

Attendance

Members of the Audit and Risk Committee

Cllr Craig Collingswood (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

Helen Bakewell	Head of Inclusion & Empowerment
Emma Bennett	Executive Director of Families
Ian Cotterill	Audit Business Partner
Peter Farrow	Head of Audit
Fabrica Hastings	Democratic Services Officer
Claire Nye	Director of Finance
David Pattison	Chief Operating Officer
Jacob Stokes	Democratic Services Officer
Mark Wilkes	Audit Business Partner
Becky Wilkinson	Director of Adult Social Services

In Attendance

William Guest	Grant Thornton
Jon Roberts	Grant Thornton – Virtual Attendee

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies were received from Councillor Paul Appleby and Alison Shannon – Chief Accountant.
- 2 Declaration of interests**
Councillor Philip Bateman and Councillor Mary Bateman declared an interest in matters relating to Ashmore Park Nursery School and Phoenix Nursery School.
- 3 Minutes of previous meeting**
That the minutes of the previous meeting be approved as a correct record.

4 **Matters arising**

There were no matters arising.

5 **Audit and Risk Committee Terms of Reference Annual Review**

Peter Farrow, Head of Audit presented the Audit and Risk Committee Terms of Reference Annual Review report.

The Committee were advised that the Audit and Risk Committee Terms of Reference Annual Review was based on the CIPFA model recognising good practice and was reviewed on an annual basis.

The Audit and Risk Committee Terms of Reference Annual Review sets out the purpose to the Committee to primarily provide assurance to the Council/ members on internal control, risk management and governance.

There were no changes to the Audit and Risk Committee Terms of Reference Annual Review since the last review 12-months ago and is considered a fair reflection of the work of Members of the Audit and Risk Committee.

Councillor Craig Collingswood raised a question regarding assurance that the Committee could be confident that everything included in the Audit and Risk Committee Terms of Reference Annual Review is achieved.

The Head of Audit provided members of the Committee with assurance and advised that the Audit Annual Report is taken to full Council and will demonstrate the work of the Committee in detail for the submission to full Council for 2023.

Resolved:

1. That the terms of reference for the Committee, in line with recognised best practice, be approved.

6 **Strategic Risk Register**

Peter Farrow, Head of Audit and Becky Wilkinson, Director of Adults Services presented the Strategic Risk Register report. Two risks were identified as red – High Unemployment and the Medium-Term Financial Strategy.

The new risks added to the register were energy from waste and employee recruitment and retention, both were identified as amber.

The charging reform and fair cost of care risk rating had been removed from the register, as the Government had delayed its introduction.

The Committee were advised that the risk register was a fair reflection, of the current position of the authority and how the risks are mitigated in the most appropriate manner to gain assurance.

The Director of Adults Services provided an overview of the risks identified within Adult Services under the Councils legal duty to safeguard adults in the City, as requested by the Committee at a previous meeting. Risk 3 – Safeguarding Adults, Risk 5 – Social Care Providers and Risk 18 – Non-Charging Reform.

The Committee were advised due to rise in demand of the Multi-Agency Safeguarding Hub (MASH), Risk -3 Safeguarding Adults was currently rated Amber. Levels increased due to the pandemic and winter pressures. Workforce challenges across the social care multi-agency hub also contributed to the risk.

The Council identified a need for additional support and were ensuring there are permanent long-term staff implemented in safeguarding teams and MASH. The Council provided additional funding for the MASH, focused on a Social Work Unit Manager, to oversee and support teams within MASH.

There was an increase of practice work to observe and dip sample cases, to ensure compliance with the processes in place.

The Director of Adult Services advised that on reflection within MASH, the Council identified there were no electronic monitoring forms in place, for when partner organisations send referrals to the Council services. Electronic Multi-Agency Referral Forms (EMARF) were developed and are in the final stages of testing. This will help to ensure clarity on demand that is received.

