

## Attendance

### Members of the Audit and Risk Committee

Cllr Alan Butt (Chair)  
Cllr Jonathan Yardley (Vice-Chair)  
Cllr Mary Bateman (Virtually)  
Cllr Philip Bateman MBE (Virtually)  
Cllr Craig Collingswood (Virtually)  
Cllr Barbara McGarrity QN (Virtually)  
Cllr Lynne Moran (Virtually)

### Employees

|                         |                              |
|-------------------------|------------------------------|
| Peter Farrow            | Head of Audit                |
| Mark Stocks (Virtually) | Grant Thornton               |
| Ross Cook (Virtually)   | Director of City Environment |
| Jaswinder Kaur          | Democratic Services Manager  |
| Kirsty Tuffin           | Democratic Services Officer  |

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## Part 1 – items open to the press and public

*Item No.*    *Title*

- 1 Apologies for absence**  
Apologies for absence were received from Councillor Roger Lawrence.
- 2 Declaration of interests**  
There were no declarations of interest.
- 3 Minutes of previous meetings**  
That the minutes of the previous meeting held on 20 January 2020 be approved as a correct record.
- 4 Matters arising**  
Following a request from Councillors for a brief statement concerning the Corona Virus Pandemic, the impact that it will have on the work of the Committee and to have an understanding of what the Government intends to do to underwrite the Authorities financial survival, Peter Farrow, Head of Audit, provided a brief summary and advised that David Pattison, Director of Governance, had been providing daily updates to the Councillors on any changes and any impacts they would have.

Concerns were made by Councillors regarding the severity of the pandemic and the affect it would have for the Council and residents.

The Chair read out the procedure to be followed for the meeting that outlined the following:

*Paragraph 39 of Schedule 12 to the Local Government Act 1972 states that any decision taken at the local authority meeting (including committees and sub committees) shall be decided by a majority of those present and voting. Whilst the law permits other members to join the meeting virtually, they cannot vote.*

It was agreed that the procedure be noted.

Resolved:

1. It was agreed to defer item eight, number four – business continuity, to the next Audit and Risk Committee meeting.
2. It was agreed that the procedure be noted.

## 5 **Audit and Risk Committee - Terms of Reference**

Peter Farrow, Head of Audit, presented the Terms of Reference report. The report outlined the Audit and Risk Committee's Terms of Reference for the next municipal year.

Peter Farrow advised the Committee that no changes had been made to the Terms of Reference from the previous year.

Resolved:

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

## 6 **External Audit plan**

Mark Stocks, Grant Thornton, presented the External Audit Plan report. The report outlined the Audit Plan from the Council's external auditors, Grant Thornton, for the year ended 31 March 2020.

The Committee were advised that the vast majority of the External Audit Plan report would still be relevant however, due to the pandemic sections of the report including the sections on pensions, would need to be updated. Mark Stocks advised he would work with Claire Nye to update the relevant sections and would bring as a future agenda item. The following three significant risks that would require special audit consideration had been identified to address the chance of an error in material financial statements:

1. Management override of controls
2. Valuation of land and buildings
3. Valuation of the pension fund net pension liability

The risk assessment conducted by Grant Thornton regarding the Council securing value for money (VFM) identified the following three significant VFM risks:

1. Civic Halls
2. Financial Resilience
3. Strategic Asset Management

The Committee were advised that the risk on financial resilience would be looked at in more depth due to the pandemic and the affects it would have. The IFRS 16 – leases of £2,500 would no longer be included in the 2019 Audit accounts due to a delay caused by the pandemic. Specific scope procedures would be performed by Grant Thornton UK on Wolverhampton Homes Limited. Following concerns raised

the committee were advised that the annual deadline for account details to be submitted had now been extended by Central Government from June 2020 to September 2020 as a result of the pandemic.

Resolved:

1. That the Audit Plan 2019-2020 from the Council's external auditors, Grant Thornton be noted.
2. That the email from the PSAA to s151 Officers setting up changes in the audit market be noted.
3. That the review undertaken by the PSAA on future audit procurements be noted.

**7 Certification work for City of Wolverhampton Council for the year ended 31 March 2019**

Mark Stocks, Grant Thornton, presented the report on the outcome of certification work undertaken by Grant Thornton on the Housing Benefit Assurance Process, the Teachers Pension Return and Pooling of Housing Capital Receipts.

The Committee were advised that lack of errors had led to a positive outcome and in regard to Teachers pensions return through capital receipts there had been little change from the last update.

Following concerns raised on the Local Authorities Regulations 2003, regarding the regulation on receipts for Right to Buy and a proportion to be surrendered to Central Government, it was agreed that Peter Farrow would provide Members with further details.

