaggerated claims.	Green
Manipulation of data	Amending financial records and performance information.	Green
Grants	False grant applications, failure to use for its intended purpose.	Green

Bribery	Awarding of contracts, decision making.	Green
Money Laundering	Accepting payments from the proceeds of crime.	Green

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 6 December 2021
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Report title	Payment Transparency	
Accountable director	Claire Nye, Finance	
Accountable employee	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for noting:

The Audit and Risk Committee is asked to note:

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

1.0 Purpose

- 1.1 This report is to update the Committee on the Council's current position with regards to the publication of all its expenditure.

2.0 Background

- 2.1 The latest position on the Council's payment transparency activity is as follows:
- The Council publishes its own spend data which is available on the Council's internet site under Transparency and Accountability (payments to suppliers) and is updated monthly.
 - In addition, to the spend to date, the site also includes spend for the financial years from 2011.
 - Since last reported to the Audit and Risk Committee, there have been no requests for information from the public (as an 'armchair auditor').

3.0 Progress, options, discussion

- 3.1 We will continue to report back to the Audit and Risk Committee on the details of any 'armchair auditor' requests the Council receives.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report.
[GE/23112021/G]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report.
[TC/26112021J]

6.0 Equalities implications

- 6.1 Any equalities issues will be addressed as part of the process for the procurement of goods and services where appropriate, and as such will be addressed at that time.

7.0 All other implications

- 7.1 There are no other implications arising from this report.

8.0 Schedule of background papers –

- 8.1 None

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 6 December 2021
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Report title	Strategic Risk Register Update	
Accountable director	Claire Nye, Finance	
Originating service	Audit	
Accountable employee	Peter Farrow Tel Email	Head of Audit 01902 550417 Peter.Farrow@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	23 November 2021

Recommendation for noting:

The Audit and Risk Committee is asked to note:

1. The latest summary of the Council's Strategic Risk Register, as at Appendix 1.

1.0 Purpose

- 1.1 To keep members of the Audit and Risk Committee aware of the key strategic risks faced by the Council and how it can gain assurance that these risks are being mitigated.

2.0 Background

- 2.1 The Council is no different to any organisation and will always face risks in achieving its objectives and priorities. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 2.2 The Strategic risk register was last presented to Committee in September 2021. Since that time the risk register has been reviewed in conjunction with risk owners and updated where appropriate.
- 2.4 The strategic risk register does not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the Council's corporate priorities. Other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.
- 2.5 A summary of the strategic risk register is included at Appendix 1 of this report which sets out the status of the risks as at December 2021. These risks are reviewed on an on-going basis and can be influenced by both external and internal factors and as such, may fluctuate over time. As discussed at the last Committee meeting, the format of the register has been amended to separate out both further actions to be taken in order to mitigate the risks, and where sources of assurance can be sought.

3.0 Progress, options, discussion

- 3.1 The strategic risk register will be updated as required and presented at approximately quarterly intervals to the Committee. The strategic risk register does not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the corporate priorities. As stated above, other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.

4.0 Financial implications

- 4.1 There are no financial implications associated with the recommendations in this report as Councillors are only requested to note the risk register summaries. Financial implications may arise from the implementation of strategies employed to mitigate individual risks, but these will be evaluated and reported separately if required. [GE/24112021/W]

5.0 Legal implications

- 5.1 Although there may be some legal implications arising from the implementation of the strategies employed to mitigate individual risks, there are no direct legal implications arising from this report.

[TC/26112021/M]

6.0 Equalities implications

- 6.1 There will be equalities implications arising from the implementation of a number of the strategies employed to mitigate individual risks. These equalities implications will be addressed, where appropriate, through the various mechanisms taken to manage each risk.

7.0 All other implications

- 7.1 Although there may be implications arising from the implementation of the strategies employed to mitigate individual risks, there are no direct implications arising from this report.