The Director of Adults advised that the Council were currently undertaking a redesign of Adult Services to ensure the legal duty to support those who require services within the City and support/ signpost people who require lower-level support from the Council. The Council were also focusing on recruitment and retention to help the risk to reduce.

Councillor Craig Collingswood raised a question regarding the stabilised position of the risk at Amber and if the risk could reduce to green. The Director of Adult Services advised she anticipated the reduction of the risk as the testing period of the electronic forms was due to cease during March and go live in April, as the risk had remained stabilised at amber during the winter period.

The Committee were advised that Risk 5 – Social Care Providers was rated amber. There are 60 settings within the community providing bed based social care in addition to home care providers. The levels of pay the Council provide to providers were considered unsustainable but is a national issue.

The Risks associated with the loss of providers would be a significant cost to the Council to replace providers within the city. In addition to the cost of living, inflation and overall rise in demands in social care.

The complexity of care packages increased post pandemic resulting in a reduction of service availability. The Council implemented an additional 12 providers following approval at Cabinet of the Adults budget, the Council invested 12% uplift for homecare fees and 20% uplift for nursing fees, to help mitigate the risk and maintain market sustainability for the next 12-months. Positive feedback was received from providers and the Council was looking into a longer-term plan. The aim is to create a 3-year plan for Council providers to provide assurance so that providers can invest in overall quality and staff whilst facing the national challenge.

The Director of Adult Social Care advised that the Council participated as a Trailblazer Authority for charging reform, directly inputting into the Department for Social Care.

Mike Ager, Independent Member, requested assurance regarding the quality of inspections carried out by the CQC. The Director of Adult Services advised that the Council maintains the CQC rating, and that the focus would be improving the quality in Wolverhampton around nursing care, to form the work plan moving forward.

Armstrong Ngoh, Independent Member, raised a question regarding assurance that the Council is seeking to secure economic efficiency and effectiveness with the use of resources. The Director of Adult Services provided assurance on the effective use of resources and advised on the use of the Think Local Act Personal approach. She advised the Committee of the two quality assurance teams, one for practice and the other for commissioning providers/ allocating resources. She could not assure the Committee around all providers as some providers are private business, the Council would have limited control over all spend. She advised that 14 Director of Adult Services meet once a month and for an extended session once a quarter, to share best practice at the West Midlands Association of Directors of Adult Social Services.

Councillor Craig Collingswood thanked the Director of Adult Services on behalf of the Committee for her attendance. He advised that the Director of Adult Services would be invited back in the future for an update on the Council's position with an aim to see the reduction of the risk from amber to green.

The Committee were advised that a deep dive on the risk of high employment within the city would be presented to the Committee at the next meeting. Councillor Collingswood recommended that the responsible officer be invited to attend to respond to members questions regarding the risk.

Resolved:

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

7 **Internal Audit Plan 2023-2024**

Peter Farrow, Head of Audit presented the Internal Audit Plan 2023-2024 report. The report outlined the planned reviews that the Council intends to undertake during 2023-2024.

The Committee were advised that the Council's audit services resources, like other resources across the Council were limited, and therefore it is important that the Audits are focused in the most effective manner.

The Council holds a range of discussions with Directors and closely follows the CIPFA methodology in assessing the assurance need including;

- Business Impact
- Risk Register
- Risk of Fraud
- Audit Experience.

The exercise produces potential audits that are then prioritised using an assessment of assurance needs methodology. Each audit is then categorised as red, amber or green with regards to the frequency of review. The plan was presented to SEB, SEB suggested the plan be incorporated into one page and link wherever possible to the Council Plan and its six priorities.

Mike Ager, Independent Member raised a question regarding the resources available to the demanding programme, the Head of Audit advised that the resources could fluctuate but were currently in place to meet the needs.

Councillor Philip Bateman raised a question regarding the reopening of the Tram services, David Pattison, Chief Operating Officer advised the challenge was outside direct control of the authority. He advised he would pick this up with Councillor Philip Bateman outside of the meeting.

