

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 Craig Collingswood (Lab)

Vice-chair Cllr Paul Appleby (Con)

Labour

Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Claire Darke
Cllr John Reynolds
Cllr Tersaim Singh

Independent Member

Mr Mike Ager
Mr Armstrong Ngoh

Conservative

Cllr Jonathan Yardley

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*

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

DECISION ITEMS

- 6 **Strategic Risk Register** (Pages 11 - 22)
[To receive an update on the strategic risk register.]
- 7 **Internal Audit Progress Report** (Pages 23 - 32)
[To receive the internal audit update.]
- 8 **Grant Thornton External Audit Progress Report** (Pages 33 - 52)
[To receive the external audit progress report update from Grant Thornton.]
- 9 **Audit and Risk committee Annual Report**
[To receive the audit and risk committee annual report.] [To follow]
- 10 **CIPFA Financial Management Code - Action Plan** (Pages 53 - 60)
[To receive the CIPFA Financial Management Code – action plan update.]
- 11 **Payment Transparency**
[To receive an update on payment transparency.] [To follow]
- 12 **CIPFA Audit Committee Update** (Pages 61 - 74)
[To receive a CIPFA audit committee update.]

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 the 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 advise that additional training was needed for Councillor's 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.

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 26 September 2022
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Report title	Strategic Risk Register Update	
Accountable director	Claire Nye, Finance	
Originating service	Audit	
Accountable employee	Peter Farrow	Head of Audit
	Tel	01902 5504460
	Email	Peter.Farrow@wolverhampton.gov.uk
Report to be/has been considered by	SEB	6 September 2022

Recommendations 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 A.

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 Cabinet remain the owners of the strategic risk register, with the Audit and Risk Committee maintaining oversight of, and providing an independent level of assurance on the adequacy of the risk management processes that underpin it.
- 2.2 The strategic risk register was last presented to the Committee in July 2022. Since that time the risk register has been reviewed in conjunction with risk owners, reviewed by SEB, updated where appropriate and a new risk has been added relating to Charging Reform and the fair cost of care (risk number 18).
- 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 A of this report which sets out the status of the risks as at September 2022. 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.
- 2.6 At the meeting on 25 July 2022, the Committee requested further information on risk 17 – Financial Wellbeing and Resilience. The risk owner has provided the following further information on this risk and will also be attending the meeting to discuss this risk in more detail.

Risk 17 – Financial Wellbeing and Resilience

- 2.7 The Wolverhampton Financial Wellbeing Strategy was approved by Cabinet in March 2022, to ensure the timely provision of services that support residents in the city with the cost-of-living crisis and promoting financial resilience.
- 2.8 The strategy details our partnership approach to tackling the cost-of-living crisis in the city through our graduated response offering essential support when required, responding

to emerging need and offering an early intervention approach to support resilience in the city.

- 2.9 The Council is in the process of delivering a cost-of-living action plan. This includes services delivered by a broad range of partner organisations alongside council services.
- 2.10 The Council have committed £1.3m to supporting the strategy in 2022-2023.
- 2.11 In addition, to date, the Council have received £7.944m in grant funding. This is broken down into £1.062m Covid Winter grant 2020-2021 and in 2021-2022 £1.619m Covid local support grant and £2.632m in Household Support Fund. In 2022-2023 we have received £2.632m for the period April to September 2022 with a further allocation for October 2022 to March 2023 expected. We are yet to receive notification of the final grant allocation.
- 2.12 A full time project manager is in post and will review and report risks using a risk register. The project management is overseen by the programme office and reported using Verto.
- 2.13 Dispersal of the grant has been via a range of methods. The spend of overall budget is overseen by a finance manager. Regular monitoring takes place and monthly meetings are held between the budget manager and finance manager for the purpose of financial reporting, consistency, and forecasting. As a council, we have identified several trusted partner organisations to act as a third party in distributing funds to households. This is representative of organisations across the city that provide family and community services, including housing, charitable, voluntary, and faith-based organisations.
- 2.14 Trusted organisations have been provided with a pre-payment card that is managed via our finance department and monthly transaction statements are provided. Each organisation completes a management information report that itemises any allocations per household within a set period, which is then audited against the transactions at regular intervals.
- 2.15 We will continue distribution of any Department of Work and Pension (DWP) or government grants alongside the Council budget allocated to this work, to ensure those in need of assistance are supported by those organisations closest to them. This work will include the dispersal of financial resources via direct payments to residents of the city, and small grants to trusted partner organisations in the city.
- 2.16 Management information returns are a requirement within the grant conditions for the Household Support Fund and are reported periodically to the DWP. The management information details household level data including address, household composition and the category under which awards have been granted. This report has authorisation of the Director and Section 151 Officer prior to being submitted.
- 2.17 Outside of the information we collect and report to satisfy the DWP management information requirements, we also collect data to ensure we take a targeted approach to support.

- 2.18 We are taking a partnership approach to the delivery of the strategy with governance and assurance provided through several channels. A Financial Wellbeing Partnership Board will be established and will report directly into the Health and Wellbeing Together Board.
- 2.19 Within the terms of reference of the partnership board, there are clearly defined escalation processes for recording and reporting risks.
- 2.20 Ongoing consultation and engagement with residents and the wider partnership will continue to ensure the cost-of-living plan continues to address local and emerging issues.
- 2.21 Project impact will be measured via a range of systems and will be reported via a performance dashboard. This data will evidence our performance against an agreed set of indicators and also enable predictive analysis of demand on our services.

Risk 14 – Climate Change

- 2.22 At the meeting on 25 July 2022, the Committee also requested further information on risk 14 – Climate Change at a later meeting. Therefore, this this will be subject to a more detailed review at the next planned Committee meeting on 28 November.

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/14092022/E]

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/15092022/A]

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 A – Strategic Risk Register

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Strategic Risk Register

(Risks reviewed by risk owners as reported to the Audit and Risk Committee on 26 September 2022)

Risk Ref	Risk title and description	Our City Our Plan	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	<p>Businesses Closing Loss of businesses within the City, potentially impacting on regeneration and the achievement of the Council Plan.</p> <p>Risk Owner: Richard Lawrence Cabinet Member: Cllr S Simkins</p>	Thriving economy in all parts of the city	8 Amber	8 Amber Target 4 Amber	↔	<p>Across all sectors reports are coming in about difficulties to recruit staff. This is impacting on services and production in the local economy. The cost of inflation fuel prices and the impact on the war in Ukraine are also creating challenges for business around affordability and managing global supply chains, construction and food businesses have been particularly affected by the challenges in the supply chain.</p> <p>All covid support grants closed on 31 March 2022 and the Council has now returned to delivery of existing programmes of support, the main one being AIM for GOLD. This is an EU funded programme and comes with criteria around the sector and type of business who can be supported.</p> <p>The team is 70% funded by EU money which is going to come to a close on 31 March 2023. The UK Shared Prosperity Fund (UKSPF) doesn't offer the same level of funding. Currently a review and plan for future of business support including the role of the Council is being prepared.</p> <p>With the announcement of Levelling Up and the focus towards Business Support the Council is taking steps to have a clear proposition for the City to be included in regional asks through the West Midlands Combined Authority. This takes in to account the work Metro Dynamics has helped inform the council on key focus areas and provided a framework for taking forward the immediate and longer-term business support model for the council and the city</p> <p>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 through existing programmes and with partners including the Chamber of Commerce. This includes IGNITE, a recently opened business and enterprise hub to support small businesses in the city.</p> <p>Working with key partners such as WMCA, and other business support delivery partners to ensure Wolverhampton businesses can access relevant support.</p>	<p>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. This work is to be captured in the City's investment plan for Levelling up and Shared Prosperity funds</p> <p>Internal audit review planned for 2022-2023 of the IGNITE business and enterprise hub.</p>
	<p>Safeguarding Children Failure to safeguard the City's most vulnerable children.</p> <p>Risk Owner: Emma Bennett Cabinet Member: Cllr B Momenabadi</p>	Strong families where children grow up well and achieve their potential	8 Amber	8 Amber Target 8 Amber (being met)	↔	<p>Referral rates have consistently been higher than the previous two years and is slightly higher than pre-pandemic levels. This has resulted in higher numbers of children in Assessment over the summer period 2022. It is anticipated that referrals are likely to remain at pre-pandemic levels going forward.</p> <p>There has been an increase in social work turnover, although the annual turnover rate remains below national levels. Additionally, in line with the national and regional position there is a shortage of suitable agency social workers to back fill temporary vacancies we have created by secondment opportunities, and maternity leave. This does mean that we have seen an increase in caseloads for social workers, particularly in the Disabled Children and Young People's team and in the Strengthening Families Service.</p> <p>A newly established peripatetic team of nine permanent social workers will be deployed into teams where there are uncovered vacancies as they are appointed. Recruitment to these posts continues but the current focus remains appointing to permanent positions within the teams.</p> <p>MASH24 is now embedded as an operating model and a recent 12-month review of the new arrangements has taken place and has found that it is operating effectively and in line with the objectives set out to achieve including offering a service out of hours that was consistent with our daytime service.</p> <p>The Leader/Cabinet Member/SEB and CYP Scrutiny panel are briefed every 6 months to offer reassurance regarding safeguarding of the children in the city.</p> <p>Further actions to take to mitigate risk</p> <ul style="list-style-type: none"> • Actions are being taken to try to attract experienced agency workers locally and regionally to cover short term vacancies whilst we also recruit to vacant permanent posts. Actions to support this include: • The regional memorandum of understanding regarding the use of agency workers within the West Midlands has been updated • Recruitment is ongoing to recruit permanent social workers, both newly qualified and experienced social workers. Recruitment processes have been adapted to speed up start dates for new employees. • Rebranding of recruitment material is underway • A review of progression opportunities for experienced social workers is taking place • A review of pay opportunities offered by neighbouring authorities is being undertaken to ensure Wolverhampton remain competitive in the market. <p>A recent increase in violent crime involving young people continues to be monitored and responded to. Whilst numbers in Wolverhampton are lower than regional neighbours, the level of harm seems to be higher. A robust multi-agency response including the council, West Midlands Police and the Violence Reduction Partnership is delivered in response to each incident but plans are also in place to look at the long term response with all partners in the City in October.</p>	<p>Internal Quality Assurance report, alongside monthly analysis of performance information offers Senior Leadership Team reassurance regarding practice.</p> <p>Quality assurance and performance information is shared with SEB, Cabinet Member and the Leader regularly, together with Ofsted on a quarterly basis.</p> <p>Monthly data continues to be submitted to the DfE and is being closely monitored.</p> <p>Although referral rates are higher, overall, they appear to remain in line with the England/West Midland average.</p> <p>Senior leaders have regular oversight of caseloads and have responded by ensuring social work resource and capacity is utilised across the service</p> <p>Positive outcome of Ofsted Inspection of Children's Services, (21 March - 1 April 2022) with services rated overall as Good offering external reassurance that children and families are supported and safeguarded well in Wolverhampton.</p> <p>Assurance provided to Wolverhampton Safeguarding Together Partnership through a number of mechanisms including scrutiny of practice through priority groups and specific activity such as the Covid response group and Multi-agency casefile audits. Reviews of the impact of learning from Children's Safeguarding Practice Reviews is also assured through the One Panel.</p> <p>Appropriate serious incident referrals are made to the Safeguarding Partnership to consider if a learning review needs to be undertaken into specific incidents. This ensures where appropriate, practice is independently scrutinised and lessons learned.</p>