Resolved:

1. That the certification report from Grant Thornton be noted.
2. That it be agreed that Peter Farrow look into obtaining further details on receipts for Right to Buy and the amount surrendered to Central Government.

**8 Strategic Risk Register Update**

Peter Farrow, Head of Audit, presented the report on key risks the Council had faced and how it could gain assurance that these risks were being mitigated.

The Committee were advised that Brexit Implications had been added as a stand-alone risk in the risk register.

With regards to Fleet Services - Ross Cook, Director of City Environment, advised a restructure was being finalised and the changes would be implemented in April 2020. He advised that recycling centres opening 7 days a week would be piloted in the Summer 2020, but this may be subject to change due to the pandemic. The group were advised that most of the contracts for the management of the fleet had now come back from tendered processes however, as the contracts had been higher the Council would be looking at the best option for long term.

Following concerns on Gorsbrook Road being over budget it was agreed that an update be provided at the next Audit and Risk Committee.

Praise was given for David Pattison, Director of Governance, daily update to councillors in regard to the pandemic and the affects it would have. It was agreed that Peter Farrow inform David of the praise given.

Resolved:

1. That the update regarding the Council's strategic risk register be noted.
2. That the inclusion of risk 39 – Brexit Implications be noted.
3. That the update regarding risk 32 – Waste Management Services be noted.
4. That further details on risk 38 – Climate Change be noted.
5. That it be agreed that an update on Gorsbrook Road be provided at the next Audit and Risk Committee meeting.
6. That it be agreed that Peter Farrow make David Pattison aware of the praise given by Councillors on his daily updates on the pandemic.

9 **Internal Audit Plan 2020-2021**

Peter Farrow, Head of Audit, presented the report on a risk-based internal audit plan, based upon an assessment of assurance needs.

The Committee were advised that auditable areas outlined in Appendix 1 had been identified and had been RAG rated. Red rating areas would be looked into yearly and amber rated areas would be reviewed on a three-year cycle.

Following concerns raised on the new changes to the Governance structure recommendations it was agreed that Peter Farrow would speak with David Pattison.

Resolved:

1. That the risk based internal audit plan for 2020-2021 be approved.
2. That it be agreed that Peter Farrow speak with David Pattison regarding the recommended changes to the Governance Structure.

10 **Internal Audit Update**

Peter Farrow, Head of Audit, presented the report on the progress made against the 2019 - 2020 internal audit plan and to provide information on recent work that has been completed.

The Committee were advised that only limited assurance could be given as a result of an audit on Employee Driver Checks which had flagged two recommended red actions, as the level of checks required by the current policy were not being complied with.

However, the process was currently under review and was being revised in order to introduce a more risk assessed approach. This would still require certain checks to be undertaken to confirm that employees had the appropriate level of business insurance to enable them to use their vehicles on Council business but would be less onerous.

Resolved:

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

11 **CIPFA Audit Committee Update**

Peter Farrow, Head of Audit, presented the report on the CIPFA Financial Management Code, Responding to the Redmond Review: Results of CIPFA's Survey on Audit Committees and a Briefing on new guidance and resources.

The Committee were advised that the quarterly update from CIPFA outlined CIPFA's response to the Redmond Review – the study commissioned by the Government to review the local audit recommendations.

Resolved:

1. That the contents of the latest CIPFA Audit Committee Update – The CIPFA Financial Management Code, responding to the Redmond Review: Results of CIPFA's Survey on Audit Committees and a Briefing on new guidance and resources be noted.

12 **Payment Transparency**

Peter Farrow, Head of Audit, presented the report on the Council's current position with regards to the publication of all its expenditure.

The Committee were advised that there had been no armchair auditor requests since the last meeting held on 20 January 2020.

Resolved:

1. That the Council's current position with regards to the publication of all its expenditure be noted.

13 **Counter Fraud Update**

Peter Farrow, Head of Audit, presented the report on the current counter fraud activities undertaken by Audit Services.

The Committee were advised that the Fighting Fraud and Corruption Locally Conference due to take place in March had been deferred due to the pandemic. Once this had been relaunched, it would be incorporated into the Council's counter fraud processes.

Resolved:

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

14 **Exemption of the Press and Public**

That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information on the grounds shown below:

*Information relating to any individual. Information which is likely to reveal the identity of an individual. Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (1, 2, 3).*

15 **Audit Investigations Update**

Peter Farrow, Head of Audit, presented the report on current audit investigations.

The Committee were advised that an investigation had been undertaken following receipt of an anonymous concern regarding potential forged GP fit to drive notes for taxi drivers being provided. While only limited information was provided in the concern, the process was reviewed, and no evidence was found of this in practice. However, the concern was also passed onto the General Medical Council and the NHS Counter Fraud Authority for their consideration.

Resolved:

1. That the current position regarding audit investigations be noted.

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