Resolved:

1. That the risk based internal audit plan for 2023-2024 be approved.

8 **Counter Fraud Update**

Mark Wilkes, Audit Business Partner presented the Counter Fraud Update report.

The Committee were advised on the main areas of Counter Fraud work undertaken. The new National Fraud Initiative Exercise data matching exercise co-ordinated by the Cabinet Office had commenced. The Council and other organisations including the DWP and HMRC submitted their data in October 2022. There were a large number of initial matches to assess, and more were anticipated. The Council would target the cases with the highest priority to achieve the best result.

The Committee were advised on the work around tenancy fraud. The Audit Business Partner advised the Committee on the latest figures relating to number of cases of application fraud that was stopped successions, right to buy and sub-lets.

Councillor Craig Collingswood raised a question regarding the increase from the previous year in tenancy sub-letting fraud, the Audit Business Partner advised that sub-letting cases are more complex involving background case work that can take significant periods of time. The impact of Covid-19 had prevented some initial recovery action. The reported cases completed went through the Court system where appropriate.

Resolved:

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

9 **Grant Thornton Audit Update**

William Guest and Jon Roberts, Grant Thornton presented the Grant Thornton Audit verbal update.

The Committee were advised that Grant Thornton were working closely with the council to finalise the audit which has been delayed until early April 2023.

Grant Thornton advised they were taking care in ensuring statements made were accurate, balanced and technically informed. Grant Thornton's planning work for the 2022-2203 audit, would begin in April 2023, with an audit plan to follow. Grant Thornton would aim to hit statutory deadlines on the audit.

The Committee were advised that Grant Thornton take care in ensuring that statements reported to the Committee regarding the value for money audit were accurate, balanced and technically informed. Grant Thornton provided an overview regarding the definition of the value for money audit. The value for money audit has full equal statutory status to the audit of the Council's accounts. The audit of the Council's accounts is performed in accordance with the international standards of auditing. The value for money audit is performed against the requirements of the National Audit Office's code of audit practice and formal audit guidance.

Auditors do not have the remit to say whether a Council actually provides value for money. As the level of assurance is not designed in the National Audit Office framework. Grant Thornton report on the adequacy of the Council's arrangements for providing value for money.

Resolved:

1. That the Grant Thornton Audit Update be noted.

10

Update on External Audit Improvement Recommendations (Civic Halls Refurbishment)

David Pattison, Chief Operating Officer presented the Update on External Audit Improvement Recommendations (Civic Halls Refurbishment).

The report was a follow up from the additional review carried out by external auditors Grant Thornton, that identified two recommendations that included;

The lessons learned from the Civic Halls refurbishment are applied and imbedded to future capital programmes the City of Wolverhampton Council delivers.

The City of Wolverhampton Council continues to monitor the position with Wilmot Dixon and at the earliest possible time, report on the reconciliation of the recovery of payments to Wilmot Dixon.

The Chief Operating Officer advised the Committee that three areas were implemented that included;

Detailed approach to project assurance
Increased use of internal audit
Clearer audit trails.

The Committee were advised that the Council's Internal Audit Plan, included a commissioned report in relation to the major capital project the City Learning Quarter. The Council uses the Verto reporting programme to monitor strong and vigorous performance management. The programme performance is presented and reported regularly to the Scrutiny Panels, Cabinet and on the Strategic Risk Register. The programme performance would form part of the Annual Governance Statement.

Councillor John Reynolds requested that an example be presented to the Committee in a future meeting on how project assurance, internal audit and clearer audit trails had worked. Particularly from someone from the City Learning Quarter who could provide members with an update on how this works in practice. The Chief Operating Officer agreed to this request.

The City of Wolverhampton Council entered into a NEC 3 option C contract with Wilmot Dixon, through the framework for the refurbishment of the Civic Halls. The contact was put in place on the advice of professional advisors Faithful and Gould and with external legal advice.

