

Attendance

Members of the Audit and Risk Committee

Cllr Craig Collingswood (Chair)
Cllr Paul Appleby (Vice-Chair)
Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Claire Darke
Cllr John Reynolds
Cllr Tersaim Singh
Cllr Jonathan Yardley
Mr Mike Ager
Mr Armstrong Ngoh

Employees

Emma Bland	Finance Business Partner
Peter Farrow	Head of Audit
Richard Lawrence	Director of Regeneration
Claire Nye	Director of Finance
David Pattison	Chief Operating Officer
John Roseblade	Director of City Housing and Environment
Alison Shannon	Chief Accountant
Mark Wilkes	Audit Business Partner
Ian Cotterill	Audit Business Partner
Shamsher Zada	Lead Lawyer
Aksa Bassat	L4 Apprentice
Fabrica Hastings	Democratic Services Officer
Jaswinder Kaur	Democratic Services and Systems Manger

In attendance

William Guest	Grant Thornton
Jon Roberts	Grant Thornton
David Rowley	Grant Thornton

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
There were no apologies received.
- 2 Declaration of interests**
Councillor Philip Bateman MBE declared an interest as Chair of Birmingham International Airport and Ashmore Park School as the School Governor Chair.

Councillor Mary Bateman declared an interest in Ashmore Park School as a the School Governor Chair.

3 **Minutes of previous meeting**

That the minutes of the previous meeting be approved as correct record.

4 **Matters arising**

There were no matters arising.

5 **Internal Audit Charter**

Peter Farrow, Head of Audit presented the latest Internal Audit Charter that provided the Committee with an overview of the framework for internal audit in place at the City of Wolverhampton Council. Also, that internal audit was a statutory service and that it operated in accordance with the Public Sector Internal Audit Standards.

The Committee were advised that there were no significant changes to the charter from the previous version they had last reviewed. The Chair, Councillor Craig Collingswood asked if CIPFA had recently updated their guidance for local authority audit committees. Peter Farrow, Head of Audit indicated that they had, and that it could be shared with Members if they would like sight of it. He also indicated that the guidance, included a self-assessment for audit committees, to compare themselves with and said that such an exercise could be facilitated in the new year.

Resolved:

1. That the Internal Audit Charter be approved.

6 **Internal Audit Update**

Peter Farrow, Head of Audit presented the Internal Audit Update that provided members with an overview of the work completed against the internal audit plan so far this year.

The Head of Audit advised the Committee of the four levels of assurance that can be provided, where appropriate, for each review and report undertaken, which are Substantial Assurance, Satisfactory Assurance, Limited Assurance and None.

The Committee were advised that a number of reviews had been completed, and that no limited assurance reports had been issued so far this year.

The internal audit team had also undertaken a range of grant certification work where no assurance was required and therefore was not applicable. Requests from central Government for internal auditors to sign off grant certifications to verify expenditure that local authorities had received through various funding streams appeared to be an expanding piece of work.

The Committee were also advised that audit sit on a number of programme and project boards in order to provide an element of continuous assurance. Good progress was being made following the recommendations to the recent audit at the Lawnswood Campus, but some areas of the recommendations still needed to be embedded, the Head of Audit advised the audit team would be revisiting the Campus in the new year.

In response to a question raised by Councillor Jonathan Reynolds regarding the Community Occupational Therapist audit, the Head of Audit advised that there had

been a lack of clarity over who was responsible for obtaining and then confirming the appropriate DBS checks between the Council or the NHS for the OT team.

Councillor Craig Collingswood requested more detail on the school audits as a future agenda item. The Head of Audit suggested that the audit business partner who oversees the school audit programme would be invited to a future meeting to provide members with further details of the work undertaken during school audits.

Resolved:

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

7 **Counter Fraud Update**

Mark Wilkes, Audit Business Partner, presented the Counter Fraud Update that provided members with an overview of the counter fraud activities undertaken by the Council.

The Audit Business Partner advised the Committee that the next Cabinet Office National Fraud initiative exercise had commenced and that the City of Wolverhampton Council had submitted the latest data sets required.

Members were advised that the tenancy fraud work was continuing successfully and included;

- Application Fraud
- Non-Occupation
- Right to buy
- Sub-letting.

The Committee were advised of the new initiative launched by Central Government – the setting up of the Public Sector Fraud Authority. The aim of this is to provide a more strategic approach for the public sector to tackle issues around fraud. A national counter fraud data analysis service would also flow from this.

In response to questions raised by the Committee regarding the blue badge parking permits, the Audit Business Partner advised that an enforcement process was in place controlled by the Council's customer services department. He advised the Committee on a recent successful prosecution case reported in the Express and Star, where the City of Wolverhampton Council fraud officers had provided data to the prosecuting body.

Councillor Craig Collingswood suggested that Members may benefit from training on what to look out for i.e. indicators of potential fraud regarding Tenancy Fraud. The Head of Audit indicated that this could be provided.

