

Attendance

Members of the Audit and Risk Committee

Cllr Paul Appleby
Cllr Philip Bateman MBE
Cllr Jeszemma Howl
Cllr Jaspreet Jaspal (Chair)
Cllr Barbara McGarrity QN
Cllr Andrew McNeil
Mr Armstrong Ngoh

Employees

Mark Wilkes	Audit Business Partner
Ian Cotterill	Audit Business Partner
Peter Farrow	Head of Audit
Claire Nye	Director of Finance
David Pattison	Chief Operating Officer
Becky Wilkinson	Director of Adult Social Services
Helen Winfield	Head of Community Financial Support
Fabrica Hastings	Democratic Services Officer
Jacob Stokes	Democratic Services Officer

In Attendance

William Guest	Grant Thornton
Kirsty Lees	Grant Thornton

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies were received from Councillor Mary Bateman, Councillor Claire Darke, Mike Ager – Independent Member, Charlotte Johns – Director of Strategy, John Roseblade - Director of Residents Services, Alison Shannon – Chief Accountant and Jon Roberts – Grant Thornton.
- 2 Declaration of interests**
Councillor Philip Bateman declared an interest in matters relating to Birmingham International Airport Board and relating to Ashmore Park Nursery School and Phoenix Nursery School.

3 **Minutes of previous meeting**

Councillor Jaspreet Jaspal requested that the minutes were amended to reflect the recommendation raised on page 4 regarding the risk of high unemployment within the city. And that the wording “high employment on the bottom of page 4 be deleted and amended to “high unemployment”.

Subject to the above amendment the minutes of the previous meeting held on 6 March 2023 be approved as a correct record.

4 **Matters arising**

Councillor Barbara McGarrity requested an update on the risk rating regarding adult services, Risk 3 – Safeguarding Adults. Peter Farrow, Head of Audit advised the risk remained amber. Discussions would be held to determine if the risk could be reduced to green.

Councillor Jaspreet Jaspal requested an updated regarding the deep dive into high unemployment within the city. The Head of Audit advised that following the last Audit and Risk Committee, a wider refresh of the strategic risk register was undertaken. The deep dive was put on hold until the register was updated, it was determined that the high unemployment risk would remain red. A deep dive would be presented to the Committee at the next meeting.

5 **Strategic Risk Register**

Peter Farrow, Head of Audit presented the Strategic Risk Register report.

The Committee were provided with an overview of the Strategic Risk Register. There were currently 15 risks on the Strategic Risk Register, 2 red risks were around the medium-term financial strategy and high unemployment within the city. Amber risks included safeguarding adult’s/ children’s, GDPR, cyber security, the Council led development projects across the city and climate change. The Head of Audit assured members that the risks are being managed.

There were a number of risks that were previously on the Strategic Risk Register, that were removed following the register refresh. The Committee were advised they continue to be monitored at directorate and service area level.

Councillor Andrew McNeil raised a question regarding the risk appetite measures. The Head of Audit provided members of the Committee with an overview of the applied measures. The Committee were assured that the Council generally sits between risk cautious and risk open and referred to the risk management framework, presented to the Committee on an annual basis. The Head of Audit suggested that reference to risk appetite be included in the Strategic Risk Register covering report moving forward.

David Pattison, Chief Operating Officer suggested the target scoring grid be included within the body of the Strategic Risk Register report.

Councillor Barbara McGarrity requested an update on the employee wellbeing risk. The Chief Operating Officer advised the Committee on the work undertaken and ongoing, relating to the employee wellbeing risk by the Council. The Committee were advised that mental health is a national issue that the Council is taking seriously using a proactive and preventative approach, under the duty of care to employees. The Council provide a series of programmes. An employee mental health survey has been undertaken which received around 600 responses, these are being worked

through to identify pathways of support and in particular how to prevent the issue in the first place recognising that often the causes were not work related.

Councillor Jaspreet Jaspal requested an update regarding the charging reform and fair costs. Becky Wilkinson, Director of Adults advised members of the Committee that the risk was specifically around the in-year financial impact. The Council were working towards the fair cost of care against a 3-year plan, therefore the risk had considerably reduced. The Director of Adults advised that the actual risks for adult's services were being captured and that adult's services were working towards a plan regarding how the Council would finance their providers over the next 3-5 years.

Councillor Barbara McGarrity requested an update regarding employee recruitment and retention and also suggested the work home balance for employees be looked into, to ensure members of staff are available in the Civic Centre when required. The Chief Operating Officer advised that the recruitment and retention turnover, within children's services, was due to the nature of the role. The overall employee turnover rate for quarter 4 was reported to Scrutiny Board on the 20 July 2023, at 2.77% compared to 2.72% previously, comparing favourably to other local authorities. He advised the members of the Committee that there should be a balance to ensure employees are working in the most efficient way, to provide a service to the public. He advised that he would pick the issue up with the relevant Head of Service, the Head of Planning, regarding availability of staff from that service in the Civic Centre.