8.0 Schedule of background papers

Appendix 1 – Strategic Risk Register

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City of Wolverhampton Council – Draft Strategic Risk Register @ November 2021

Risk Ref	Risk title and description	Relighting our city priority	Previous Risk Score	Current Risk and Target Score	Direction of Travel	Update position and further actions to take to mitigate risks	Sources of Assurance
1 04/21	Impact on Residents Health and Wellbeing There is a potential impact on the health and wellbeing of Wolverhampton residents due to inaction by the Council. Risk Owner: John Denley Cabinet Member: Cllr J Jaspal	Support People who need us most	12 Amber	12 Amber Target 8 Amber	↔	The Council published an <u>outbreak control plan</u> in June 2020 which was refreshed in March 2021 and sets out how, together, we will continue to protect and support our city from the virus and any future outbreaks. This plan is currently under review and will take into consideration Winter Preparedness 2021. Further actions to take to mitigate risk Work is ongoing to support two significant programmes associated with the pandemic: a lateral flow testing (LFT) programme and a vaccination programme.	A local, more detailed risk register detailing operational risks and issues is being maintained within public health.
2 04/21	Businesses Closing Loss of businesses within the City, potentially impacting on regeneration and the achievement of the Council's 'Relight' recovery plan. Risk Owner: Richard Lawrence Cabinet Member: Cllr S Simkins	Grow our vital local businesses Stimulate vibrant high streets and communities	8 Amber	8 Amber Target 4 Amber	↔	As current guidelines for Covid 19 have been relaxed, businesses across the City are reopening. For some sectors this has brought new challenges particularly amongst the hospitality, leisure and care sectors who are reporting shortages in staff. This is impacting on the businesses ability to meet customer demand. Another significant challenge is the supply chain, due to staff shortages in logistics and distribution and the UK no longer part of the EU. The food and construction sectors are reporting significant delays. Along with the expert advice and guidance, the Council's Business Relight programme now offers small grants. Further actions to take to mitigate risk The Council is continuing to support local businesses to adapt and invest in new ways of working and strengthen areas which the pandemic has highlighted as weakness in their business. The Council is also funding IGNITE, a new business and enterprise hub to support small businesses in the city.	Regeneration have commissioned an external consultancy group (Metro Dynamics) to review the City's strategic priorities, the economic/ business context and current business support offer and develop an approach to business support that will help deliver the City's ambitions for future success.
3 04/21	Safeguarding Children Failure to safeguard the City's most vulnerable children. Risk Owner: Emma Bennett Cabinet Member: Cllr B Momenabadi	Support the people who need us most	12 Amber	8 Amber Target 8 Amber	↓	Statutory social work with children and families continues to be delivered face to face as it has been throughout the pandemic. In addition, Strengthening Families Workers are offering additional face to face support with individual families and through group work. Referral rates have consistently been higher than 2019-2020 since June of this year. This has resulted in higher numbers of children in Assessment during September and October 2021. However, the proportion of assessments completed in 45 days is increasing (90%) ensuring we can understand the needs of children and families and offer the right support at the right time. There has been an increase in social work turnover, although the annual turnover rate remains below national levels the fact that leavers have all left over a short period of time does mean that caseloads are slightly increasing. Additionally, in line with the national and regional position there is a shortage of suitable agency social workers to back fill vacancies. MASH24 was launched on 14 June 2021, the new arrangements support greater consistency of practice and response during the daytime, evening and at weekends. Further actions to take to mitigate risk Actions are being taken to try to attract experienced agency workers locally and regionally. Successful recruitment continues to take place to fill vacant permanent social work positions.	