Risk Ref	Risk title and description	Our City Our Plan	Previous Risk Score	Current Risk and Target Score	Direction of Travel	Update position and further actions to take to mitigate risks	Sources of Assurance
3	<p>Safeguarding Adults Failure to safeguard the City's most vulnerable adults.</p> <p>Risk Owner: Becky Wilkinson Cabinet Member: Cllr L Leach</p>	Fulfilled lives for all with quality care for those that need it	12 Amber	12 Amber Target 8 Amber	↔	<p>An increase in contacts into Adult MASH and Adult Social Care is being experienced; higher than pre-pandemic levels. This has resulted in higher numbers of adults being connected to a social worker. It is anticipated that contacts into teams will remain high into the winter period. Challenges in the health and social care system are anticipated in winter months.</p> <p>Workforce challenges and quality issues in care homes can have an impact on the response required of work teams and Adult MASH. This can be challenging to plan for.</p> <p>Our 24 hour AMHP Hub was fully launched in September 2021, this has improved our response time and consistency for requests for Mental Health Act Assessments</p> <p>Current risks related to resources through sickness, staff vacancies and increase in workloads will be addressed through the Adult Social Care redesign. The redesign work is now underway.</p> <p>Further actions to take to mitigate risk The long-term plan to manage the increase in demand is being considered through the Adult Social Care redesign. A peripatetic team will be considered as part of our redesign – better able to respond as needed. Updated recruitment adverts and templates are now available for recruiting managers to use. The benefits of working for our Council are highlighted, demonstrating our strengths-based approach to social work and the vibrancy and diversity of our city.</p>	<p>Additional short-term measures including increased staff in the MASH and locality teams to manage workloads.</p> <p>Quality Assurance & Compliance Team work closely with ICB Quality Nurse Advisors to monitor quality in care homes.</p> <p>Monthly Information Sharing meetings take place with Care Quality Commission and partner agencies to share concerns and plan actions.</p> <p>Regular safeguarding updates, quality assurance and performance data shared with SEB, Cabinet Member, Council Leader.</p> <p>Practice weeks ,practice observations, case file audits, dip sample audits give managers better oversight of practice and recognise themes and improvements</p> <p>Appropriate referrals are made to WST One Panel for consideration for Safeguarding Adult Reviews , to ensure lessons are learnt and any learning is shared across partnership. Action plans are scrutinised at Adult Leadership Team.</p>
4	<p>Reputation / Loss of Public Trust There is a risk that the Council loses public trust and confidence by:</p> <ul style="list-style-type: none"> • failing to respond to the needs of local people, especially those most vulnerable • failure to inform the public about delivery of key City priorities. <p>Risk Owner: Ian Fegan Cabinet Member: Cllr I Brookfield</p>	Our Council	12 Amber	12 Amber Target 10 Amber	↔	<p>As the City continues its recovery from the pandemic, new challenges have emerged such as the national cost of living crisis. The Council is also delivering a number of key City priorities including delivering opportunities for young people, regeneration and investment projects, a high-quality events programme and tackling health inequalities.</p> <p>Strategic Executive Board (SEB) and Council Cabinet are aware of the issues and challenges facing local people and developed Our City: Our Plan – the new Council plan, which launched in May 2022 and provides a framework on how we will deliver our objectives to ensure Wulfrunians live longer, healthier lives.</p> <p>The plan aims to demonstrate that we are dealing with the things that matter to local residents and businesses. Proactive and sustained communication with residents, businesses and key stakeholders will inform and engage with the aim of demonstrating that we are dealing with the things that matter, thereby building trust and confidence in, as well as support for the Council's work.</p> <p>Further actions to take to mitigate risk Comprehensive targeted and regular communications with residents and other key stakeholders on all council priorities will play a key role supporting specific plan and priority objectives. In July 2022 the council launched its Financial Wellbeing Strategy which will have a bespoke communications strategy and delivery plan for the winter.</p>	<p>National youth employment figures</p> <p>Supportive data provided by Insight and Performance</p>
5	<p>Social Care Providers Adults There is a risk that we may lose service providers and not be able to maintain adequate service provision.</p> <p>Risk Owner: Becky Wilkinson Cabinet Member: Cllr L Leech</p>	Fulfilled lives for all with quality care for those that need it	12 Amber	12 Amber Target 8 Amber	↔	<ul style="list-style-type: none"> • Market pressures – fragility of the care market and increased risk of provider failure/ sufficiency of provision • Cost of living crisis (inflation and increase in fuel prices) • Financial impact of COVID/sick pay • Workforce pressures - challenges with recruitment and retention of staff • Specific challenges affecting care homes – covid outbreaks and required improvements in quality of care following CQC inspections <p>Further actions to take to mitigate risk Risks to sustainability are being mitigated with:</p> <ul style="list-style-type: none"> • Robust outbreak management processes and robust QAC visits • Use of the CQC Capacity tracker for updates from provider organisations • ASC exploring interim financial support measures for providers to mitigate against key risks to care delivery • Procurement of a new Homecare framework is in progress to include more providers to add sufficiency and provide resilience for the local authority <p>Risk is amber due to resource and cost of living pressures. Provider support call has been stood up due to these challenges National Level 4 emergency stood down.</p>	<p>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 and intelligence on available capacity</p> <p>Regular updates to SEB/Cabinet Member are provided with respect to home care.</p>
6	<p>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.</p> <p>Risk Owner: Laura Phillips Cabinet Member: Cllr P Brookfield</p>	Our Council	12 Amber	12 Amber Target 8 Amber	↔	<p>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 directed work has been undertaken to promote financial wellbeing support to support employees with the cost of living rises.</p> <p>Further actions to take to mitigate risk Organisational Development (OD) are continuing to work with Human Resources and Health and Safety to monitor, analyse and proactively respond to sickness absence data (both Covid and non-Covid) to ensure appropriate support is provided for employee health and wellbeing.</p> <p>We continue to monitor the health and wellbeing of our employees and the effectiveness of Our People support offer.</p> <p>Targeted work is continuing with our frontline workers and there has been increased engagement initiatives and communications regarding health and wellbeing across the organisation.</p> <p>The OD team will be creating more opportunity to meet with employees face to face to ensure they are getting information on Wellbeing and understand where to access all the support that is available to them.</p>	<p>Operational Health & Wellbeing Group</p> <p>Our People Board</p> <p>Employee Surveys</p> <p>Professional Conversations which include discussions around well-being</p> <p>SafeSpace Reporting Line</p> <p>Mental Health Support App for employees (My Possible Self)</p> <p>OD Wellbeing roadshows out to sites across the City.</p>

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						Organisational Development (OD) have carried out 21 site visits to provide support, information and signpost the current offer around health and wellbeing for our employees. The Wellbeing@work pages on the Our People portal are updated weekly to ensure employees have access to the most up to date wellbeing information. Currently OD and Public Health (PH) are working together to provide an employee head for health programme which focusses on sport to combat issues around mental and physical health. OD are also working with PH to audit what support is provided for women's health which links to the Menopause training we have made available for employees. We continue to support employees with the cost-of-living crisis by providing resources and support on financial wellbeing. We promote the support and resources available on a regular basis through a range of communication channels, including City People, toolbox talks, site visits and employee forums to ensure people are signposted to the support available.	
7	<p>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</p> <p>Risk Owner: Emma Bennett Cabinet Member: Cllr C Burden</p>	Strong families where children grow up well and achieve their full potential	8 Amber	6 Amber Target 4 Green	↓	<p>School attendance has improved, however, there are higher numbers of children and young people with persistent absenteeism than pre-pandemic and school attendance overall is still below pre-pandemic levels, particularly in the secondary sector.</p> <p>Formal examinations and assessment tests have recommenced in schools (the first since 2019) and there are concerns that the performance and outcomes may be negatively impacted as a result of the lockdowns as well as the absence of staff and students affected by Covid.</p> <p>Increasing numbers of referrals are being made through the Special Needs Early Years' Service and for Education Health and Care Plan assessments following the lockdown periods.</p> <p>Electively home education numbers have increased throughout the pandemic although there is now a significant number applying for a school place.</p> <p>Further actions to take to mitigate risk</p> <p>The Inclusion service has undertaken an analysis of school attendance across the city and work is ongoing with targeted schools to increase the focus on attendance. Statutory powers have been reinstated to ensure parents and carers understand their responsibilities in respect of ensuring their children access learning.</p> <p>Proactive engagement between parents and the local authority is ongoing. 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.</p> <p>A graduated response toolkit to support children in schools with Special Educational Needs (who are not at the level of need to require an Education Health and Care Plan) will be launched in September 2022.</p>	<p>Regular updates to Lead Member/SEB and CYP Scrutiny panel on attendance and attainment of pupils in schools although data from this year's formal assessments will not be available until end of Autumn term 2022.</p> <p>Each school has had School Improvement Advisor support, guidance and challenge to mitigate the impact of Covid on outcomes.</p> <p>As more young people are vaccinated the numbers contracting the virus are reducing.</p>
	<p>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.</p> <p>Risk Owner: Richard Lawrence Cabinet Member: Cllr S Simkins</p>	<p>Thriving economy in all parts of the city</p> <p>Good homes in well connected neighbourhoods</p>	12 Amber	12 Amber Target 8 Amber	↔	<p>With regards to the Council's major capital projects work is underway at pace to ensure we secure Levelling Up funding for rounds 2. Bids were successfully submitted by the deadline date and appropriate consultation, advocacy, assurance and management processes have been put in place to deliver upon any successful funding award.</p> <p>An interim Transformation Programme Management Office (TPMO) function has been established up to deliver Towns Fund and this will incorporate Future High Street Fund, Levelling Up Funding to address constituent project delivery and implementation and development for a wider Levelling Up agenda for the City in delivering regeneration and infrastructure objectives.</p> <p>A Levelling Up Board has been established with senior Directors to align City wide regeneration and Levelling Up agenda to Our City Our Plan objectives.</p> <p>Further actions to take to mitigate risk</p> <p>Support will be in place within the next 6-9 months to take to mitigate any additional risk and to co-develop and implement projects across all funding sources and service areas from RIBA stage 1 through to RIBA stage 4. The TPMO function will support and complement existing activities and resources to ensure successful project delivery and implementation.</p> <p>The Council is pro-actively working with partners and stakeholders to mitigate risk and continue operations in accordance with Government guidelines.</p> <p>Inflation is at the highest it has been for four decades and there is considerable uncertainty and risk of inflationary pressures across the capital programme, increases in the cost of materials are already being realised. Project contingency budgets are viewed in light of these pressures in order to build in and mitigate against such cost increases, however these are unprecedented market conditions, and the ongoing risk should be noted</p>	<p>Key city centre project pipeline subject to alignment to Council project management principles and quality assurance process.</p> <p>Internal audit review planned for 2022-2023 regarding the principles, reporting process and implementable processes of the new TPMO.</p>
9	<p>High Unemployment (previously Rising Unemployment) There is a risk that high levels of unemployment caused by historic trends and more recently the impact of Covid will persist and the gap between Wolverhampton and other areas will continue to grow without focused action.</p> <p>Risk Owner: Richard Lawrence Cabinet Member: Cllr S Simkins</p>	<p>Thriving Economy in all parts of the city</p> <p>More local people into good jobs and training</p>	16 Red	16 Red Target 15 Red	↔	<p>Unemployment levels continue to be high within Wolverhampton, a summary of the July 2022 provisional data is provided below:</p> <ul style="list-style-type: none"> There are 12,070 (7.4%) claimants in the working age group (16+), a decrease of 315 compared to last risk register publication (May 2022 data). This remains the 2nd highest claimant rate in England. Over the past 12 months there has been a decrease of 3,500 claimants. There are 2,895 (6.1%) claimants in the 50+ age group, a decrease of 105 compared to last risk register publication (May 2022 data). This remains the 14th highest claimant rate in England. Over the past 12 months there has been a decrease of 655 claimants. There are 1,990 (9.6%) claimants in the 18-24 age group, which is a slight increase on the last risk register publication (May 2022 data). This is reflective of the end of the academic year, with leavers from school, college and university entering the jobs market (temporarily for the majority). This is the highest claimant rate in England, with Blackpool (previously 1st highest) dropping slightly, which is reflective of the seasonal nature of work in a seaside town like Blackpool. Over the past 12 months there has been a decrease of 890 claimants. 	<p>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. This data monitoring work is now firmly embedded into the ongoing Wolves at Work 18-24 Programme arrangements. Although it is important to this the analysis is undertaken, and reported against, all age groups.</p> <p>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. This is all regularly reported to SEB, the Leader and the Cabinet Member.</p> <p>Internal audit review planned for 2022-2023 of the Wolves at Work 18-24 Programme (Youth Employment Scheme).</p>