Under the terms of contract Wilmot Dixon were entitled to claim for additional payments for compensation events, this led to two aspects that were taken to adjudication: A large amount of compensation events permitting to time, incurring a cost implication; An uplift of certain costs of working area overheads of 100%.

The City of Wolverhampton Council anticipated the litigation challenge and therefore prepared with external support. The adjudicator's decision was complex and generally in line with the Council's view. The implications were still being worked through. It is anticipated that any additional costs if any, would fall within existing budget. No uplift of working area overheads was awarded.

The Committee were advised that the contractor could appeal their case to the high court. The City of Wolverhampton Council would continue to carefully monitor the situation and remains committed to protecting taxpayers money.

Councillor Jonathan Yardley raised a question regarding the total amount of adjudications. The Chief Operating Officer advised there were two in total. He advised that he would be happy to share a copy of the adjudicator's decision with members of the Committee.

Resolved:

1. That the update on the progress made on the two improvement recommendations made by the External Auditors in their 2021-2022 Annual Report relating to the Civic Hall's refurbishment programme be noted.

11

Internal Audit Update

Peter Farrow, Head of Audit, Emma Bennett, Executive Director of Families and Helen Bakewell, Head of Service Inclusion and Empowerment presented the Internal Audit Update report.

The Head of Audit advised the Committee of the reviews completed since the last meeting, including the number and type of recommendations made and the level of assurance. The Council completed internal audit reviews on areas including;

- Adoption and Support Funds
- Special Guardianship
- Payroll Payments Collective Agreement Compliance
- Regulatory Investigatory Powers Act
- The Mayor's Charity Fund
- Individual Executive Decision Notices.

The Committee were advised on the limited assurance report on SEND and post-16 provision in schools, that the relevant Executive Director would provide more detail on. He advised that in 2021 a new service manager joined and noticed areas for improvement within some of the working practices. In September 2021 OFSTED and CQC completed a joint inspection, they identified six significant areas of weakness as part of a review. In April 2022 the audit review focussed upon two of the areas, the completion of Educational Healthcare Plans and ensuring the path for transition for young people was in place.

The Head of Audit informed the Committee that since the inspection and review a number of improvements were implemented. Closely monitored by the Children and Young People Scrutiny Board. Regularly reporting back to the Department of Education.

The Executive Director of Families advised the Committee that the Council's internal audit was consistent with OFSTED and CQC findings. The written statement of

action covered the key areas highlighted in the audit and was on trajectory to being addressed, with no red rated areas to report.

A lot of work was completed around processes for the individual children and ensuring clear processes was in place to address the whole spectrum of SEND.

The written statement of action was reported to CYP Scrutiny on a 6-month basis looking at the 6 areas for improvement. The Head of Service Inclusion and Empowerment advised the Committee that the Council had regular meetings with the (DFE) on an advisory capacity, addressing what was happening currently and what to expect in the future. The quarterly monitoring visits by the Department for Education and CQC found that both were pleased with the progress the Council is making.

The Head of Service Inclusion and Empowerment advised the Committee that areas highlighted fell within the action plan for the written statement of action, to be monitored by the Education Leadership Team in August 2023.

One of the actions highlighted was already completed and a strategy was implemented to respond to the funding and finance areas to be completed by June 2023.

Councillor Craig Collingswood raised a question regarding the agreed timescales associated to meet the planned improvements.

The Executive Director of Families advised that the new inspection framework was considered more holistic and inclusive approach. The written statement of action would be signed off by the DFE and CQC in September 2023 and this this will be reported back to the Scrutiny Panel.

Councillor Jonathan Yardley thanked Councillor Craig Collingswood for chairing the Committee. Councillor Collingswood thanked members of the Committee for their attendance and raising the profile of the Committee significantly.

Resolved:

1. That the contents of the latest internal audit update be noted.