

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 John Reynolds
Cllr Tersaim Singh
Mr Mike Ager
Mr Armstrong Ngoh

Conservative

Cllr Jonathan Yardley

Employees

Emma Bennett	Executive Director of Families
Emma Bland	Compliance and Risk Manager - West Midlands Pension Fund
Peter Farrow	Head of Audit
Kate Lees	Partnership Manager
Claire Nye	Director of Finance
David Pattison	Chief Operating Officer
Alison Shannon	Chief Accountant
Fabrica Hastings	Democratic Services Officer
Jaswinder Kaur	Democratic Services Manager

In attendance

William Guest	Grant Thornton
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Part 1 – items open to the press and public

Item No. *Title*

1 **MEETING BUSINESS ITEMS**

2 **Apologies for absence**

There were no apologies received.

3 **Minutes of previous meeting**

That the minutes of the previous meeting held on the 25 July be approved as a correct record.

4 **Declaration of interests**

Councillor Philip Bateman declared an interest as a Non-Executive Director of the Birmingham international Airport Board.

Councillor Philip Bateman and Councillor Mary Bateman declared an interest as Governors of the Phoenix Nursery School.

5 **Matters arising**

Armstrong Ngoh, Independent Member requested further information regarding the linked bodies involvement in future meetings. Claire Nye, Director of Finance advised that the linked bodies issue would be further expanded upon as part of the mid-year review of the Annual Governance Statement which would be presented at a future committee meeting.

The Chair of the Committee requested that members of the Committee have access to a tour of the Civic Halls to see the progress and that an update on the Civic Halls be added to the risk register for November 2022.

6 **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 received approval at SEB.

The Committee were advised that 18 risks were identified, 15 were amber and 3 was red. He advised that the risks were a fair reflection of the risks in accordance with the Our City/ Our Plan document.

The Head of Audit noted that the Committee had previously identified two particular risks relating to, risk 17 – financial wellbeing resilience and risk 14 – climate change as of particular interest to them, and that the risk on climate change had already been called in for a more detailed review at the November meeting.

The Committee were advised that the relevant Cabinet Member was updated in relation to the risks identified as the responsible risk owner.

Emma Bennett, Executive Director of Families and Kate Lees, Partnership Manager provided the Committee with an overview of the financial wellbeing strategy, approved by Council in March 2022. They advised that the strategy was tackled from a partnership approach to deal with the cost-of-living crisis and maintain financial resilience. The key element of the strategy was essential to the support and an early intervention approach.

The cost-of-living action plan was evolving and was supported by £1.3 Million worth of funding, from the City of Wolverhampton Council and grants including the Labour support grant and household support grant. The Council would take a holistic approach with support from local faith groups and would provide the Scrutiny Board with an update.

The Partnership Manager advised the Committee that there was a 24% increase in the use of food banks from low-income workers and that 70% of funding was distributed into community services.

In response to a question raised by Councillor Philip Bateman regarding the latest figures of people in Wolverhampton in receipt of universal credit. The Executive

Director of Families confirmed that 12,70 claimants were in receipt of universal credit across the city.

In response to a question raised by Councillor Paul Appleby regarding the source of assurance including recruitment and financial modelling completion. The Partnership Manager advised that the team was now fully staffed and awaiting two further candidates to join the team by the 1 November 2022. She advised that she partakes in regular meetings with the financial manager and that the financial modelling was a three-year forecast.

In response to a question raised by Armstrong Ngoh, Independent Member regarding assurance of the progress made against the implemented strategies. The Executive Director of Families advised that heat maps/ data and that a dashboard was near in development stage that would be shared with the Committee where appropriate.

The Chair advised the Committee of the new risk added to the strategic risk register, risk 18 - charge and reform fair cost of care. The Committee would be provided with a deep dive of this risk and the wider risks associated with Adult Services at its March 2023 meeting.

In response to a question raised by Councillor Jonathan Yardley regarding the position of the Civic Halls on the strategic risk register and the request for the Civic Halls be considered a red risk. The Head of Audit advised that the Committee would be provided with a detailed review of the Civic Halls at the meeting in November 2022. David Pattison, Chief Operating Officer advised that the Committee could make a recommendation to Cabinet that a risk should be reviewed, to consider if the risk is appropriately scored following the planned review in November 2022.

Resolved:

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

7 **Internal Audit Progress Report**

Peter Farrow, Head of Audit, presented the Internal Audit Progress Report that provided the Committee with a summary of the internal audit reviews completed to date, and the levels of assurance assigned to each such review.

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

The Head of Audit advised the Committee of the four levels of assurance that can be provided included;

- Substantial Assurance
- Satisfactory Assurance
- Limited Assurance
- None.

The Committee were advised of the observations made where green/ amber recommendations were applied, following the completion of three key financial systems reviews, around accounts payable, payroll and fixed assets.

In response to a question raised by Councillor Jonathan Yardley regarding the consideration provided relating to the amber status of the school's financial position.

The Head of Audit advised that the schools financial position played an element of the work completed. A detailed work programme applied to each school visited and the Council were members of the Council's school's compliance board.