The most recent internal Quality assurance report, alongside regular analysis of performance information offers Senior Leadership Team reassurance regarding practice. This performance information is shared with SEB, Cabinet Member and the Leader regularly together with Ofsted on a quarterly basis, and was recently shared in November 2021 Monthly data continues to be submitted to the DfE and is being closely monitored. Although referral rates are higher, overall, they appear to remain in line with the England/West Midlands average. Recent feedback from a deep dive undertaken in Wolverhampton by members of the National Independent Care Review team was positive and offered further reassurances about practice with children and families.
4 04/21	Safeguarding Adults Failure to safeguard the City's most vulnerable adults. Risk Owner: Emma Bennett Cabinet Member: Cllr L Leech	Support the people who need us most	12 Amber	12 Amber Target 8 Amber	↔	All statutory assessments and safeguarding enquiries are undertaken and more face to face visits are taking place. Service providers and inhouse provision continue to reopen services safely. An increase in contacts to MASH and Adult Social Care has been experienced. The impact of the Government Guidance on mandatory vaccinations is a potential risk to statutory service delivery (see new risk 18 below). Following further government announcements the MV as a condition of deployment will extend to all CQC relegated provision across Health and Social Care therefore the risk remains in place Further actions to take to mitigate risk Considerable work has been undertaken and led by Adults IMT to implement the mandatory vaccination policy across internal and external provision. All business continuity plans for commissioned providers have been updated to assure CWC that service provision will not be impacted by the policy change.	An additional case file audit has been scheduled for early December to provide assurance around quality (practice week reviews are beginning early 2022) Additional short term measures including increasing staff in the MASH are in place to manage the caseloads coming directly into the service, the long term plan to manage the increase in demand is being planned through the adult service redesign Continuous reporting to SEB is underway on Mandatory Vaccination
5 04/21	Reputation / Loss of Public Trust There is a risk that the Council loses public trust and confidence by; <ul style="list-style-type: none"> failing to respond to the needs of local people, especially vulnerable failure to warn and inform the public leading to impact upon the health of residents and businesses. Risk Owner: Ian Fegan Cabinet Member: Cllr I Brookfield	Support the people who need us most	15 Red	12 Amber Target 10 Amber	↓	Comprehensive, targeted and regular communications with residents and other key stakeholders in Wolverhampton has played a key role in driving down infection rates and driving up vaccination rates in the City. Effective communications remain essential to keeping people of all ages safe, connecting them to life-saving covid-19 vaccines, reinforcing positive behaviours following the lifting of restrictions to help prevent the virus spreading and preparing residents for recovery and 'relight'. There has been a comprehensive assessment of levels of vulnerability and the Council's approach will continue to prioritise keeping the most vulnerable residents safe. Co-ordinating communications, working with partners at a local, regional, and national level continues to be absolutely vital to ensure clear and consistent messaging. Further actions to take to mitigate risk Despite the lifting of mandatory Covid restrictions earlier this year and a healthy vaccination rate in the city, we continue to work with Public Health colleagues to plan and prepare effective communications for the Government's potential 'Plan B' if required. Meanwhile we work with partners to promote the booster vaccine to relevant cohorts.	<ul style="list-style-type: none"> Public Health England Data Communications Strategy Social Care Data As of early November, two thirds of those eligible for the 'booster' vaccine (formerly the Clinically Extremely Vulnerable cohort) had received their jab. Newly available data that identifies the most vulnerable in the city is now being used to inform where 'isolation support' is provided over winter when rates are expected to increase.