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						<p>Further actions to take to mitigate risk</p> <p>Wolves at Work continues to offer its employment support service for job seekers of all ages. Regular "Let's Talk Jobs" sessions are held, focusing on either vacancies in a particular sector or for specific employer, to which all those organisations who advise job seekers are invited, to hear about the opportunities in detail. Drop-in information/screening sessions, to support Strategic Employers and other large scale vacancies operate weekly/bi-weekly dependent on employer need.</p> <p>The Council £3 million Wolves at Work 18-24 Programme is well underway, with a number of initiatives, including the City Ideas Fund, which has awarded over £212,000 to local organisations to implement a wide range of activities, to help young people access the world of work. The Youth Summits continue to take place across the city, bringing young people together with employers and training providers to understand the barriers facing the young people, and to find ways to collectively work together to create opportunities. Vacancies are being promoted to a wider audience via Wolves Workbox and its regular newsletters, whereby job seekers are able to apply for jobs directly.</p> <p>Black Country Impact (BCI) continues to deliver support to those aged 16-29 across Wolverhampton and will continue to do so until the funding ends in mid-2023. Currently there is £1.31 million available to support this age group, with a heavy focus on upskilling the workforce via vocational and L3 upwards qualifications in order to provide sustainability. Activity to date has seen 749 BCI participants offered employment, with a view to this increasing to 1,200 in the next 11 months (the remainder of contract).</p> <p>The Restart Scheme was rolled out in June 2021, and referrals to programme will continue until June 2024 at the earliest. Currently the council has £1.64 million in funding to support residents, across Wolverhampton. As of July 2022, 2,526 Wolverhampton residents have started on the Restart Scheme, with 388 being supported by the council's Wolves at Work team. All those involved in helping to tackle this agenda through the agreed One City approach (Council and partners) continue to explore opportunities to secure positive destinations for those currently unemployed, using a data and evidence led approach.</p> <p>Specific new actions: additional resource in the Connexions team to provide 121 careers advice and guidance to young people with SEND; a new Supported Employment service for residents with learning disabilities.</p>	
10	<p>Information Governance</p> <p>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.</p> <p>Risk Owner: David Pattison Cabinet Member: Cllr P Brookfield</p>	Our Council	6 Amber	6 Amber Target 4 Green	↔	<p>Five newly approved level-1 IG policies were being rolled out to employees during May 22. A review of the internal procedures and guidance documents (level 2) that underpin the new policies continues, with rollout being incremental between now and September 2022. Mandatory training levels (level 1) continue to be monitored through quarterly leadership team updates; a refresh and reset of IG priorities within each leadership area has commenced to maintain compliance at service level. Meetings between the Caldicott Guardian (CG) and the Data Protection Officer (DPO) have recommenced and are scheduled quarterly to provide an update on performance in key areas such as information requests, breaches and training for teams falling under the Caldicott function and to discuss any potential or current risks identified within Caldicott linked projects so that they are flagged to the CG and mitigating actions agreed. Key corporate projects continue to be supported to ensure IG compliance and to ensure privacy by design is initiated in a timely manner. Collaborative working between IG and Digital and IT continues to maintain technical and cyber compliance and to mitigate associated risks; collaborative work has commenced between IG and Data & Analytics with monthly meetings scheduled. Information incidents reported during the period have been contained, investigated with mitigating actions put in place locally with relevant teams. An additional temporary resource has been successfully recruited and will support the IG team for a 12-month period in terms of the delivery of statutory functions and work programme activities.</p> <p>Further actions to take to mitigate risk</p> <ul style="list-style-type: none"> Continue to progress the review and creation of level two procedures and guidance to support level one policies Progress the development and rollout of Level 2 and level 3 training for specialist roles Progress the collaboration with Audit Services to support the DPO reporting function and ongoing corporate compliance assurance. <p>August 2022</p> <p>Risk and target score remain the same – no downward movement until all policy and procedures are in place and level 2-3 training is implemented.</p> <p>Work on the IG Policy Framework is progressing: five new policies are now live and 26 internal procedure and guidance documents that underpin the policies are currently being written as part of an incremental implementation rollout. It is anticipated that 75% of these procedures will be live by the end of September 22, with the remaining more complex procedures being live by the end of Q3 December 22. Mandatory training levels are being monitored, with emphasis being made on managers to be responsible for the monitoring of take up with their teams – status reporting will be provided to the SIRO and Leadership teams each quarter to help support and promote the take up within individual areas. Take up will also be reviewed quarterly with the Caldicott Guardian along with an update on key performance for all areas that fall under that function. Collaborative working between IG and Digital and IT continues to maintain technical and cyber compliance and to mitigate associated risks; collaborative work is also progressing between IG and Data & Analytics with monthly meetings scheduled; there is an appetite for strategic roadmaps to be aligned with all three areas and these will be developed and presented to for approval in future months. Incidents reported during the period have been contained, investigated with mitigating actions put in place locally with relevant teams.</p> <p>Further actions to take to mitigate risk</p> <ul style="list-style-type: none"> Continue to progress the implementation and rollout of level two procedures and guidance to support level one policies Robustly monitor the mandatory training levels to ensure above 95% take up in any given period. Progress the development and rollout of Level 2 and level 3 training for specialist roles Progress collaborative working; formulate and agree combined deliverables alignment with strategic roadmaps, particularly around the digital arena in relation to data and records management. Progress the collaboration with Audit Services to support the DPO reporting function and ongoing corporate compliance assurance 	<p>E-learning take up and ongoing training development</p> <p>Privacy by design – DPIA, IG Impact Assessments</p> <p>Quarterly updates and regular touch points with Leadership teams</p> <p>Robust breach management procedures in place with assessment and monitoring at service level (leadership feedback)</p> <p>SEB/IG Board and Caldicott function to continue to monitor, challenge, support and champion IG compliance initiatives</p>