In response to a question raised by Armstrong Ngoh regarding the follow up process on the amber recommendations to be provided to the Committee. The Head of Audit advised that red and amber recommendations are followed up within appropriate timescales, and any issues of concern would be reported back to the committee.

Resolved:

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

8 **Grant Thornton External Audit Progress Report**

William Guest, Grant Thornton presented the Grant Thornton External Audit Progress Report.

The Committee were provided with an overview of the City of Wolverhampton Council/ Pension Fund audits and included a sector update.

Grant Thornton had made progress to date against the risks identified in the audit plan. Significant risks identified included journals, land and building valuation and net pension liability.

Grant Thornton was working closely with the City of Wolverhampton Council to understand how it accounted for infrastructure assets as part of a national issue relating to infrastructure. Following agreement from Management, Grant Thornton would therefore be unlikely to issue an unqualified opinion in November 2022, while they await the statutory override in relation to infrastructure in December 2022.

The value for money work was underway and no key recommendations have been identified to date, Grant Thornton anticipate the report completion in November 2022.

The Committee were advised that there were delays in receiving evidence to support Pension Fund net assets statement balances. Due to complexities Grant Thornton will wait for audited financial statements from Fund managers. The findings to date were reported to the Pensions Committee on 21 September 2022, the final audit findings report will be reported in November 2022 with no anticipation of delays.

He advised the Committee that no material weaknesses were identified to date and provided the Committee with an update on the sector update that included a report by CIPFA regarding the value of the internal audit and a link to the National Audit Office Committee Effectiveness Tool.

In response to a question raised by Armstrong Ngoh, Independent Member regarding the qualification of the accounts based on the work around infrastructure assets. William Guest, Grant Thornton advised that the infrastructure assets was a national issue, awaiting statutory override to be released in December 2022. He advised that Jon Roberts, Grant Thornton would provide the Committee with further information.

In response to a question raised by Councillor Craig Collingswood regarding any considerations on the potential cross over period between the new external auditor and current external audit when the contract ends, Claire Nye, Director of Finance advised that the process would be managed carefully.

Resolved:

1. That the Grant Thornton External Audit Progress Report be noted.

9 **Audit and Risk committee Annual Report**

Councillor Craig Collingswood, Chair of the Audit and Risk Committee presented the Audit and Risk Committee Annual Report.

Councillor Craig Collingswood advised the Committee that he would be providing an update of the work undertaken during the municipal year to Council in November 2022. He would pass on his thanks to previous and current members of the Committee.

Peter Farrow, Head of Audit advised that the report reflected the complexities of the work undertaken within the Committee, including internal/ external audit, the annual statement of accounts review, strategic risk register, CIPFA financial model, counter fraud and annual governance statement, all key to the success of the Council.

In response to a question raised by Mike Ager, Independent Member, regarding if the public have access to the report and confirmation of the time frame when the Midlands Audit Committee seminar would be taking place. The Head of Audit advised the document is available for the public to view on Modern.gov and that the Midlands Audit Committee seminar was planned to take place in February 2023 and would be a joint event with Grant Thornton.

Resolved:

1. That the Audit and Risk Committee Annual Report for 2021-2022 be approved and refer it to Full Council for approval.

10 **CIPFA Financial Management Code - Action Plan**

Alison Shannon, Chief Accountant, presented the CIPFA Financial Management Code - Action Plan.

The Chief Accountant provided the Committee with an overview of the newly developed action plan following the request from Committee at the meeting in June. The Committee were advised that the Council is always looking to improve therefore, three standards were rag rated at amber a fourth standard was rag rated as green.

The Chief Accountant was pleased to inform the Committee that all standards were on target to be delivered and a further progress update would be brought to a future meeting of the Committee.

In response to a question raised by Councillor Craig Collingswood, regarding any updates from central Government on the future funding streams, to enable to Council to plan for the future. The Chief Accountant advised that it is unlikely to see a multi-year spending review and the Council would receive a provisional settlement in December 2022 and receive the final settlement scheduled for January 2023 but have received no further updates.

The Chief Accountant provided the Committee with an overview of the waterfall-based approach, utilised for the CIPFA Financial Management Code - Action Plan

Resolved:

1. That the update on the Councils compliance with the CIPFA Financial Management Code – Action Plan be noted.

11

Payment Transparency

Peter Farrow, Head of Audit, presented the Payment Transparency update. He advised the Committee that the spend data continues to be published online for public inspection and that no armchair auditor requests have been received since the last meeting.

Resolved:

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

12

CIPFA Audit Committee Update

Peter Farrow, Head of Audit, presented the CIPFA Audit Committee Update.

The CIPFA Audit Committee update focused on two issues, the role of audit committees and the role of internal audit within local government.

The update made reference to more detailed CIPFA guidance. The Head of Audit advised the Committee that the release of the updated document is imminent and that the latest model would be compared to how the audit committee at the City of Wolverhampton Council operates. The second part focused on the role of internal audit within local government.

In response to a question raised by Mike Ager, Independent Member regarding feedback to the model/suggested questions included in such reports. The Head of Audit advised that feedback questions would be put into the covering report for response for future CIPFA Updates.

Resolved:

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