Risk Ref	Risk title and description	Relighting our city priority	Previous Risk Score	Current Risk and Target Score	Direction of Travel	Update position and further actions to take to mitigate risks	Sources of Assurance
6 04/21	Social Care Providers Adults There is a risk that we may lose service providers and not be able to maintain adequate service provision. Risk Owner: Emma Bennett Cabinet Member: Cllr L Leech	Support the people who need us most	16 Red	16 Red Target 8 Amber	↔	Risks to sustainability are being mitigated with: <ul style="list-style-type: none"> Robust outbreak management processes Robust vaccination plans for residents in care settings and those receiving home care Ongoing enhanced support to providers Use of the daily provider survey to alert to trigger contact and support if providers report they are having issues Further actions to take to mitigate risk Work with local recruitment agencies to ensure that they understand potential demand and how they can support local care homes whilst ensuring that necessary controls are in place continues to be ongoing. The implementation of the Winter plan, approved by SEB will provide additional financial support to providers until March 2022 this also includes recruitment and retention support for all commissioned providers Infection prevention support will continue throughout the winter and the Council have provided on site flu jabs for residential homes to protect homes further. Boosters for Covid-19 are underway and cases in care homes have significantly dropped, capacity in care homes remains high. Given the recent implementation of the winter plan and the ongoing pressures within acute settings the risk still remains significant while we assess the impact of the winter support package and the unknowns still to be determined regarding the capacity to manage acute pressures between December and March 22.	Daily capacity tracker provides daily information on outbreaks, sickness levels and staff turnover – this provides the necessary data for commissioning to act to support outbreaks or protect residents. Regular updates to SEB are provided with respect to home care.
7 04/21	Employee Wellbeing There is a potential impact on the health and wellbeing of the Council's staff due to unprecedented levels of service demand and changes to working practices. Risk Owner: Laura Phillips Cabinet Member: Cllr P Brookfield	Support the people who need us most	12 Amber	12 Amber Target 8 Amber	↔	Employee well-being continues to be a Council priority, a number of initiatives have been embedded for employees which include (but are not limited to); The Council's Our People Portal, access to mental health first aiders, access to face to face well-being checks and work-outs led by WV-Active, the introduction of Council wide wellbeing leads and the creation of wellbeing pledges. Further actions to take to mitigate risk Organisational Development are working with Human Resources and Health & Safety to understand and analyse the sickness absence data to ensure proactive support is provided for employee health and wellbeing. Targeted work is also taking place with our frontline workers and increased engagement initiatives and communications regarding health and wellbeing.	<ul style="list-style-type: none"> Operational Health & Wellbeing Group Our People Board Employee Surveys Professional Conversations which include discussions around well-being SafeSpace Reporting Line Mental Health Support App for employees (My Possible Self)
9 4/21	Education Provision There is a risk to the consistent provision of education to all children and young people in Wolverhampton due to Covid-19 outbreaks in schools, children and young people not regularly being in school and parents confidence that children are safe in schools due to the pandemic Risk Owner: Emma Bennett Cabinet Member: Cllr Dr M Hardacre	Create more opportunities for young people	12 Amber	8 Amber Target 4 Amber	↓	The Council continues to provide a programme of ongoing support to education providers. In addition the education incident management team continues to meet regularly to monitor emerging Covid cases in schools and provide ongoing support to education settings in order to manage outbreaks and emerging actions such as the vaccination roll out. Further actions to take to mitigate risk Schools are working tirelessly to identify gaps in learning that may have emerged or widened as a result of the lockdowns and this is supported by the Education Excellence Team (School Improvement) within the Council. Additional support is being provided in schools to enable 'catch-up' for these identified pupils through government funding such as that provided for the National Tutoring programme Extensive support is also being made available by the Education Psychology Service to address emotional and mental health and well-being issues that are emerging for pupils and school staff. This is being well-received by schools with take-up at a high level.	Regular updates to Lead Member and SEB on attainment of pupils in schools although data is not widely available and unable to be shared publicly as it hasn't been validated over the pandemic. Each school will have had or be having an Autumn conversation with their School Improvement Advisor where the impact of Covid on the school community (including pupil progress) is discussed in detail and where required, support is put in place. As more young people are vaccinated the numbers contracting the virus are reducing slowly but steadily. Catch up sessions for vaccines are being made available for those who chose not to or couldn't get their vaccine in school when initially offered. This includes EHE children.
10 4/21	City Wide Regeneration There is a potential impact on the City if the Council do not take effective action to regenerate and repurpose. In addition, there are risks to ongoing Council managed and operated capital projects and programmes in terms of costs, timings and ensuring that original business cases continue to align with the Council's strategic aims. Risk Owner: Richard Lawrence Cabinet Member: Cllr S Simkins	Stimulate vibrant high streets and communities	12 Amber	12 Amber Target 8 Amber	↔	With regards to the Council's major capital projects: the strategic pipeline with funding having been secured from Towns Fund, Future High Street Fund, WMCA with further funding bids submitted as part of Levelling Up round 1 submission for CLQ. Regeneration Infrastructure Board (RIB) and Infrastructure for Growth Board (I4G) continue to consider the impacts of COVID-19 and the changes in longer term objectives. Further actions to take to mitigate risk In order to mitigate any additional risk a new PMO (Project Management Office) is being established to co-develop and implement projects across all funding sources. The PMO function will support and complement existing activities and resources to ensure successful project delivery and implementation. The Council is pro-actively working with partners and stakeholders to mitigate risk and continue operations in accordance with Government guidelines.	The Council's Covid reporting protocol is ongoing and continues to identify, monitor, and mitigate risks and issues directly related to Covid-19. Covid risk reports are produced on a regular basis and reviewed by Senior Management. Internal Audit review of Westside Leisure underway.

