

Attendance

Members of the Audit and Risk Committee

Cllr Craig Collingswood (Chair)
Cllr Clare Darke
Cllr John Reynolds
Armstrong Ngoh

Employees

Emma Bland	Finance Business Partner
Peter Farrow	Head of Audit
Claire Nye	Director of Finance
David Pattison	Chief Operating Officer
Alison Shannon	Chief Accountant
Mark Wilkes	Client Lead Auditor
Jai Ghai	Head of Digital and IT
Michelle Rowe	Locum Solicitor
Fabrica Hastings	Democratic Services Officer
Jaswinder Kaur	Democratic Services Manager

In attendance

Jon Roberts Grant Thornton

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies were received from Councillor Mary Bateman, Councillor Philip Bateman MBE, Councillor Paul Appleby, Councillor Jonathan Yardley, Councillor Tersaim Singh and Mike Ager, Independent Member.
- 2 Declaration of interests**
Claire Nye, Director of Finance declared an interest as the Director of Yoo Recruit. Alison Shannon, Chief Accountant declared an interest as the Director of WV Living. David Pattison, Chief Operating Officer advised the Committee that the officers who declared interests would leave the room if any detailed discussions occurred.
- 3 Minutes of previous meeting**
That the minutes of the previous meeting held on 20 June 2022 be approved as a correct record.

The Chair of the Committee requested a re-visit to the Civic Halls in November 2022 to see the progress ahead of completion. He advised members that an online training session was arranged for Thursday 16 August 2022 and that invites would be circulated to members.

4 **Matters arising**

Clair Nye, Director of Finance advised the Committee that the CIPFA Financial Code was circulated to members and that an action plan would be presented at the next meeting.

5 **Code of Corporate Governance**

David Pattison, Chief Operating Officer, presented the Code of Corporate Governance. He provided members with an overview of the document to be added to the Constitution to ensure lawfulness and effectiveness.

He thanked Michelle Rowe, Deputy Monitoring Officer, for work towards the production of the Code of Corporate Governance.

He advised the Committee that the Code of Corporate Governance is a document that all Local Authorities should have and that it previously went to the Governance and Ethics Committee for approval.

The CIPFA standard set of principles are adhered to and reflected at the Council, the Council's corporate code were updated to be consistent with the set principles. He outlined to the Committee the underpinning principles and implementation principles that ensure high standards and good practice at the Council.

The Committee were advised that there was a focus on the Council's performance framework including the Our City Council Plan approved by Council in March 2022. Increased transparency would be assessed and measured by each scrutiny panel/board.

He advised that additional training had been implemented for officers to ensure they understand the responsibilities and delegations. Including a series of video training by the Chief Operating Officer.

Michelle Rowe, advised that the Council undertook a review of the Codes of Corporate Governance from a number of Local Authorities, taking a steer from the best of those identified. The revised version uses fewer words, relies on signposting and contains more useful information as a result.

In response to a point raised by Councillor John Reynolds regarding the ordering of the Code of Governance Principal B, what the Council does and how it demonstrates ensuring openness and comprehensive stakeholder engagement. The Chief Operating Officer advised that he will change the order in regards to the notices in local newspapers based on relevancy.

In response to a question raised by Councillor Craig Collingswood, regarding any identified gaps in the Council's core principles. The Chief Operating Officer advised that additional training was needed for Councillors and Employees on certain aspects.

The Chief Operating Officer advised that the Code of Corporate Governance forms part of the Annual Governance Statement reviewed annually. He advised that the frequency of the Code of Corporate Governance review would be determined during the Annual Governance Statement review.

The Chair of the Committee thanked the Chief Operating Officer for the work put into this exercise.

Resolved:

1. That the revised Code of Corporate Governance go forward to Council for final approval.
2. That the Chief Operating Officer be authorised to publicise the document and add it to the Constitution.

6 **Annual Governance Statement 2021-2022**

David Pattison, Chief Operating Officer, presented the Annual Governance Statement 2021-2022 which would form part of the Annual Statement of Accounts in line with the requirements of the Local Government Act.

He advised that the review of the effectiveness of the governance arrangements had noted that good governance was in place at the Council. He also noted that the statement included an increased focus on Local Authority Control Companies (LAC). The LAC Companies included:

- City of Wolverhampton Housing Company (WV Living)
- Wolverhampton Homes
- Yoo Recruit
- Help to Own.