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11	<p>Medium Term Financial Strategy</p> <p>If the Council does not manage the risks associated with the successful delivery of its in year budget and medium term financial strategy 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.</p> <p>Specific risks include the impact of Covid-19, rising inflation, demand pressures and the effective management of the key MTFS programmes.</p> <p>Risk Owner: Claire Nye Cabinet Member: Cllr Obaida Ahmed</p>	Our Council	20 Red	20 Red Target 12 Amber	↔	<p>On 16 December 2021, the Government announced the Provisional Local Government Finance Settlement for 2022-2023. The announcement was for one year only.</p> <p>The 2022-2023 Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026 report (Cabinet 23 February and Council 2 March) presents a balanced budget for 2022-2023 without the use of general reserves.</p> <p>The report notes that the Council is now faced with finding further projected budget reductions estimated at £12.6 million in 2023-2024, rising to £25.8 million over the medium-term period to 2025-2026. Work to develop budget reduction and income generation proposals for 2023-2024 onwards in line with the Five-Year Financial Strategy will continue, with an update on progress to be reported to Cabinet in July 2022.</p> <p>The level of uncertainty over future funding levels continues to be a significant risk. A prudent approach has been taken to forecasting resources over the MTFS period and all assumptions are detailed in the report.</p> <p>On 27 July 2022 and update on the budget and MTFS was presented to Cabinet. The report noted that progress had been made towards balancing the budget for 2023-2024 and that the projected deficit was approximately £1 million. It was also noted that there are several risks and uncertainties including future funding, pay award, inflation and interest rates. The report also highlights the financial risks of delivering the requirements of Fair Cost of Care and Charging Reform in Adults, a new risk has been added to the Strategic Risk Register.</p> <p>The Quarter One report to Cabinet on 7 September provides details of the current position in relation to inflation. It is anticipated that further inflation pressures will emerge when current contracts expire and are relet and through the pressures put on our providers and suppliers.</p> <p>The report also notes that there the pay award continues to be negotiated on but that the current proposals would give us a budget pressure of approximately £6.2 million. There is a strategy in place to mitigate the impact on the current year's budget however it should be noted that this puts a recurring pressure on the MTFS.</p> <p>Work is underway to determine how to address the emerging pressures for 2023-2024 and for future years.</p> <p>On 28 June 2022 the Secretary of State announced that there will be a 2 year settlement and that a consultation will be launched shortly. At the time of writing no further information has been provided.</p> <p>Further actions to take to mitigate risk The assumptions underpinning the MTFS will continue to be reviewed throughout 2022-2023 and updates will be reported to Cabinet, with the next update to Cabinet on 19 October 2022.</p> <p>External advice will be sought where appropriate to support financial modelling as an when further information is available on a 2-year settlement and or fair funding review.</p> <p>Regular monitoring of the delivery of MTFS programmes is undertaken and reported to Strategic Executive Boar</p>	Regular budget monitoring at all levels. A local more detailed risk register is maintained within Finance. External Audit Annual Report
	<p>Cyber Security</p> <p>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.</p> <p>Risk Owner: Charlotte Johns Cabinet Member: Cllr Obaida Ahmed</p>	Our Council / Driven by Digital	9 Amber	9 Amber Target 6 Amber	↔	<p>Nationally there has been an increase in cyber security threats to local government and the wider public sector, with high profile cyber incidents impacting on some local authorities and other agencies. Cyber security at CWC is externally verified through both PSN accreditation and Cyber Essentials Plus accreditation.</p> <p>Digital and IT continue to deploy enhancements to further improve security, key activity undertaken includes:</p> <ul style="list-style-type: none"> Implementation of key projects such as multi factor authentication and Windows Defender Advance threat protection, user risk detection and mitigation. Continuous review of the council's policies including password and network access. Working with the LGA to delivery against a £10,000 grant to further invest in cyber security enhancements. Roll out of training, development and business continuity work. <p>Further actions to take to mitigate risk There is a continued work programme to address cyber threats which continue to evolve. Quarterly assurance updates are provided to SEB and the Cabinet Member.</p>	<p>The Council has achieved external accreditation of its cyber security, through achievement of Cyber Essentials Plus and PSN compliance.</p> <p>Internal Audit review of Cyber Security and Disaster Recovery completed.</p> <p>Quarterly updates provided to SEB and Cabinet Member. More detailed update provided to Audit & Risk Committee in July 2022.</p>
13	<p>Civic Halls</p> <p>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.</p> <p>Risk Owner: Richard Lawrence Cabinet Member: Cllr S Simkins</p>	Thriving economy in all parts of the city	12 Amber	12 Amber Target 8 Amber	↔	<p>The professional team continues to provide ongoing scrutiny and monitoring of the project. Work is progressing in preparation for AEG taking the lease of the site and providing final fit out ahead of the recommencement of commercial events. The Council continues to work closely AEG and has regular sessions with them to oversee the final works ahead of opening.</p> <p>AEG are a world class operator that are bringing forward exciting and ambitious plans for the venue with bigger and better acts and events. The project will also benefit local businesses, see new jobs created in the evening economy and raise the city's profile. The public realm works are progressing well and are on schedule to complete in time for the opening of the building.</p> <p>Further actions to take to mitigate risk The Civic Halls Restoration Board takes place monthly to ensure assurance on the project. This is supported by weekly operational group meetings, end user operator and public realm meetings, which all feed into the overall programme board. Directors are also supplied with weekly project updates and meet weekly to oversee progress.</p> <p>There are bi-weekly meetings with AEG to manage their transition into the building and over see the final fit out programme</p>	<p>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</p>
14	<p>Climate Change</p> <p>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.</p>	Climate conscious	6 Amber	6 Amber Target 3 Green	↔	<p>The Council's Climate Change Action Plan was approved by Cabinet in July 2021. 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.</p> <p>Further actions to take to mitigate risk Resource requirements identified – certain posts have been created and have/are being recruited to. Additional graduate support for sustainable staff travel policy has been secured. SEB update with draft structure approved and supported.</p>	<p>Governance and action plan monitoring arrangements being established.</p> <p>Quarterly update to SEB and Member reference panel. Internal audit review planned for 2022-2023 of the Climate Change Action Plan.</p>

Risk Ref	Risk title and description	Our City Our Plan	Previous Risk Score	Current Risk and Target Score	Direction of Travel	Update position and further actions to take to mitigate risks	Sources of Assurance
	Risk Owner: John Roseblade Cabinet Member: Cllr S Evans					External resource identified for support in delivering 2041 strategy – additional internal resource identified – training for Carbon Literacy identified and being rolled out across organisation.	
15	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 Obaida Ahmed	Our Council	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. Regular monitoring is undertaken and there are no areas of concern. The Council is currently undertaking a review of Yoo Recruit Ltd which will in turn inform a refreshed business plan being prepared by the Company. The review will be considered by the Resources and Equalities Scrutiny Panel. WV Living presented an updated Business Plan which was approved by Cabinet on 27 April 2022. Wolverhampton Homes presented an updated Delivery Plan which was approved by Full Council on 6 April 2022. On 29 June the Resources and Equality Scrutiny Panel received a report from the Chief Operating Officer on the arrangements in place to monitor linked bodies, further reports are being taken on the approach to each specific body to the relevant Committee/Panel. On 14 July the Residents, Housing and Communities Scrutiny Panel received a report from the Chief Operating Officer on WV Living Governance and Linked Companies. Further actions to take to mitigate risk Regular monitoring of the related parties is undertaken, and monthly reports are provided to the Executive Team. Financial implications of our related parties have been referenced in the Quarter One Performance and Budget report where appropriate and will continue to be considered in future budget reports.	The Annual Governance Statement incorporates related parties. External audit of each related party.
16	Safeguarding Ukrainian refugees from exploitation. Risk to Ukrainian refugees ability to access safe and appropriate local accommodation. Risk Owner: John Denley Cabinet Member: Cllr J Jaspal	Healthy Inclusive Communities	9 Amber	6 Amber Target 4 Amber	↓	Continued work with the residents and the Strategic Migration Partnership. Processes have been developed; specialist staff appointed. We will be moving to business as usual shortly. Further actions to take to mitigate risk Ongoing consultation with the Department for Levelling Up, Home Office and local and national multi-agency Homes for Ukraine forums.	Department for Levelling Up, Home Office and local and national multi-agency Homes for Ukraine forums.
17	Financial wellbeing and resilience Risk that the financial wellbeing strategy does not address the impact of the cost-of-living crisis for residents of the city Risk owner: Alison Hinds/ Emma Bennett Cabinet members: Councillor B Momenabadi, Councillor L Leach and Councillor J Jaspal	Strong families where children grow up well and achieve their full potential Healthy, inclusive communities	12 Amber	12 Amber Target 8 Amber	↔	The Council's Financial Wellbeing Strategy was approved by Cabinet in March 2022. The strategy details our partnership approach to tackling the cost-of-living crisis in the city through our graduated response offering essential support when required, responding to emerging need and offering an early intervention approach to support resilience in the city. Further actions to take to mitigate risk Partnership approach to delivery of the strategy Supporting our faith, community, and voluntary sector to build resilience Continued distribution of any Department of Work and Pension or government grants to ensure those in need are supported by those closest to them, maintaining dignity and choice wherever possible.	Strong governance arrangements, with Health and Wellbeing Board being responsible for the implementation of the strategy, monitoring the progress of the partnership cost of living action plan Robust implementation plan with clear impact measures. Ongoing consultation and engagement with residents and the wider partnership to ensure the cost of living plan continues to address local and emerging issues.
18	Charging Reform and Fair cost of care There are a number of uncertainties associated with how these reforms will impact upon the Council, both financially and resource wise Risk Owners: Becky Wilkinson/Emma Bennett and Claire Nye (section 151 officer) Cabinet Member: Councillor Linda Leach	Fulfilled lives for all, with quality care for those that need it	New risk	25 Red Target 12 Amber	Not Applicable	Under the new Fair cost of care reforms (FCOC) our initial analysis has highlighted that there is likely to be a significant budget pressure if the Council was to meet the fair cost of care in full. At this stage details around the levels of any Government funding has yet to be confirmed. This is also likely to result in workforce resource pressures, in particular around recruitment in order to implement the charging reform, with an additional estimated 1,500 new people introduced to adult social care. There are also current uncertainties around the cost of increased means testing and the care cap. Similarly, the lack of details at this time means that the Council is unclear on its IT and Digital readiness. Particularly within the given timescales of the Trailblazer work and other system commitments across the Council.	Affordability raised by all LA Trailblazers with the DHSC. Some amendments to statutory guidance and legislation being considered. Some initial recruitment has taken place. Financial modelling currently underway. Council Task and Finish group monitoring and shared solutions being sought with other LA Trailblazers.

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 26 September 2022
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Report title	Internal Audit Update – Quarter 1
Accountable director	Claire Nye, Finance
Accountable employee	Peter Farrow Head of Audit Tel 01902 554460 Email peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable

Recommendations 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 one.

1.0 Purpose

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2022-2023 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 June 2022 (quarter one) 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/12092022/K]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. [TC/06092022/C]

6.0 Equalities implications

- 6.1 Where appropriate, any relevant equality issues will be considered as part of individual reviews, and a review of the corporate approach to equalities forms part of the Audit Universe and will be subject to a separate review within a three-year cycle.

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 2022-2023

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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 2022 2023 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 *Summary of audit reviews completed*

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

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
<i>2021/22 Audits completed in quarter 1</i>							
Account Payable - Key Financial System Review	High	-	-	1	1	1	Substantial
Payroll - Key Financial Systems Review	High	-	-	1	1	1	Substantial
Payroll – KFS (HR specific findings)	High	-	2	-	2	2	Substantial
<i>Reported this quarter for the first time:</i>							
Art Gallery – Kickstart Grant Certification	Medium	-	-	-	-	-	Not Applicable
Fixed Assets - Key Financial System Review	High	-	-	-	-	-	Substantial
2021/22 Senior Officer Emoluments	High	-	-	2	2	2	Not Applicable
Phoenix Nursery School	Medium	-	1	-	1	1	Substantial
Colton Hills Secondary	Medium	-	7	3	10	10	Satisfactory

Key: AAN Assessment of assurance need.

3 *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 where appropriate.

Page 28

Project/Programme	Audit Service's Role
Pay Strategy	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	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	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	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	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.
Transform Adult Social Care Programme	A member of the team attends the Board to provide support and assurance on project management arrangements and specific audit issues.

Project/Programme	Audit Service's Role
Strategic Transport Asset Group	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.
Depot Relocation	A member of the team attends the Board to provide support and assurance on project management arrangements and specific audit issues.
Civic Halls Operational Board	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	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.
Adult Eclipse Project Board	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	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.
Regularity Services Debt Recovery Project	A member of the team is engaged to provide advice and consultancy as the Project develops new arrangements for the recovery of outstanding debts.
Fleet Replacement Programme	A member of the team is engaged within the Transport Asset Group that oversees delivery of the Fleet Replacement Programme including electrification of the Fleet, providing support and assurance on programme governance and management arrangements and specific audit issues.
Wolves At Work 18-24 Programme Board	The purpose of this board is to oversee and provide direction for the development and delivery of various Council initiatives, programmes and projects (in liaison with external partners) with the collective aim to improve employment opportunities in this age range, A member of the team is present on this board to provide support and assurance.
School Compliance Board	The Schools Compliance Board is responsible for providing assurance to the Director of Children's and Adult Service that all maintained schools in the city are meeting statutory requirements, and that the council is correctly discharging its responsibilities. Audit's role is to overview and challenge quality

Project/Programme	Audit Service's Role
	assurance aspects of the Board generally and to report issues to the Board arising from on-going audit assurance work which will be scheduled throughout the year.