Risk Ref	Risk title and description	Relighting our city priority	Previous Risk Score	Current Risk and Target Score	Direction of Travel	Update position and further actions to take to mitigate risks	Sources of Assurance
11 4/21	Recovery If the Council's 'Relight' recovery planning is not robust the Council and the City will not recover swiftly resulting in an inability to fulfil key priorities and support residents and businesses effectively, resulting in significant financial and/or reputational damage. Risk Owner: Charlotte Johns Cabinet Member: Cllr I Brookfield	All	12 Amber	9 Amber Target 8 Amber	↓	Full Council approved the 'Relighting Our City' strategy on the 16 September 2020, and Cabinet endorsed a revised version to reflect feedback from the continuous conversation with communities. The framework sets out five priority areas for recovery alongside three thematic cross cutting principles. The plan was developed after extensive engagement with our partners and communities, a mechanism is in place through a digital engagement platform to ensure we have an ongoing dialogue with communities around recovery in the coming months. Work to shape our future economic priorities with key partners across the city has also continued. A robust governance structure to oversee the recovery phase has been established including a city Recovery Co-ordinating Group. Further actions to take to mitigate risk The work of the council continues to be aligned to the Relighting Our City priorities with regular updates to Strategic Executive Board and elected members. Performance and financial monitoring is aligned to Relighting Our City priorities, and reported to Cabinet on a quarterly basis. To ensure the council continues to learn from the pandemic and is best positioned to support recover activity, a high level 'Relighting Our Council' strategy has also been developed and taken for pre-decision scrutiny on 2 November and Cabinet on 17 November. Work continues to develop a new Council Plan which embeds Relight recovery priorities.	Regular reporting to SEB and elected members is ongoing.
12 4/21	Rising Unemployment There is a risk that high levels of unemployment caused by historic trends and more recently the impact of Covid-19 will persist and the gap between Wolverhampton and other areas will continue to grow without focused action. Risk Owner: Richard Lawrence Cabinet Member: Cllr S Simkins	Create more jobs and learning opportunities Support the people who need us most	20 Red	20 Red Target 15 Red	↔	The Council are continuing to monitor levels of unemployment across the City. Recent figures have identified that the City has moved from being 5th highest unemployment in the UK in October 2020 to 4th highest in September 2021. Young people (18 – 24) and the over 55s have been particularly affected. The City now has the highest rate in the country for youth unemployment (September 2021). Restart Scheme referrals from JCP are now coming through regularly. The Impact (youth employment support) Team and Connexions (careers service) have started delivery from the Youth Hub, within The Way building in the City Centre from September 2021. The government has extended the Kickstart scheme until end of March 2022. The end of furlough has yet to impact on unemployment data - October data is due 16 November. Further actions to take to mitigate risk The council has approved the £3m Wolves at Work 18-24 Programme, a Youth Employment Initiative, aimed at taking a holistic overview of the historical and present challenges as a whole City issue – coupling the expertise of a wide range of Council Officers with key partners, providers and businesses from across the City. The Programme Board provides a platform for ongoing monitoring of data/intelligence and oversight of new key employment sector initiatives. So far, a City Summit has been held to kick-start this enhanced collaboration, and a City Ideas Fund has been established to provide funding to support those in the City with innovate ideas to address the issue. Further work is being developed around the establishment of improved data sharing practices with the DWP, the assembly of a new City taskforce and a plan to outline a schedule of direct engagement activity through the expansion of existing youth hub operations.	The Insights team provide detailed monthly analysis of the unemployment data in the city and have provided comprehensive analysis of the historical picture and present trends – which show a general improvement from pandemic peaks. Ongoing COVID impact on employment in the City will continue to be monitored and reported regularly as part of this work. The Wolves at Work 18-24 Programme has now been established and there is a pipeline of planned activity with a focus on partnership collaboration and actively engaging with those directly impacted. Plans for the development of a new City taskforce are underway to ensure that all key City partners are well engaged in the development of effective interventions