As part of the review a number of issues were identified where further action would be required in the year ahead. This included the need to produce a written statement of action for special education needs assessment (SEND), following an OFSTED report.

In response to a comment from the external auditor the Chief Operating Officer advised that clearer reference to an unqualified opinion being received from the Council's External Auditors would be included. This would be added prior to September 2022 when the statement would form part of the wider accounts.

He also advised that the annual internal audit opinion formed part of the assurance framework.

The Committee were updated on the progress made relating to the items identified in the previous year's governance statement, including:

- Savings Targets
- Procurement
- Contract Management
- Strategic Assets
- Civic Halls
- Constitution Review

The items identified for the action plan for 2022-2023 included;

- Medium-Term Financial Strategy
- Procurement and Contract Management

Adult Services
Linked Bodies
Civic Halls
Compliance with Information Governance
Transparency Requirements
SEND.

In response to a question raised by Councillor John Reynolds regarding climate change the Chief Operating Officer advised that the Council remained committed to tackling this.

In response to a question raised by Armstrong Ngoh, Independent Member, regarding the difference in oversight of bodies relating to Wolverhampton Homes, Peter Farrow, Head of Audit advised that all bodies are independently externally audited, however the City of Wolverhampton Council also provided internal audit support to Wolverhampton Homes, and that Grant Thornton conducts their external audit. The Chief Operating Officer advised that the SEND report received focus from the relevant scrutiny panel/ Council resulting in the implementation of additional resources and a clear written statement of actions accepted by OFSTED.

Resolved:

1. That the review and comment upon the contents of the Council's Annual Governance Statement for 2021-2022 be approved.

7 **Assessment of Going Concern Status**

Alison Shannon, Chief Accountant, presented the Assessment of Going Concern Status. She advised that the Assessment of Going Concern Status would be submitted to Grant Thornton to form part of the Council's audit.

The main factors of the going concern included;

Current/ Projected Financial Position
Governance Arrangements
Risk Management
The control environment which the Council operates.

The statement also reflects the increased cost of living and the impact that Covid-19 has had on the Council's financial position. The Chief Accountant advised that the council continues manage its finances well and has been able to set a balanced budget yet again without the use of general reserves. The Council reported an underspend of £2 million for 2021-2022.

An update on the 2023-2024 draft budget and MTFs, including an update on the Council's projected deficit position would be presented to Cabinet on 27 July 2022.

The Chief Accountant advised the Committee that the Council remained a going concern.

Jon Roberts, Grant Thornton welcomed the statement and advised the Committee that Grant Thornton would look at the financial health of the Council and report back.

Resolved:

1. That the assessment of Going Concern Status be noted.

8 **Draft Statement of Accounts**

Alison Shannon, Chief Accountant, presented the Draft Statement of Accounts. She advised that the Local Authority accounts are required to comply with CIPFA's code of practice as well as Government regulations.

The Chief Accountant advised that training workshops had been undertaken on the Draft Statement of Accounts that was well attended by members of the Committee.

The Chief Accountant explained that the first section of the accounts is the narrative section, which provides information about the Council, the economic environment in which it operates, the impact of Covid-19 and provides commentary on the financial position and statements. The Chief accountant then went on to explain the various statements in the accounts.

The Chief Accountant advised that the Council's final statement of accounts along with the external auditor's conclusion will be presented to the Committee for consideration at a future meeting.

In response to a suggestion raised by Councillor John Reynolds regarding the effects paperwork has on climate change. David Pattison, Chief Operating Officer advised that sharing the positive practice and steering members to Mod.gov to access paperwork would aim to reduce the impact on the climate. He advised that the Council had adopted the climate change plan and that further online information would be brought forward on how this is being done in the Councillor Development and Advisory Group.

In response to a question raised by Armstrong Ngoh, Independent Member regarding any significant changes to the accounting policies this year. The Chief Accountant advised there were no changes to the accounting policies. In response to a question raised by Armstrong Ngoh, Independent Member regarding the contributions the linked bodies made to the financial position to the Council. Claire Nye, Director of Finance advised that the linked bodies were not primarily in place to generate money for the Council but that it is important to consider them in the context of value for money. More detail could be provided to a future meeting of the Committee regarding the contribution made by linked bodies and their performance.