4 *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.

5 *Audit reviews underway*

There were a number of reviews underway as at 30 June 2022 and these will be reported upon in future update reports.

6 *Summary of issues from Q1 reviews*

Key Financial Systems Reviews

We undertake annual reviews of all of the Council's key financial systems, in quarter 1 we completed the following reviews:

Accounts Payable

This review covered transactions that took place during 2021/22. The review was given a substantial assurance opinion and only identified one green issue around incomplete records for the recording of faster payments.

Payroll

This review covered payroll runs processed during 2021/22. Two reports were produced for this review, one covering HR issues and another capturing specific payroll issues. Overall the review was given a substantial assurance opinion, with the following issues identified:

- Exception reports were not being retained in order to show that they were being reviewed and actioned by payroll.
- From a sample of cases tested, personnel files were not always being created on IDOX for new starters. Also, where files were in place, documents in respect of new starters, leavers, and contract changes were not always being saved.
- For a sample of leavers, the calculations for Pay in Lieu of Leave could not always be confirmed as there was no supporting evidence on files to confirm the hours to be paid.

Fixed Assets

This review covered the valuation and management of assets for 2021/22. The review was given a substantial assurance opinion and no significant issues were identified which required a recommendation.

7 *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.

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City of Wolverhampton Council Audit Progress Report and Sector Update

Year ending 31 March 2022

September 2022

Page 33



Agenda Item No: 8

Contents

Section	Page
Introduction	3
Progress at September 2022 – City of Wolverhampton Council	4
Progress at September 2022 – West Midlands Pension Fund	5
Audit Deliverables	6
Results of Interim Audit Work	7
Letter in respect of delayed Auditor’s Annual Report	9
Sector Update	10

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.

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 <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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 September 2022 – City of Wolverhampton Council

Financial Statements Audit – City of Wolverhampton Council

In June we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2021/22 financial statements.

We began our fieldwork in July 2022 and to date have made good progress against the risks identified within our audit plan. We have issued the majority of our samples to officers and have received back 65% of the supporting evidence. This is still to be reviewed by the team.

An area of our audit which can take a particularly long time is the valuation of land and buildings, we have issued our samples and received some evidence from the valuer. We have reviewed this information and provided follow up queries to the valuer.

We are also working closely with the Council to understand how it has accounted for its infrastructure assets, as this is a national issue which may impact the opinion which we issue. We are also liaising with Government, CIPFA and other stakeholders to seek to expedite a solution to this issue.

We will report our work in the Audit Findings Report and, subject to resolution of the national issue, aim to give our opinion on the Statement of Accounts by 28 November 2022.

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. This is enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022. The deadline for publishing audited local authority accounts for 2021/22 is extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28. Whilst Government has set the audit timetable in this way, if it is unable to put in place measures to address the national infrastructure issue by 30 November, the deadline will be at risk.

Value for Money – City of Wolverhampton Council

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 was 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. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We have begun our value for money work and have been reviewing information provided by management. We anticipate issuing our Auditor’s Annual Report in November 2022.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts Workshop in January and February 2022, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

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

Progress at September 2022 – West Midlands Pension Fund

Financial Statements Audit – West Midlands Pension Fund

In June we issued a detailed audit plan, setting out our proposed approach to the audit of the Pension Fund's 2021/22 financial statements.

We began our fieldwork in July 2022 and to date have made good progress against the risks identified within our audit plan. We have issued all required samples to officers and have made good progress through our work on the Fund Account covering contributions, pension payments and investment income.

Sample evidence in relation to Net Asset Statement balances (in particular Level 3 / Hard to Value Investment Assets) has been slower to arrive due to its complexity and the need to wait for audited financial statements for some fund managers – the team continue to work with Fund counterparts to complete sample testing.

We will report our findings to date in a Progress Report, which will be presented to the Pensions Committee on 21 September. Our full Audit Findings Report will be taken to the November Audit Committee. We intend to provide IAS 19 assurances to stakeholders (including the Council) ahead of the statutory publication deadline to enable timely signing of financial statements by employer auditors. We are in communication with those auditors and are aiming to provide requested assurances in October.

Our opinion on the Pension Fund's financial statements is required to be provided concurrently with the Council's – per the previous slide, the intention is for this to be completed ahead of the 30 November 2022 statutory deadline. Furthermore, we will review and provide a consistency statement on the Pension Fund accounts as reproduced in its Annual Report, anticipated to be published by the 1 December statutory deadline.

Audit Deliverables – City of Wolverhampton Council

2021/22 Deliverables	Planned Date	Status
<p>Audit Plan</p> <p>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 2021/22 financial statements and to report on the Authority's value for money arrangements in the Auditor's Annual Report</p>	June 2022	Completed
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the November Audit and Risk Committee.</p>	November 2022	Not yet due
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	November 2022	Not yet due
<p>Auditor’s Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>	November 2022	Not yet due
2021/22 Audit-related Deliverables	Planned Date	Status
<p>Teachers Pensions Scheme – certification</p> <p>This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform.</p>	October 2022	Not yet due
<p>Housing Benefit Subsidy – certification</p> <p>This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.</p>	January 2023	Not yet due
<p>Pooling of housing capital receipts - certification</p> <p>This is the report we submit to the Department for Levelling Up, Housing and Communities (“DLUHC”). based upon the mandated agreed upon procedures we are required to perform.</p>	TBC	Not yet due

Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusions and recommendations
Internal audit	We have reviewed internal audit's work on the Authority's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.	Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	Our work has identified no material weaknesses which are likely to adversely impact on the Authority's financial statements.
Review of information technology controls	<p>We performed a high level review of the general IT control environment, as part of the overall review of the internal controls system.</p> <p>IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.</p>	Our work has identified no material weaknesses which are likely to adversely impact on the Authority's financial statements.

	Work performed	Conclusions and recommendations
Walkthrough testing	<p>We have completed walkthrough tests of the Authority's controls operating in areas where we consider that there is a significant risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Authority in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Journal entry controls	<p>We have reviewed the Authority's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Authority's control environment or financial statements.</p>	<p>Our work on this area is still ongoing and we will report our findings within the Audit Findings Report.</p>

Letter in respect of delayed Auditor's Annual Report

Dear Cllr Collingswood

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our 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. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than February 2023.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Jon Roberts

Partner

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

Response to local audit consultation – Department for Levelling Up, Housing and Communities (“DLUHC”)

The Department for Levelling Up, Housing and Communities (“DLUHC”) has published its response to the local audit consultation. This follows the “Redmond Review”, which reported in September 2020.

The response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA’s establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022.

The consultation response also announces:

- Plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.
- ARGA will take over statutory responsibility for preparing and issuing the Code of Audit Practice (from the National Audit Office).
- A post-implementation review of the new Value for Money arrangements. The Code is a key part of the local audit system, and it is important to ensure that it helps to facilitate effective local audit. To allow time for the new arrangements to bed in the response proposes this is completed within three years.

The full response can be found here:

[Government response to local audit framework: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-local-audit-framework-technical-consultation)



Levelling up White Paper – Department for Levelling Up, Housing and Communities (“DLUHC”)

On 2 February the Department for Levelling Up, Housing and Communities (“DLUHC”) published its Levelling Up White Paper.

The paper states “Levelling up requires a focused, long-term plan of action and a clear framework to identify and act upon the drivers of spatial disparity. Evidence from a range of disciplines tells us these drivers can be encapsulated in six “capitals”:

Page 44

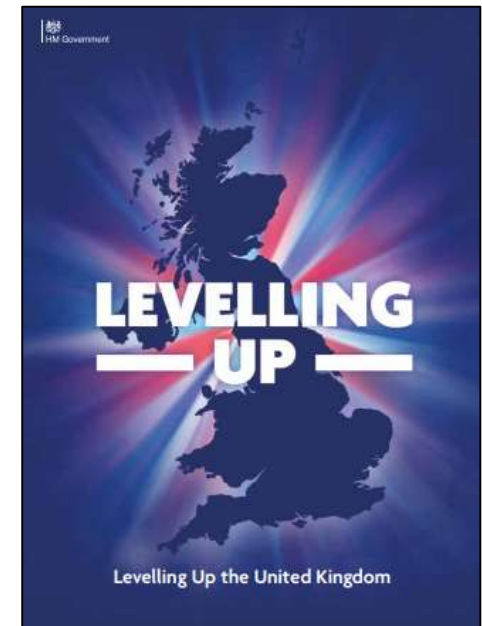
- Physical capital – infrastructure, machines and housing.
- Human capital – the skills, health and experience of the workforce.
- Intangible capital – innovation, ideas and patents.
- Financial capital – resources supporting the financing of companies.
- Social capital – the strength of communities, relationships and trust.
- Institutional capital – local leadership, capacity and capability.”

The paper also states “This new policy regime is based on five mutually reinforcing pillars.” These are set out and explained as:

- 1) The UK Government is setting clear and ambitious medium-term missions to provide consistency and clarity over levelling up policy objectives.
- 2) Central government decision-making will be fundamentally reoriented to align policies with the levelling up agenda and hardwire spatial considerations across Whitehall.

- 3) The UK Government will empower decision-makers in local areas by providing leaders and businesses with the tools they need.
- 4) The UK Government will transform its approach to data and evaluation to improve local decision-making.
- 5) The UK Government will create a new regime to oversee its levelling up missions, establishing a statutory duty to publish an annual report analysing progress and a new external Levelling Up Advisory Council.

[Levelling Up the United Kingdom - GOV.UK](https://www.gov.uk/levelling-up)
(www.gov.uk)



Grant Thornton – reaction to Levelling up White Paper

On 2 February the Department for Levelling Up, Housing and Communities (“DLUHC”) published its Levelling Up White Paper.

Commenting on the release of the government’s Levelling up White Paper plans, Phil Woolley, Head of Public Sector Consulting, Grant Thornton UK LLP, said:

“The publication of today’s White Paper plans is a welcome first step and it is reassuring to see the government recognise the need for systemic changes in order to deliver its central aim of Levelling up. The ‘12 missions’ can be seen as an attempt to consolidate existing elements of government activity behind a singular banner and now provides a clearer picture of the levelling up opportunity.

“Following a decade of successful regional devolution and mayors, the White Paper marks the next stage of the country’s devolution journey. With government now offering a clear framework of devolved powers and accountability, local leaders will need to embrace the opportunity and collaborate across the public and private sector to ensure they negotiate and then deliver the best deal for their communities. Grant Thornton’s Levelling Up Index shows that the economies of the 10 worst performing local authorities in England are on average over five times smaller than their best performing counterparts - highlighting the scale of the challenge ahead.

