

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

Employees

Peter Farrow	Head of Audit
Claire Nye	Director of Finance
David Pattison	Chief Operating Officer
Michelle Rowe	Locum Solicitor
Alison Shannon	Chief Accountant
Ian Cotterill	Audit Business Partner
Fabrica Hastings	Democratic Services Officer
Jacob Stokes	Democratic Services Officer

In attendance

William Guest	Grant Thornton
Jon Roberts	Grant Thornton
Jonathan Meek	Grant Thornton

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies were received from Armstrong Ngoh, Independent Member.
- 2 Declaration of interests**
Councillor Philip Bateman declared an interest in matters relating to Birmingham International Airport Board.
- 3 Minutes of previous meeting**
That the minutes of the previous meeting be approved as a correct record.

4 **Matters arising**

Councillor Claire Darke requested that the climate change advisory group agenda/ minutes be available within the Council and Councillors. David Pattison advised that he would ensure papers would be available to Councillors, he would raise the issue of public access to the papers/meeting with the relevant chair and provide members of the Committee with an update at a future meeting.

Councillor Philip Bateman advised that he was not the chair of the Birmingham International Airport but is a member of the Board. He advised he was the Chair of Ashmore Park Nursery School Governing Board.

5 **Annual Governance Statement - Mid Year Update**

David Pattison, Chief Operating Officer presented the Annual Governance Statement - Mid Year Update. He provided members of the Committee with assurance regarding the position of the City of Wolverhampton Council, following items raised in the Annual Governance Statement, approved by the Committee in July 2022.

The items raised in the Annual Governance Statement were being addressed and progressed. The MTFs work continues to ensure the Council addresses the budget deficit. The Council is anticipated to set a balanced budget for 2023-2024.

The work on procurement contract monitoring remains ongoing. Ensuring the correct process/ procedures are in place to so that the Council can make substantial savings. A report was provided to the Resources and Equalities Panel in 2022.

The Civic Halls building was handed over to AEG and will be opening soon.

The implementation of the SEND reforms was subject to review by the Department for Education who found they were in place effective strategic leadership, partnership working and coproduction, to support the actions identified.

The work on the strategic asset plan was underway and would be coming forward for approval by the Committee soon.

The general compliance with information governance and the publication of certain Council decisions have undergone additional checks, audit work and extra officer focus following issues raised. Assurance was provided that the Council is in a better position and meeting legal duties.

The review of linked bodies report was taken to Governance and Ethics Committee and approved in November 2022. The report set in place a code of practice on governance of the Councils involvement with linked bodies. A focused approach on linked bodies was set in place by the Council.

The Chief Operating Officer advised that the arrangements were in place and taking effect regarding the special severance payments used to ensure that the Council has implemented Government revised guidance, on the severance payments for employees. The code of governance was adopted by full Council, a procedure was in place for exempt reports to be kept to a minimum. The exempt reports related to commercial matters or human resources issues.

In response to a question raised by Councillor Paul Appleby regarding the strategic asset plan completion date. The Chief Operating Officer advised that the asset

disposal policy was agreed at Cabinet on the 18 January 2023, to form part of the strategic asset plan that is due in Cabinet during Summer 2023. No definitive completion date was confirmed due to recruitment to the asset team. He would provide members of the Committee with an update once a date for completion is confirmed.

The Chief Operating Officer advised that the Committee would receive an end of year annual governance statement update to keep the Committee informed on the good practice.

Resolved:

1. That the review and comment upon the contents of the mid-year update regarding the Council's Annual Governance Statement for 2021-22 and in particular the information provided about actions and improvements made so far during 2022-23 be noted.

6 **Appointment of External Auditors**

Claire Nye, Director of Finance presented the Appointment of External Auditors report.

The Director of Finance advised the Committee that following Full Council approval, the Council has been notified by Public Sector Audit Appointments that Grant Thornton will be appointed from April 2023 onwards.

In response to a question raised by Councillor Philip Bateman regarding costs associated with the appointment of the external auditors. The Director of Finance explained the reasons for the increase in costs and advised she would update the Committee when more information has been received.

In response to a question from Councillor Craig Collingswood regarding government funding to cover the costs associated with the appointment of the external auditors. Grant Thornton explained the local audit fees and local audit firm challenges and that further information on such support should follow.

Grant Thornton advised that PSAA have offered to speak with Council's on the external audit increase. The Chair of the Committee Councillor Craig Collingswood advised that he and the Director of finance could liaise with PSAA to discuss the matter personally or if they would need to attend a future Committee meeting.

Resolved:

1. That the appointment of Grant Thornton (UK) LLP as the Council's external auditor from April 2023 be noted.

7 **Audited Statement of Accounts and Auditors Annual Report**

Claire Nye, Director of Finance presented the Audited Statement of Accounts and Auditors Annual Report.

The Director of Finance advised that the audit process for the statement of accounts relating to March 2022 was near to conclusion. The statement of accounts would be updated to reflect the adjustments agreed with Grant Thornton.