13 4/21	Information Governance If the Council does not put in place appropriate policies, procedures and technologies to ensure the handling and protection of its data is undertaken in a secure manner and consistent with relevant legislation then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information. Risk Owner: David Pattison Cabinet Member: Cllr P Brookfield	Support the people who need us most	8 Amber	6 Amber Target 4 Amber	↓	IG Policies have currently undergone a review to ensure they are fit for purpose and compliant and will be published once approved. A review of staff guidance and procedure documents is scheduled as phase two of this piece of work. There has been a focus on mandatory IG training these last two quarters; as at 12 October 21, 94% of employees in roles that deal with personal and sensitive personal data on a daily basis (high risk data roles) and who are eligible to undertake e-learning training, have been trained. A further push is ongoing to train those in low-risk data roles. In addition, confidentiality agreements have been rolled out to a select group of employees in these high-risk roles to provide assurances that they are handling data appropriately. New ways of working with Leadership teams continues and the IG team are working closely with them to assess and manage compliance at service level. The team also continue to work closely with Projects and Programmes and Procurement to ensure information governance implications/privacy by design continues to be taken into account at the start of initiatives. Further actions to take to mitigate risk Review of staff guidance and procedural documentation which supports updated policies to continue and be rolled out once complete Push of training to employees in low-risk data roles. Development of level 3 IG training for high-risk data roles as per IG workplan	<ul style="list-style-type: none"> E-learning take up and ongoing training development Privacy by design – DPIA, IG Impact Assessments Quarterly updates and regular touch points with Leadership teams Robust breach management procedures in place with assessment and monitoring at service level (leadership feedback) SEB/IG Board to continue to monitor, challenge, support and champion IG compliance initiatives
14 4/21	MTFS If the Council does not manage the risks associated with the successful delivery of its medium term financial strategy including the continual review of the assumptions and projections of the strategy including the impact of Covid-19 and, the effective management of the key MTFS programmes a then this may exhaust reserves, result in the potential loss of democratic control and the inability of the Council to deliver essential services and discharge its statutory duties. Risk Owner: Claire Nye Cabinet Member: Cllr I Brookfield	All / Our Council	20 Red	20 Red Target 12 Amber	↔	On 17 February 2021, it was reported to Cabinet, that including the projected impact of Covid-19, the Council was faced with a budget deficit of £25.4 million in 2022-2023, rising to £29.6 million by 2023-2024. On 20 October 2021 Cabinet received an update on the draft budget strategy for 2022-2023. It was shown that work undertaken to date has reduced the budget deficit to approximately £1.1 million for 2022-2023 with work continuing to close the remaining gap. However, it was also noted that the financial strategy for 2022-2023 provides a short-term plan and does not address the underlying budget deficit over the medium term. The estimated budget deficit for 2023-2024 is in the region of £20 million. The level of uncertainty over future funding levels continues to be a significant risk. Further actions to take to mitigate risk It is anticipated that the council's financial settlement will be received in mid December. This will bring greater certainty over funding levels.	Regular budget monitoring at all levels. A local more detailed risk register is maintained within Finance.