Councillor Andrew McNeil requested an update regarding the Councils IT systems and password security when provided with new devices. The Chief Operating Officer provided members of the Committee with assurance that the Council completes regular internal and external security checks, as well as the use of ethical hackers, to ensure the systems are secure. The Chief Operating Officer advised that he would pick up password security when provided with new devices with the Head of IT.

Resolved:

1. That the Strategic Risk Register be noted.

6 **Annual Internal Audit Report 2022-2023**

Peter Farrow, Head of Audit presented the Annual Internal Audit 2022-2023 report.

The Committee were presented with an overview of the annual internal audit process and the work completed during 2022-2023.

The Head of Audit advised members of the Committee on the four overall levels of assurance that can be given following each review. In addition, the Head of Audit advised on four limited assurance reports. The Committee were provided with an update regarding the implementation of the recommendations from the limited assurance reports.

The Committee were advised that the three latest limited assurance reports were identified through reviews, relating to Continuing Health Care, IT Asset Management and Climate Change.

In respect to Climate Change, it was noted that a Head of Green Cities and wider support team, had been appointed to drive the delivery of the Councils climate change 2028 net zero action plan.

The Head of Audit advised the Committee that the Council had demonstrated, that appropriate action has been taken to address the limited assurances identified.

Overall, the Head of Audit provided the Committee with reasonable assurance (an unqualified opinion), that the Council has adequate and effective internal control governance and risk management processes in place.

Councillor Paul Appleby requested an update regarding the financial processes relating to the SEND 16 provision, including the written statements of action provided as an outcome of the Ofsted. The Chief Operating Officer advised that the children's retention rate was considered good, and that the recruitment rate was challenging, but there were no risk concerns. He advised the Committee that he would provide further assurance at a future meeting.

Becky Wilkinson, Director of Adults and Helen Winfield, Head of Community Financial Support, provided the Committee with an update regarding the continuing healthcare review. The Committee were advised that the recommendations were being addressed and to note the changes made through the Integrated Care Board. An improved recharging system for personal health budgets and non-residential care was implemented.

Councillor Andrew McNeil requested an update regarding the outstanding invoices. The Head of Community Financial Support advised that the invoices were all raised and in the process of collection.

Councillor Jaspreet Jaspal requested an explanation regarding the auditable areas with assurances not applicable. The Head of Audit explained that these related to specific pieces of work, such as grant certifications rather than full risk-based audit reviews.

Resolved:

1. That the Annual Internal Audit Report 2022-2023 be noted.

7 **Assessment of Going Concern Status**

Claire Nye, Director of Finance presented the Assessment of Going Concern Status report.

The Director of Finance provided the Committee with an overview of the Assessment of Going Concern Status process.

The Committee were advised that the Council owned three other organisations, each organisation is required to undertake a similar review, to demonstrate that each is a going concern within their own right, these are;

Yoo Recruit

WV Living

Wolverhampton Homes.

The Committee were advised that the Council assess each organisations records to consider their financial status and the impact on the Council.

The Director of Finance advised the Committee that in conclusion the Council is a going concern.

Councillor Jaspreet Jaspal requested an update regarding how much corporate contingency was used. The Director of Finance would share the information with

members of the Committee following the meeting. The Director of Finance advised that she was confident in the level of contingencies held by the Council, and that similar contingencies were in place this year due to similar pressures and risks.

Councillor Andrew McNeil asked what assurance can be obtained for all Council companies. The Director of Finance advised that she could access all the financial information required to provide the assurances required.

Councillor Philip Bateman asked for confirmation that the school reserves included in the reserves strategy only related to the local authority school balances. The Director of Finance confirmed that the school balances were in relation to the education authorities school balances, that were ring fenced on behalf of the schools by the Council.

Resolved:

1. That the Assessment of Going Concern Status be noted.

8 **Grant Thornton Update**

William Guest and Kirsty Lees, Grant Thornton presented the Grant Thornton Update.

The Committee were advised that the 2021-2022 financial statement was close to finalisation. The delay was partly due to a number of prior period adjustments identified, that have now been processed by the Council. Subject to partner review, Grant Thornton was pleased with the work completed by the Council.

The Committee were advised on the investment properties review that would be ready for review by the partner soon.

Grant Thornton advised that the outstanding review around pensions was a national issue. The Council obtained a new IAS19 report to produce the adjustments to the financial statements. Grant Thornton was working through the adjustments and were awaiting work to be completed and submitted by the Pension Fund auditor in due course. The Committee were advised that Grant Thornton aimed to complete the audit for the financial statements by mid-August.