“To level up, these areas would need to grow their economies by £12billion, increase employment rates by 6 percentage points, create 1,700 new businesses a year and increase average weekly pay by £200. It is too early to determine whether the measures announced today will be sufficient, but it is a start. Success will ultimately depend on the ability and willingness of local and national government to translate these new frameworks into meaningful change in people’s lives.

“The Spending Review offers the next opportunity for government to show its commitment by realigning departmental objectives behind these new goals.”

Prudential Code and Treasury Management Code – CIPFA

On 20 December CIPFA published the new Prudential Code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code).

CIPFA commented “These two statutory and professional codes are important regulatory elements of the capital finance framework in which local authorities operate. Local authorities are required by regulation to have regard to their provisions. These two codes have been published a principles-based consultation from February to April, which was followed by a second consultation on the detailed changes to the code from September to mid-November.

The updated Prudential Code includes some substantive changes. Most notably, the provisions in Code which present the approach to borrowing in advance of need in order to profit from additional sums borrowed have been strengthened. Additionally, the relevant parts of Code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for-yield as the primary purpose of the investment or represent an unnecessary risk to public funds.”

The updated Prudential Code removes the "advance of need" terminology and emphasises the legislative basis for borrowing, namely that a local authority can borrow and invest for any legislative function and/or for the prudent management of their financial affairs.

The examples listed in the Code of legitimate prudential borrowing are:

- Financing capital expenditure primarily related to the delivery of a local authority’s functions;
- Temporary management of cash flow within the context of a balanced budget;
- Securing affordability by removing exposure to future interest rate rises; or
- Refinancing current borrowing, including replacing internal borrowing, to manage risk or reflect changing cash flow circumstances.



The Value of Internal Audit – CIPFA

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, [Internal Audit: Untapped Potential](#), lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

Culture and governance

The Audit Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' and not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to be valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

For more information, [Rob Whiteman](#) share his views on this report.



Good practice in annual reporting – NAO

The National Audit Office (NAO) has published this guide which sets out good practice principles for annual reporting with examples from public sector organisations

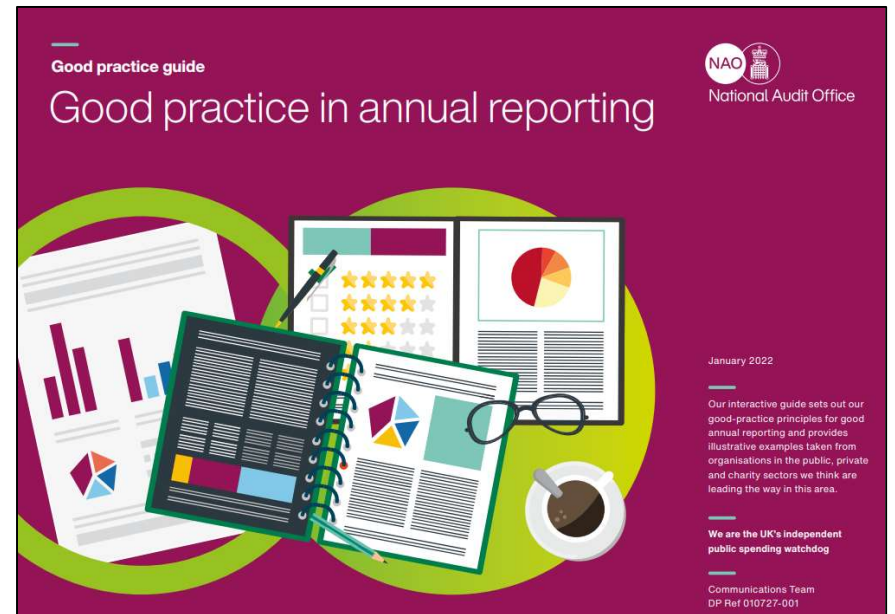
The NAO comment that the guide sets out “good-practice principles that we believe underpin good annual reporting. These principles are: Supporting Accountability; Transparency; Accessibility; and the need for the report to be Understandable.”

The NAO further comment “The best annual reports we have seen use these principles to tell the “story” of the organisation. It is important that stakeholders, including the public and Parliament, are able to hold an organisation to account. To do this effectively, stakeholders need to properly understand the organisation’s strategy, key risks that might get in the way of delivering this strategy and the effectiveness of their management, and the amount of taxpayers’ money that has been spent to deliver the outcomes the organisation seeks to achieve.”

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

Although the guide does not include any local authority examples, those included, and the underlying principles, are equally relevant to all public facing organisations.



The guide can be found here:

[Good practice in annual reporting - National Audit Office \[NAO\] Report](#)

Audit and Risk Assurance Committee effectiveness tool – NAO

The National Audit Office (NAO) has published this tool which supports Audit Committees in assessing their effectiveness.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm’s-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

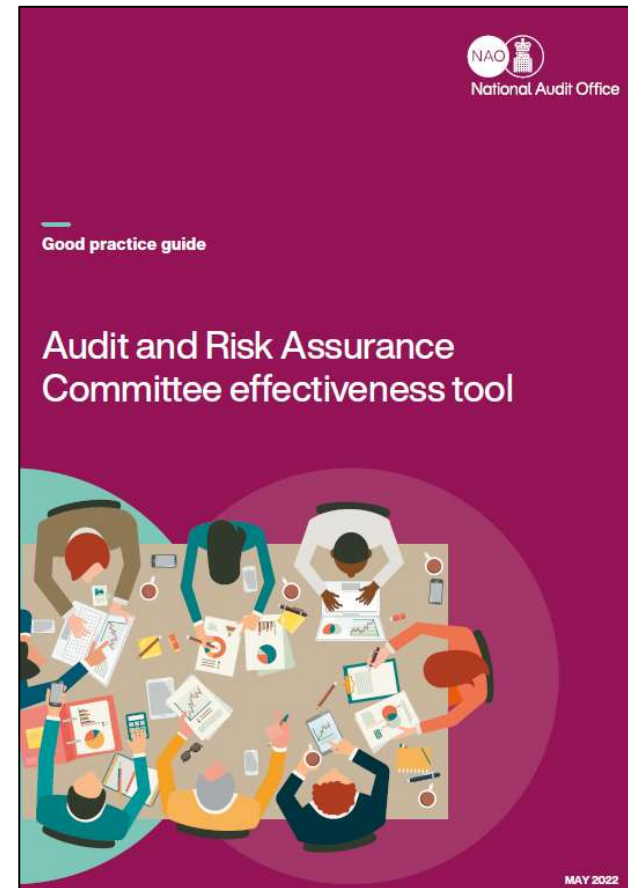
Against this background, the NAO’s effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The NAO’s effectiveness tool is a comprehensive way for ARACs to assess their effectiveness on a regular basis.”

The tool covers:

- Membership, independence, objectivity and understanding
- Skills and experience
- Roles and responsibilities
- Scope
- Communication and reporting

Although the tool is designed for central government Audit Committees it is also relevant to local government.



The guide can be found here:

[Audit and Risk Assurance Committee effectiveness tool - National Audit Office \(NAO\) Report](#)

Guide for audit and risk committees on financial reporting and management during COVID-19 – NAO

The National Audit Office (NAO) has published this guide which aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak

The NAO comment “Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.”

The guide includes sections on:

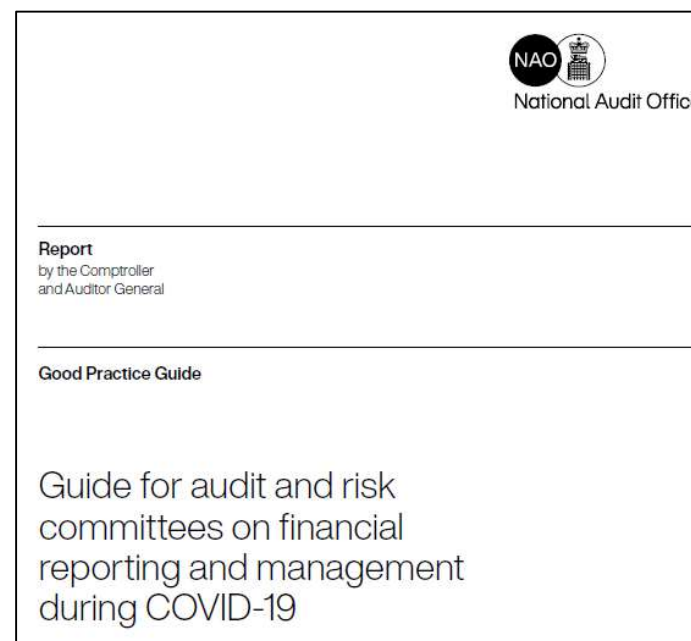
- Annual reports
- Financial reporting
- The control environment
- Regularity of expenditure

The guide can be found here:

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

The guide includes a number of key questions covering areas such as:

- Property valuations
- Pension scheme valuations
- Completeness of liabilities
- Events after the reporting period
- Control environment
- Fraud and error





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CITY OF
WOLVERHAMPTON
COUNCIL

Audit and Risk Committee

26 September 2022

Report title	CIPFA Financial Management Code – Action Plan Update	
Accountable director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
Accountable employee	Alison Shannon	Chief Accountant
	Tel	01902 554567
	Email	Alison.shannon@wolverhampton.gov.uk
Report to be/has been considered by		

Recommendations for noting:

The Audit and Risk Committee is asked to note:

1. The update on the Councils compliance with the CIPFA Financial Management Code – Action Plan.

1.0 Purpose

- 1.1 On 20 June 2022, Audit and Risk Committee received an update 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 now provides an update on the progress towards the further actions outlined in the assessment, in particular those RAG rated as amber.

2.0 Background

- 2.1 The CIPFA Financial Management Code 2019 (FM Code), introduced by CIPFA, 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.

3.0 Update on the Financial Management Code

- 3.1 A review was undertaken against each Financial Management Standards, with each standard being RAG rated. The initial assessment was reported to Committee on 21 June 2021, with an update reported back on 20 June 2022, outlining further actions that were being undertaken specially around those standards RAG rated as amber.
- 3.2 In summary the findings of the self-assessment undertaken in June 2021 and June 2022 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 self-assessment indicated an overall rating of Green, which reflects that compliance is being demonstrated.
- 3.4 An Action Plan has been developed outlining how the further actions will be undertaken, specifically against those standards RAG rated as amber. The Action Plan is shown in Appendix 1 and also includes an update on progress towards the further actions, along with timescales for delivery.
- 3.5 A further full review will be undertaken and report back to Committee at a future meeting.

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/14092022/D]

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.