Resolved:

1. That the formal publication of the 2021-2022 Statement of Accounts, as required be approved.
2. That the draft Management Representation letter which will be signed by the Director of Finance on behalf of the Council be approved.
3. That the Committee delegate authority to the Chair of Audit and Risk Committee, in consultation with the Director of Finance to agree subsequent changes to the Statement of Accounts and Management Representation letter, should there be any audit adjustments be approved.
4. That the 2021-2022 following reports to those charged with governance from the Council's External Auditors, Grant Thornton
 - a. Updated annual Audit Finding Report,
 - b. Auditors Annual Report be noted.

7a Final Audit Findings Report

Jon Roberts, Grant Thornton presented the Final Audit Findings Report. He introduced Grant Thornton colleagues who would be presenting to the Committee. William Guest, Audit Manager and Jonathan Meek, Specialist from the Local Government Advisory team.

The work of value for money and accounts at the Council was at an advanced stage. The national issue of the accounting of highway infrastructure required Government to put a statutory instrument in place on the 25 December 2022, to override the accounting principles to allow auditors to provide their opinions with confidence. In addition, CIPFA adjusted/ updated the code of practice, to allow further aspects of the infrastructure work, to be progressed and to provide formal guidance, on the useful economic lives of infrastructure assets.

Grant Thornton was in a position to finalise the work of the audited accounts and provide an unqualified opinion, on the Councils financial statements and that the technical aspects of the audit were completed.

The Committee were advised that the outstanding items at the date of writing the report would be closed off by the 31 January 2023 to issue the unqualified opinion. Grant Thornton had updated their commentary on management overriding controls. The property plant equipment and investment property, identified current and prior year errors, that increased due to the change in valuer.

Grant Thornton advised on the significant risk of the net pension liability. Previously Grant Thornton was awaiting confirmation from the Funds auditor, regarding whether an additional change was required due to a timing difference, when the assets of the Pensions Fund was valued. The Pension Fund auditor confirmed that the total impact is a reduction of the pension liability.

In response to a question raised by Mike Ager, Independent Member regarding the issues with the valuation. Grant Thornton advised that the extra work undertaken resulted in completions within the area following the change in valuer that presented different assumptions.

Resolved:

1. That the final Audit Findings Report be noted.

7b Final Auditor's Annual Report

Jon Roberts, Grant Thornton presented the Final Auditor's Annual Report. Under the Local Audit and Accountability Act. Grant Thornton, as the Council's auditor, are required to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

The Auditors are required to report their commentary on the Council's value for money arrangements under three distinct areas:

- Financial sustainability
- Governance, and
- Improving economy, efficiency, and effectiveness

The Committee were advised that the Council had experienced challenges including, the pandemic and inflation, but maintained financial sustainability and no statutory recommendations were made. The Council had a strong financial planning process in place and no significant weaknesses/ risks were identified.

As part of their value for money audit work, Grant Thornton also undertook a wider risk-based review on the Civic Halls, focussing on the period since June 2018, following the previous lessons learnt report.

They looked at the project through a number of lenses in order to help them arrive at a value for money conclusion. These were:

- The procurement of the Contractor
- The contract in place with the Contractor
- The contract management of the contract with the Contractor
- The use of consultants and advisors
- The Governance arrangements of the refurbishment programme
- The process followed in the appointment of the operator (AEG)
- The risk management of the programme
- The response of the Council to the previous lessons learnt report
- The refurbishment budget.

They concluded that whilst the project had been a significant challenge to the Council, they did not consider there to be any significant weakness in the Council's arrangements associated with the delivery of the programme. They had made two improvement recommendations regarding the Civic Halls, both of which have been agreed by the Council and in the process of being implemented.

In response to a question raised by Councillor Paul Appleby, regarding how the Council could get the public involved with the Citizens Space Consultation Hub survey and how the website could be more user friendly. David Pattison, Chief Operating Officer, advised that he would take the feedback away to work on raising the profile of the Citizens Space Consultation Hub and bring back through the scrutiny process to update members of the Committee.

Resolved:

1. That the final Auditor's Annual Report be noted.

7c Management Letter of Representations

Claire Nye, Director of Finance presented the Management Letter of Representations.

The Director of Finance advised the Committee on the management letter of representations, the letter would be signed at the end of the process. She advised the Committee that she had reviewed the contents that was seeking the Committees approval.

Resolved:

1. That the Management Letter of Representations be noted.

7d Final Statement of Accounts

Claire Nye, Director of Finance presented the Final Statement of Accounts. The Committee were advised that the final statement of accounts required updating for the adjustment in process.

The accounts would be updated for the adjustments agreed with Grant Thornton and signed off by the end of January 2023.

Delegated authority is sought for the Director of Finance and the Chair of the Audit and Risk Committee, Councillor Craig Collingswood to authorise the final set of accounts.

Resolved:

1. That the final Statement of Accounts be noted.