The Committee were provided with an overview of the indicative significant risks identified for 2022-2023.

The Committee were advised that any of the Councils significant risks identified were expected of any local government organisation, including the complex estimated figures on the balance sheet.

Claire Nye, Director of Finance provided the Committee with assurance regarding the outstanding completion of the audit for 2021-2022.

The Director of Finance recognised that the backlog of outstanding audits was a national issue, the Government are working to address. The Government would introduce new audit deadlines and the code of practice would be reviewed. The Committee were advised that Grant Thornton did not identify any fundamental issues and are happy with the work of the Council. The Council is working hard to conclude the 2021-2022 audit, to present to members at the Audit and Risk Committee in September.

Resolved:

1. That the Grant Thornton Update be noted.

9 **Counter Fraud Update**

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

The Audit Business Partner provided the Committee with an overview of the work of the counter fraud team.

The Committee were advised that housing tenancy fraud held the highest fraud value within the sector. The Council were involved in the National Fraud Initiative (NFI) exercise, carried out by the Government Cabinet Office. The latest exercise commenced in January 2023, resulting in the Council receiving 8,000 matches for further review, on a risk-based assessment. The Audit Business Partner advised the Committee that the exercise generally provided assurance that the systems in place were effective as an assurance tool for the Council.

The Council utilised the national anti-fraud network that provides alerts from other Council's, identifying typical issues that the counter fraud team could check if the Council were facing any similar threats. As well as a useful source of information when conducting investigations.

Resolved:

1. That the Counter Fraud Update be noted.

10 **Annual Governance Statement**

David Pattison, Chief Operating Officer presented the Annual Governance Statement.

The Committee were provided with the assurance that good governance was in place in relation to the authority. The Chief Operating Officer noted that a good governance view, is formed using evidence-based transparency of performance, including a series of documents and principles, in line with the Council's Our City Our Plan.

The Committee were advised that the key principles of the Council's overall approach, were enshrined within the new code of corporate governance, and adopted by the Governance and Ethics Committee and Full Council, that underpinned the principles of the CIPFA guidance.

The Chief Operating Officer noted the actions taken from the previous 2021-2022 statement, and the issues identified as part of the 2022-2023 exercise, included in the latest statement.

The Chief Operating Officer provided assurance regarding the medium-term financial strategy. The Council's balanced budget was approved on the 1 March 2023, without the use of general reserves. The annual report on the budget outturn and performance and risk, presented to the Scrutiny Board on 20 July 2023, identified that the Council had managed its resources within budget for 2022-2023.

The Chief Operating Officer provided the Committee with assurance regarding procurement and contract monitoring. The Wolverhampton pound Select Committee report was adopted at Full Council in July 2022.

A further report would be presented at future meetings, to indicate that the recommended steps from the report were implemented and additional resources put in place.

The Chief Operating Officer advised the Committee that a redesign of adult services, was underway and would be reported to the Committee on a regular basis.

The Chief Operating Officer provided assurance regarding the review of linked bodies governance. The Committee were advised that the Council had implemented a new code of practice. An annual report on each key linked body would be reported to the relevant Scrutiny Panel. A deep dive on each of the linked bodies would be reported on every three years.

The Chief Operating Officer advised the Committee that the Civic Halls, now known as the Halls Wolverhampton, opened on the 26 May 2023 and received positive results. Objective based evidence assessments would be conducted, to review the impact on the city centre economy. It was noted that the Council continued to protect its legal position.

The Chief Operating Officer assured the Committee that measures were in place to ensure compliance with information governance and transparency requirements.

The Committee were advised that the SEND written statement of actions, were monitored regularly by DFE and NHS England. The Chief Operating Officer advised that the Council were on track, and that he would continue to report to the Committee.

The Chief Operating Officer advised the Committee that the Council was confident that a balanced budget would be set. Members of the Committee were advised that additional checking and challenging, would be implemented to ensure compliance, with all the procurement rules and detailed contract monitoring. The Chief Operating Officer noted that further assurance was required to ensure value for money.

The Committee were advised on the importance of ensuring additional resources were in place, regarding climate change that would be reported to the Climate Change Advisory Group, Climate Change Housing and Communities Scrutiny Panel and Cabinet.

The Chief Operating Officer recognised that recruitment and retention was a challenge for all local authorities in the country. The Committee were assured a plan was in place to tackle the issue at the Council.

Councillor Phillip Bateman suggested the recent Audit Committees seminar hosted by the Council in Wolverhampton, and attended by Audit Committee members from across the West Midlands, be run again later in the year.

Resolved:

1. That the Annual Governance Statement be noted.