[DP/15092022/A]

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 – Action Plan

CIPFA Financial Management Code – Action Plan

Financial Management Code Standard	Further Action recommended in June 2022	Update / Planned Activity	Action Owner	Timescale	Status
Financial Management Standards RAG rated Amber in June 2022					
The leadership is able to demonstrate that the services provided by the authority provide value for money (VFM)	Financial benchmarking specific council services will continue to be enhanced as part of the performance management framework.	<p>The Council benchmark and report on our performance against impact indicators comparing them nationally and to our statutory neighbours. This is reported to Cabinet in the Performance and Budget monitoring reports.</p> <p>The Council will be using the Revenue Outturn 2021-2022 returns, with national and statutory neighbours when this data is released at the end of October 2022.</p>	Chief Accountant and Head of Data and Analytics	December 2022	On target
The authority has carried out a credible and transparent financial resilience assessment	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>The Council's Leadership Team within their matrix groups (cross directorate working groups) have been allocated themes in order to work across the Council to identify efficiencies over the medium term to help address the budget deficit.</p> <p>Work is currently being undertaken in the following areas:</p> <ul style="list-style-type: none"> • Our Assets 	Director of Finance	March 2023	On target

Financial Management Code Standard	Further Action recommended in June 2022	Update / Planned Activity	Action Owner	Timescale	Status
	<p>During 2022-2023 focus will continue to be given to looking over the medium term with the aim of developing proposals that address the deficit over multiple years.</p>	<ul style="list-style-type: none"> • Income Generation, debt management and recovery • Income generation including fees and charges • Procurement and contracts <p>Over the coming months work will begin on the following areas:</p> <ul style="list-style-type: none"> • Business processes • Digital and data • Delivery models • Human Resources and occupational development <p>This work would be further advanced however, the recent pay award announcement and the increasing inflation have required us to re-direct focus onto the next financial year in order to set a balanced budget for 2023-2024.</p> <p>An update on the budget strategy and budget deficit will be reported to Cabinet in October 2022, with the final budget report to Cabinet in February 2023 and Full Council in March 2023.</p>			

Financial Management Code Standard	Further Action recommended in June 2022	Update / Planned Activity	Action Owner	Timescale	Status
<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions</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 projects may be more suited to an agile management approach – this is subject to further work.</p>	<p>Over the past year we have introduced a new project proposal approach which brings in further early thinking relating to framing new project proposals around the '5 case model' as outlined in the Government's Greenbook.</p> <p>In keeping with the objectives set out here last year we have also introduced a new virtual project proposal approval process for smaller, less complex projects, which was approved by the Project Assurance Group.</p> <p>We are currently in the process of reviewing our core project documentation system (Verto) and will be updating aspects of the options appraisal stage as part of this – with a view to enabling improved quantitative analysis to underpin PMO management information reports. This is due for completion by early 2023.</p> <p>Work is ongoing to develop a tool-kit to assist with agile planning, and the policy and strategy unit have</p>	<p>Head of Projects and Change</p>	<p>June 2023</p>	<p>On target</p>

Financial Management Code Standard	Further Action recommended in June 2022	Update / Planned Activity	Action Owner	Timescale	Status
		<p>introduced new materials around design thinking.</p> <p>It is anticipated this will move to a green RAG rating at the next review and update.</p>			
Financial Management Standards RAG rated Green June 2022					
<p>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability</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 manger, which in turn enables them to direct resources where required.</p>	<p>The debt dashboard was launched at Leadership Forum on 8 September 2022.</p> <p>All heads of Service now have access to the dashboard.</p> <p>Formal demonstrations and training will be rolled out across all Leadership Teams over the next few months.</p>	<p>Head of Revenue and Benefits</p>	<p>December 2022</p>	<p>On target</p>

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 26 September 2022
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Report title	CIPFA Audit Committee Update	
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	

Recommendations for noting:

The Audit and Risk Committee is asked to note:

1. The contents of the latest CIPFA Audit Committee Update which has a focus on new CIPFA Guidance on Audit Committees and Internal Audit.

1.0 Purpose

- 1.1 The Chartered Institute for Public Finance and Accountancy (CIPFA) issue regular briefings for audit committee members in public sector bodies. Their aim is to provide members of audit committees with direct access to relevant and topical information that will support them in their role.

2.0 Background

- 2.1 The latest edition of these briefings has a focus on new CIPFA Guidance on Audit Committees and Internal Audit, and a regular briefing on current issues.

3.0 Progress, options, discussion

- 3.1 Further CIPFA updates will be brought before the Audit and Risk Committee, as and when they are published.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report.
[GE/12092022/M]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report.
[TC/02092022/C]

6.0 Equalities implications

- 6.1 Equalities issues are implicit within the work of the Audit and Risk Committee throughout the year. Specific equality issues may also be addressed within individual activities undertaken by both the internal and external auditors, and where appropriate will be reported back to the committee.

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 CIPFA Audit Committee Update
This document contains some information which is copyrighted and cannot be made readily available. However, to comply with the spirit of the Freedom of Information Act, should you require details of the report it may be possible to give you access to certain information. If you wish to do that, please contact the accountable employee as detailed above.

Audit Committee Update

Helping audit committees to be effective

Issue 36

August 2022

New CIPFA Guidance on Audit Committees in Local Authorities and Police

Internal Audit: Untapped Potential

Table of contents

Introduction	3
Sharing this document	3
Receive our briefings directly	3
CIPFA position statement on audit committees in local authorities and police 2022.....	4
Applicability	4
Contents.....	4
Key changes from previous guidance.....	4
Improving understanding of the committee	5
Annual reports	5
Assessing the committee.....	5
Planning training and support for the committee.....	5
Suggested feedback questions	6
Getting the most from Internal Audit.....	7
Insights for the audit committee	7
Understanding the value of audit.....	7
The organisation’s assurance, governance, and risk arrangements	8
Longer-term strategy for internal audit	8
Exploring opportunities.....	8
Next steps	8
Webinars and training for audit committee members from CIPFA in 2022.....	9
In-house training, facilitation, and evaluation of your audit committee	9
Previous issues of Audit Committee Update	10
Principal content.....	10
Link	10

Introduction

Dear audit committee member,

Welcome to the latest issue of Audit Committee Update from the [CIPFA Better Governance Forum](#). This resource aims to support audit committee members in their role by helping to keep them up to date.

In this issue, we concentrate on the new guidance for audit committees from CIPFA. All committees in local authorities and police are encouraged to review the new guidance and ensure their audit committee is following it.

There is also a summary of key points from CIPFA's research report on internal audit in the public services and links to resources to help audit committees get the best from their internal audit arrangements.

Overall, I hope you will find this issue interesting, informative, and helpful in your work on the committee.

Best wishes,

Diana Melville

CIPFA Better Governance Forum

Sharing this document

Audit Committee Update is provided to subscribers of the Better Governance Forum for use within their organisations. Please feel free to circulate it widely to your organisation's audit committee members and colleagues. It can also be placed on an intranet. It should not be shared with audit committee members of organisations that do not subscribe to the Better Governance Forum or disseminated more widely without CIPFA's permission.

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Receive our briefings directly

A link to this briefing will be included in the newsletter for subscribers to the CIPFA Better Governance Forum. It can then be shared with that organisation's audit committee members.

If you have an organisational email address (for example, jsmith@mycouncil.gov.uk) then you will also be able to register on our website and download any of our guides and briefings directly. To register please visit: www.cipfa.org/Register.

CIPFA position statement on audit committees in local authorities and police 2022

CIPFA issued a new [position statement](#) in April 2022. It replaces the 2018 edition and takes account of changes in legislation and other developments that affect the role of the committee.

The statement has the support of the Department of Levelling Up, Housing and Communities and the Home Office.

Applicability

The position statement applies to all local government bodies in the UK, including councils, fire authorities and police.

The statement is CIPFA's recommended practice to the sector. It has the support of government departments and sector stakeholders but is not a statutory requirement.

Contents

It covers the purpose of the committee and sets out good practices that the committee should follow. These include:

- Establishing an independent and effective model
- Ensuring that the committee covers the core functions:
 - Supporting the maintenance of governance, risk, and control arrangements
 - Financial and governance reporting
 - Appropriate and effective arrangements for audit and assurance
- Establishing a committee with the necessary expertise and understanding
- Engaging with those charged with governance, senior officers, auditors, and other committees
- Reporting annually
- Evaluation of its own impact and identifying areas for improvement

Key changes from previous guidance

The statement continues many points from the 2018 edition, but overall it places a stronger emphasis on factors that will help the committee be more effective.

One key area is to ensure that the committee is independent of executive decision making and separate from other committees. This means that ideally the committee should remain advisory rather than having delegated powers. Police audit committees are required to be advisory only, by the Home Office.

Some audit committees must follow legislation or guidance on their structure, in particular the number of co-opted independent members (or lay members). Where there is no direction, CIPFA's recommendation is that each audit committee should include at least two lay members to provide appropriate technical expertise. As well as expertise, lay members can also provide some continuity when elected committee members rotate onto other committees, or there are changes following elections.

The statement includes a stronger emphasis on financial reporting and external audit, building on themes considered under the Redmond Review. Audit committee members in

England will be acutely aware of difficulties with timely completion of the audit and committees will need to do what they can to support finance teams and auditors to resolve the issues.

Improving understanding of the committee

To have impact as an advisory committee can be challenging, but it is important that the voice of the audit committee is heard. If the committee has concerns about issues raised by internal or external audit, or can see good governance becoming threatened, then it needs to escalate those concerns to the leadership team and those charged with governance. It is vital that all those in leadership and governance roles understand the role and purpose of the committee, and how its work benefits the authority.

CIPFA has produced some 'frequently asked questions' to support the briefing of councillors, Police and Crime Commissioners, and all those interacting with the committee, or to whom the committee may make recommendations. There is one version for authorities and another for police. CIPFA hopes that building the committee's profile will support the committee in its work:

[The audit committee and organisational effectiveness in local authorities](#)

[The audit committee and organisational effectiveness in policing](#)

For authorities, where some of the committee membership will be drawn from elected members, greater understanding will encourage interest in joining the committee.

Annual reports

CIPFA has recommended that committees should produce an annual report, and many already do. This is now included as a requirement in the statement. The report should disclose how the committee has complied with CIPFA's statement and discharged its responsibilities as set out in the terms of reference. CIPFA also recommends that an assessment of the committee's performance should be included, and where there are plans to make changes, it can highlight these.

Assessing the committee

CIPFA is updating its guidance publication, [Audit Committees, Practical Guidance for Local Authorities and Police](#) to support the 2022 position statement. The update, available in September, includes amendments to the improvement tools included in the 2018 edition. These will support the committee in its assessment of whether it is following the recommended practice and consider how it is having an impact. As the committee will report annually, it should undertake or review its own assessment each year.

Planning training and support for the committee

For those new to the audit committee, understanding its role and areas of responsibility can be daunting. Experienced audit committee members joining as lay members may be new to the local government or policing context. It is therefore vital that proper support and training is made available to the committee. There are a range of options available, including briefings from officers, commissioning training for in-house delivery, or attending training or webinars. There are also opportunities for chairs of authority committees in England and Wales to attend regional meetings supported by the LGA and Welsh LGA.