Resolved:

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

8 **Audit Findings Report and Management Letter of Representation**

Jon Roberts, Grant Patterson and William Guest, Grant Thornton, presented the Audit Findings Report and Management Letter of Representation.

The Committee were advised on the responsibility for the financial statements audit, the value for money work undertaken and the progress made relating to the areas

assessed of significant risk identified by Grant Thornton including Financial Sustainability and Group Governance. In addition, a new area of work is on the value for money on the Civic Halls. This work is as a new area of work that was at an early stage but was being tracked by Grant Thornton.

Grant Thornton reported that the audit was in a good position, however, due to a national issue around infrastructure accounting, the audit has not yet been concluded. A statutory instrument in order to override what was required is expected to become law on 25 December 2022, at which time it is anticipated that audit can be concluded.

An overview was given on the areas of work outstanding, which included property, plant and equipment valuations and completing the consideration of adjustments into the accounts of pensions.

The Committee were advised on the quality of the arrangements put in place and stated that once again, it had been done to a high level of quality assisted in progressing the audit.

The Council has changed its valuers this year and has resulted in adjustments being required on property, plant and equipment. This is typical when there is a change in valuer.

The Committee were provided with an overview of the recommendations/ adjustments made by Grant Thornton. These adjustments were technical adjustments and did not impact on the general fund balances of the Council.

Grant Patterson gave a brief overview to the Committee on the West Midlands Pension Funds audit, and whilst the statement of accounts form part of the Council's accounts, the outcome of the audit is reported back to the Pensions Committee.

Claire Nye, Director of Finance advised that Grant Thornton had provided a proposed scope of work and the fees associated with the work undertaken at the Civic Halls that could be shared with the Committee.

Resolved:

1. That the Audit Findings Report and Management Letter of Representation be noted.

9 **Strategic Risk Register**

Peter Farrow, Head of Audit, presented the strategic risk register. The Head of Audit advised that the strategic risk register was updated regularly and was reviewed and agreed by SEB and risks were shared with Cabinet portfolio holders.

The Committee were advised that 18 risks were currently on the register and 3 risks were identified as red that included;

- Risk 9 – Employment risk
- Risk 11 – Medium Term Financial Strategy
- Risk 18 – Charging Reform and Fair cost of care

Risk 16 – Refugee and Asylum accommodation and support, had been extended from the previous risk which had focussed more upon the safeguarding of Ukrainian refugees.

Risk 12 – the Cyber Security risk had increased but remained amber, as there had been a national increase in cyber security threats.

The Director of City Environment and Housing provided members with an overview of the climate change risks. He advised that the City of Wolverhampton Council was on target for the 2041 regional commitment

In response to a question raised by Councillor Claire Darke regarding reducing rates for waste disposal and the flexibility with the new incinerator contract. The Director of City Environment and Housing advised that negotiations were in place to deal with the new incinerator and the Council was looking at future waste disposal options.

In response to a question raised by Councillor Claire Darke regarding public access to the Climate Change Advisory Group. David Pattison, Chief Operating Officer advised that he would look into the query to provide members with an update at the next meeting.

Resolved:

1. That the latest summary of the Council's Strategic Risk Register be noted.

10

Strategic Risk Register - Review of Civic Halls Risk

Richard Lawrence, Director of Regeneration, presented the Strategic Risk Register - Review of Civic Halls Risk. He provided an update on the risk management process as part of the progress of the Civic Halls programme.

The current risk score of the Civic Halls was rated at 12, based on a likelihood of 3 and an impact of 4.

The Committee were advised that the contractor work by Wilmot and Dixon was completed and they were now working with the operator AEG on the final commissioning and snagging. AEG had already announced two events scheduled to take place in the newly refurbished Civic Halls, with further events to be announced. Following the handover, their programme would include the final fit out to the bar areas ahead of test events to commence in spring ahead of the scheduled opening during summer 2023.

The Committee were advised that the overall project/ programme was rated an amber risk. Members were provided with an overview of the delays associated with the project.

Claire Nye, Director of Finance advised the Committee that the financial risks are monitored at project board meetings. Following advice from external advisors, approval of an additional budget was sought for £10 Million to allow a pain and gain mechanism. The project risks are rated at amber and is close to the final valuation which provided certainty of the main construction costs. The financial risks would continue to be monitored associated with the costs from AEG.

David Pattison, Chief Operating Officer, advised the Council has relied on professional advice throughout the process to ensure contact procedures and

framework agreements are upheld. He provided the Committee with an overview of compensation events where there are key changes to the agreed programme.

In response to question raised by Councillor Paul Appleby regarding the lessons learnt following the 2018 review. The Director of Regeneration provided an overview on what lessons were learnt following the 2018 review and implemented.

Resolved:

1. That the update on the Civic Halls Programme from a risk management perspective, including the process undertaken to regularly review the project risks and inform the Council's strategic risk register be noted.