Resolved:

1. That it be noted that the Director of Finance approved the Draft Statement of Accounts 2021-2022 on 15 July 2022, in accordance with the revised deadline of 31 July 2022.
2. That it be noted that the audit of the 2021-2022 Draft Statement of Accounts, by Grant Thornton UK LLP, will commence 18 July 2022. Any material changes required as a result of the audit will be reported to the Audit and Risk Committee.
3. That it be noted that the formal approval by the Council and publication of the 2021-2022 Statement of Accounts is required by 30 November 2022.
4. That it be noted that the Statement of Accounts incorporates a copy of the Annual Governance Statement as required by the Accounts and Audit Regulations 2015.

9 **Strategic Risk Register**

Peter Farrow, Head of Audit, presented the Strategic Risk Register.

He advised that the risks are linked to the priorities in our city plan and the risk register was hopefully seen to be a fair reflection of the risks the city faces. The Committee were advised that 17 risks has been identified and RAG rated, with two red risks highlighted around the medium-term financial strategy and high employment. Two new risks had been added to the risk register, safeguarding Ukrainian refugees and financial wellbeing and resilience. A number of risks relating to the Covid -19 vaccination programme had recently been removed from the risk register. The relighting our city process had also been replaced by the new financial wellbeing and resilience risk, reflecting the cost-of-living crisis and rising inflation.

The Chair of the Committee asked that members raise any risks on the strategic risk register, that they may wish to 'call in' for a deeper dive review at a future meeting He requested that financial wellbeing, resilience recognising the cost of living in Wolverhampton be added to the agenda for discussion at the next meeting.

Councillor John Reynolds suggested that the climate change risk be called in at a future meeting.

Resolved:

1. That the latest summary of the Council's Strategic Risk Register, as at Appendix A be noted.

9a **Cyber Security Update**

Jai Ghai, Head of Digital and IT, presented the Cyber Security Update. He advised the Committee that the cyber threat landscape is continuously evolving, highlighted by the current conflict in Ukraine. Based on the current situation the National Cyber Security Centre (NCSC) has increased the cyber threat level to high.

To manage the cyber threat the Digital and IT team ensure that measures are put in place as priority and that the Council's network, devices, data and workforce are kept secure at all times. The team are actively monitoring the system behaviours and taking remedial actions, ensuring our systems are patched to the required levels. The team is also attending webinars and continuously collaborating with third parties.

He advised that there was a 50% increase in cyber-attacks, costing in the range of billions for the UK government, following attendance to the Government and IT Security conference.

The Council worked closely with Microsoft to deploy the threat mitigation services when risks are identified and eradicating legacy technology to upgrade current solutions to protect the Council security posture.

He advised that the Council worked with the Local Government Association (LGA) and was successful in securing funding. This allowed the team to employ a consultant to benchmark the services with NCSC best practice standards to ensure that services stay secure and compliant. The Head of Digital and IT was pleased to report that the Council was awarded a strong cyber security posture statement, following the benchmarking exercise. He advised that the NSCS benchmarking statement focused on 10 key principles, the Council was deemed to have minor issues with 3 of the principles. He advised that they worked closely with the internal audit team to ensure a robust incident response plan was in place that was up to

speed and endorsed by the information governance/ business continuity and internal audit team.

The Council was also awarded funding to train the security resources to a certified security course that is recognised nationally/ internationally

He advised the Committee on some of the short-medium-term activities planned and that there would be learning in collaboration with the Organisation Development team, rolled out from an awareness point of view for Councillors and leadership.

In response to a question raised by Armstrong Ngoh, Independent Member regarding the Council's system recovery. The Head of Digital and IT advised that they practice system recovery on an annual basis.

In response to a question raised by the Chair of the Committee regarding the risks associated with portable devices and security working from home. The Head of Digital and IT advised that security measures included connectivity/ password authentication and multifactor authentication. He advised that network security monitoring was in place to allow employees to work from any location.

Resolved:

1. That the review and comment upon the contents of the Council's Cyber Security Statement for June 2022 be noted.

10

Counter Fraud Update

Mark Wilkes, Audit Business Partner, presented the Counter Fraud Update. He advised that further data would be submitted later this year as part of the national fraud exercise.

He outlined the Council's position regarding the business grants recovery. He also advised that three properties had recently been returned to stock as part of tenancy fraud investigations.

Resolved:

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