A committee can also consider obtaining feedback or an external review. Feedback from those who interact with the committee, such as the external auditors, head of internal audit or CFO, can be helpful in identifying areas of training need. The committee chair might like to take the lead on these discussions. Some suggested questions are below:

	Suggested feedback questions
1	Do you think the committee operates at the right level, focusing on arrangements, rather than operational details?
2	Are there areas of the committee's terms of reference where the committee should focus more?
3	When you are asked questions by the committee are they: <ul style="list-style-type: none"> • Relevant for the topic in hand? • Sufficiently challenging? • Non-political in nature?
4	Does the committee act when you might expect them to? For example, making recommendations or escalating areas of concern to appropriate officers or those charged with governance?
5	Do all members of the committee engage with audit committee business?
6	Do committee member demonstrate sufficient knowledge and understanding of the areas on the agenda?
7	Are there any changes you would like to see the committee make?

Getting the most from Internal Audit

Internal audit is a vital source of assurance to the audit committee, so it is essential that your internal audit arrangements are fit for purpose and there is a good understanding of how the committee can work best with them.

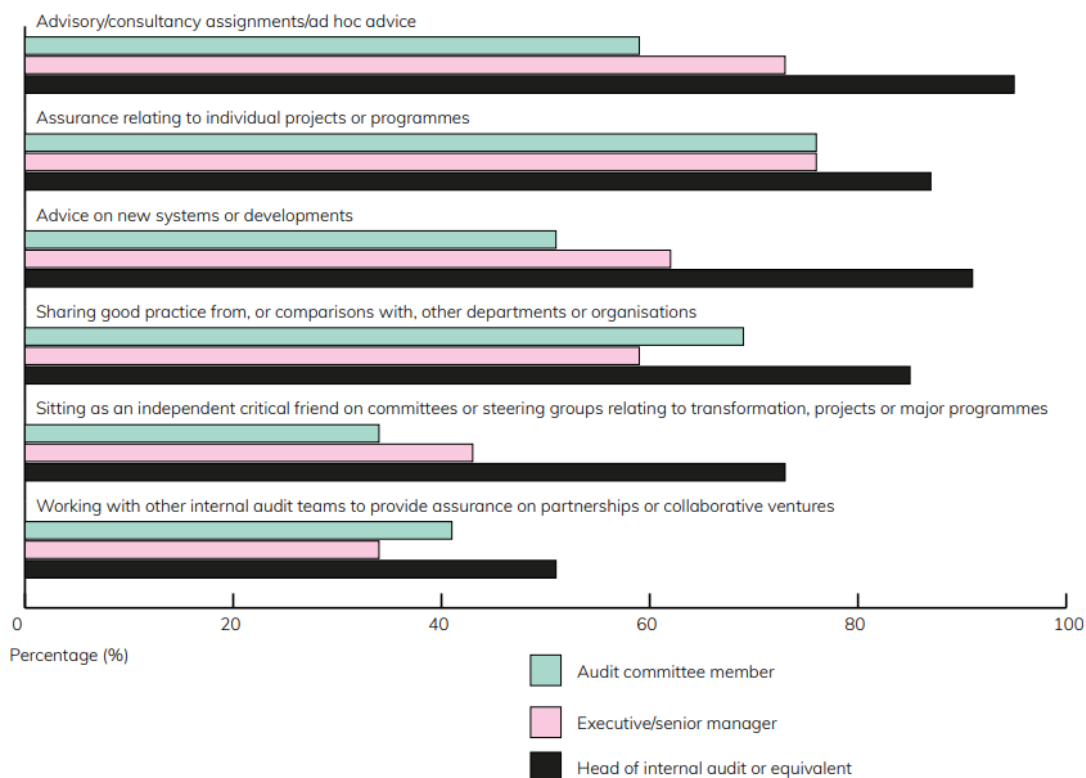
In May, CIPFA published [Internal Audit: Untapped Potential](#). This is a research report of internal audit across the public services. It featured a major survey capturing the views of over 800 internal auditors, management clients and audit committee members. CIPFA also conducted five focus groups and spoke to a range of stakeholders. The report highlights how internal audit is having an impact and supporting their organisations. It also identifies opportunities to do more and for audit committees and management to better support internal audit.

Insights for the audit committee

The report identified several aspects that audit committees should reflect on. The report encourages all parties to reflect on and discuss their internal audit arrangements to ensure there is support for both current and future needs.

Understanding the value of audit

The report identified that audit committee members didn't always have a full understanding of the range of internal audit work. The chart below shows the results from the survey, showing that audit committee members had lower awareness of current internal audit services than those identified by the head of internal audit.



The view of what internal audit currently delivers, split by role.

CIPFA recommends that heads of internal audit should improve their communication with the committee and explain the nature of internal audit consultancy or advisory work. Early involvement of internal audit in projects, new developments and collaborations can help ensure that appropriate governance, risk management and controls are put in place, helping to avoid problems later. Where internal audit does little advisory work, then the committee should explore this opportunity with management and auditors.

The organisation's assurance, governance, and risk arrangements

The survey identified a lack of clarity around assurance frameworks and the robustness of risk management. Heads of audit told us that where these arrangements are weak, then internal audit can end up filling the gaps. Improving the management of risk and ensuring that the committee and management have a good understanding of assurance, would be good objectives for an audit committee to consider.

Ensuring that the audit committee itself is operating effectively and providing appropriate oversight of internal audit is also important.

Longer-term strategy for internal audit

Many audit teams have had resourcing pressures in the last decade, and organisations currently face new financial pressures. At the same time, many teams are struggling to recruit and retain internal auditors, particularly experienced professional staff. Whether internal audit is delivered in-house or through a shared or outsourced arrangement, the team will need sufficient resources to conform with the Public Sector Internal Audit Standards and deliver the assurances that the organisation needs. To recruit and retain skilled staff the employer will need to offer satisfying career opportunities.

This is a difficult challenge in many organisations and the audit committee should encourage a strategic approach to audit resource planning and be aware of the risks.

Exploring opportunities

Internal auditors, clients and audit committee members identified future priorities for audit work and the top areas were:

- Cybersecurity
- Digitisation and the greater use of data within the organisation
- Environmental sustainability/climate change
- Financial viability
- Culture and ethics
- Supporting improved risk maturity

When discussing audit plans, audit committees may wish to consider the assurance they could receive from internal audit on these areas. For some topics listed, auditors may need specialist knowledge, and so training, and development need to be factored into resourcing plans.

Next steps

The report is detailed, but there is a [summary report](#) and a handy list of [ten questions](#) for audit committees to discuss with their auditors. Please engage with these resources and explore the areas that will help your organisation to get the best out of your internal audit arrangements.

Webinars and training for audit committee members from CIPFA in 2022

Understanding your council's financial reporting requirements
Webinar to support the review of the financial statements

- [31 August](#)

Introduction to the knowledge and skills of the audit committee
Dates for the webinar are:

- [13 and 14 September \(mornings only\)](#)

Introduction to the knowledge and skills of the police audit committee

- [14 and 15 September \(mornings only\)](#)

Update for police audit committee members

This webinar is suitable for members of the joint audit committees supporting police and crime commissioners (PCCs) and chief constables. It is run in conjunction with CIPFA's Police and Fire Network. Provisional date: 20 October 2022

Update for local authority audit committee members

This webinar will provide an update on current topics relevant for the work of audit committees. Provisional date: December 2022/January 2023.

Full programme details and booking information for webinars in 2022 will be announced later in the year and will be available on the [CIPFA website](#).

In-house training, facilitation, and evaluation of your audit committee

In-house training, webinars and guidance tailored to your needs are available. Options include:

- Key roles and responsibilities of the committee
- Effective chairing and support for the committee
- Working with internal and external auditors
- Public Sector Internal Audit Standards
- Corporate governance
- Strategic risk management
- Value for money
- Fraud risks and counter fraud arrangements
- Reviewing the financial statements
- Assurance arrangements
- Improving impact and effectiveness.

We can also undertake an effectiveness review of the committee, providing feedback on areas the committee can improve on and supporting the development of an action plan.


For further information, email diana.melville@cipfa.org or visit the [CIPFA website](#) for further details on the support we have available for audit committees.

Previous issues of Audit Committee Update

You can download all the previous issues from the CIPFA Better Governance Forum website. Click on the links below to find what you need.

Principal content	Link
Please note the content from some earlier issues has been replaced by more recent issues and so they are not listed below.	
Issues from 2012	
Assurance Planning, Risk Outlook for 2012, Government Response to the Future of Local Audit Consultation	Issue 7
Commissioning, Procurement and Contracting Risks	Issue 8
Reviewing Assurance over Value for Money	Issue 9
Issues from 2013	
Public Sector Internal Audit Standards and Updates to Guidance on Annual Governance Statements	Issue 10
Local Audit and Accountability Bill, the Implications for Audit Committees, Update of CIPFA's Guidance on Audit Committees	Issue 11
Issues from 2014	
Reviewing the Audit Plan, Update on the Local Audit and Accountability Act	Issue 13
Issues from 2015	
What Makes a Good Audit Committee Chair? Governance Developments in 2015	Issue 16
The Audit Committee Role in Reviewing the Financial Statements	Issue 17
Self-assessment and Improving Effectiveness, Appointment and Procurement of External Auditors	Issue 18
Issues from 2016	
Good Governance in Local Government – 2016 Framework, Appointing Local Auditors	Issue 19
CIPFA Survey on Audit Committees 2016	Issue 20
The Audit Committee and Internal Audit Quality	Issue 21
Issues from 2017	
Developing an Effective Annual Governance Statement	Issue 22
2017 Edition of the Public Sector Internal Audit Standards, Risks and Opportunities from Brexit	Issue 23

Issues from 2018	
The Audit Committee Role in Risk Management	Issue 24
Developing an Effective Annual Governance Statement	Issue 25
CIPFA Position Statement on Audit Committees in Local Authorities and Police 2018	Issue 26
Issues from 2019	
Focus on Local Audit, National Audit Office Report: Local Authority Governance	Issue 27
The Audit Committee Role in Counter Fraud	Issue 28
CIPFA Statement on the Role of the Head of Internal Audit External Audit Arrangements for English Local Government Bodies	Issue 29
Issues from 2020	
CIPFA Financial Management Code, Responding to the Redmond Review: Results of CIPFA's Survey on Audit Committees	Issue 30
Compendium Edition: Reviewing the Audit Plan, Self-assessment and Improving Effectiveness, Developing an Effective Annual Governance Statement and Focus on Local Audit	Issue 31
COVID-19 Pandemic – Key Issues for the Audit Committee Regular Briefing on New Developments	Issue 32
The head of Internal audit annual opinion for 2020/21 Update on the Redmond Review	Issue 33
Issues from 2021	
The Annual Governance Statement for 2020/21, Internal audit and external audit working together	Issue 34
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	Issue 35



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