Risk Ref	Risk title and description	Relighting our city priority	Previous Risk Score	Current Risk and Target Score	Direction of Travel	Update position and further actions to take to mitigate risks	Sources of Assurance
15 4/21	Cyber Security Failure to maintain a high level of cyber security (technology, processes and awareness) throughout the Council may result in cyber-attacks and theft or loss of confidential data leading to financial penalties, reputational damage and a loss in public confidence. Risk Owner: Charlotte Johns Cabinet Member: Cllr O Ahmed	Support the people who need us most	8 Amber	6 Amber Target 6 Amber	↓	ICT continue to deploy security enhancements across the infrastructure to further improve security, key activity undertaken includes: <ul style="list-style-type: none"> Implementation of multi factor authentication Conditional policies which prevent access to the Council's network on personal devices unless it is via the internet. Amending council's password policy to move to passphrases. Implementation of Windows Defender Advance threat protection, User risk detection and mitigation. Further actions to take to mitigate risk The council achieved its annual Cyber Essentials Plus accreditation in September 2021 and continues to deploy ongoing security enhancements to minimise cyber risk. The council's approach to cyber security was taken for scrutiny to the Our Council Scrutiny Panel in September 2021. A meeting to discuss cyber security best practice is being scheduled with the LGA for November/December 2021.	The Council has achieved external accreditation of its cyber security, through achievement of Cyber Essentials Plus and PSN compliance. Internal Audit review of Cyber Security and Disaster Recovery planned for this year.
16 14/21	Civic Halls There is a significant reputational and financial risk to the Council and to the City's wider visitor economy if the revised Civic Halls refurbishment programme is not effectively managed in terms of project timings, costs, and scope. Risk Owner: Richard Lawrence Cabinet Member: Cllr S Simkins	Stimulate vibrant high streets and communities	12 Amber	12 Amber Target 8 Amber	↔	In conjunction with professional advisors, rigorous examination of contacts to ensure continuing compliance is ongoing. In preparation for opening in 2022 and the recommencement of commercial events (subject to Covid restrictions and national guidance), the Council has entered into a long-term partnership with AEG Presents to operate the Civic Halls. This world class operator will bring forward exciting and ambitious plans for the venue with bigger and better acts and events. Plans will also benefit local businesses, see new jobs created and raise the city's profile. Further actions to take to mitigate risk Monthly Civic Halls Restoration Boards take place in order to ensure assurance on the project. This is supported by frequent operational group, end user operator and public realm meetings, which all feed into the overall programme board. Directors are also supplied with project updates weekly via flash reports.	Project Assurance Group Civic Halls Restoration Board AEG Contract Specialist external advice – project and risk management Internal Audit representation on Civic Hall's Operational Group
17 4/21	Climate Change Failure to achieve the Council's commitments in relation to Climate Change, including the pledge to make Council activities net-zero carbon by 2028 may result in significant reputational damage and a loss in public confidence. Risk Owner: Ross Cook Cabinet Member: Cllr S Evans	Stimulate vibrant high streets and communities Support the people who need us most	6 Amber	6 Amber Target 3 Green	↔	The Council's Climate Change Action Plan was approved by Cabinet in July. The action plan clearly sets out all activity needed to meet the Council's net zero ambitions by 2028 as well as setting out the framework for the 2041 target for the whole City. Further actions to take to mitigate risk Further work is now being undertaken to identify the resources needed on any specific actions, and this will be monitored and reviewed in the coming months.	Governance and action plan monitoring arrangements being established. Internal audit review planned for 2022-2023.
18 4/21	Adult Social Care Provision and Social Work/Occupational Therapy There is a risk that staff in provider services, frontline Social Work and Occupational Therapy will not be able to carry out their roles if they do not comply with mandatory vaccination guidance. Risk Owner: Emma Bennett Cabinet Member: Cllr Leach	Support the people who need us most	12 Amber	8 Amber Target 6 Amber	↓	There is a risk that recent government guidance and a change in the law regarding the mandatory vaccination of care home employees, could negatively impact on providers delivering services, (staff may leave or be dismissed if non-compliant). The vaccination guidance states that Social Care Workers and Occupational Therapists cannot enter a care home if not double vaccinated – this could pose a risk to the Council's ability to carry out statutory Care Act functions that require care home entry, if uptake of the vaccine does not increase. Further actions to take to mitigate risk <ul style="list-style-type: none"> Surveying of all care homes to establish potential impact(s). Regular review of vaccination levels. Regular communications with care homes and to employees. Promotion of vaccination bus and walk in clinics, Q&A sessions and webinars. Targeted sessions with Public Health Understanding the potential impact to capacity if homes reduce beds in line with staff (current there are surplus vacancy levels to meet needs). Sharing findings with regional bodies and organisations. Reasonable measures have been agreed by SEB to ensure all visiting staff to care homes are vaccinated and this has mitigated the risk. Further work is underway to ensure the wider MV policy will be adhered to from April 2022 	Capacity tracker logs the percentage of homes with vaccinated staff Regular reporting to SEB. Quality assurance team monitor vaccination take up and compliance.
19 8/21	Related Parties The Council has a number of bodies that it either owns or has a potential liability for. There is a risk that poor performance of these bodies could adversely impact on the Council both financially and reputationally. Risk Owner: Claire Nye Cabinet Member: Cllr I Brookfield	All	12 Amber	12 Amber Target 8 Amber	↔	A detailed financial review of each company was undertaken as part of the preparation of the Statement of Accounts, this included the going concern position of each party. It was concluded that there is currently no material financial impact on the Council. Further actions to take to mitigate risk Regular monitoring of the related parties is undertaken, and monthly reports are provided to the Executive Team.	The Annual Governance Statement incorporates related parties. External audit of each related party.