

## Attendance

### Members of the Audit and Risk Committee

Cllr Jaspreet Jaspal (Chair)  
Cllr Mary Bateman (Vice-Chair)  
Cllr Paul Appleby  
Cllr Philip Bateman MBE  
Cllr Claire Darke  
Cllr Jeszemma Howl  
Cllr Barbara McGarrity QN  
Cllr Andrew McNeil  
Mr Mike Ager

### Employees

Fabrica Hastings	Democratic Services Officer
Mark Wilkes	Audit Business Partner
Mary Costello	Audit Business Partner
Dereck Francis	Democratic Services Officer
Jai Ghai	Head of Digital and IT
Amanda MacDonald	Audit Business Partner
Claire Nye	Director of Finance
David Pattison	Chief Operating Officer
Laura Phillips	Deputy Director of People and Change
Anna Zollino-Biscotti	Information Governance Manager
Sukhvinder Mattu	Head of People Services

### In Attendance

Kirsty Lees	Grant Thornton
Jon Roberts	Grant Thornton

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

*Item No.*    *Title*

- 1 Apologies for absence**  
Apologies were received from Alison Shannon, Chief Accountant.
- 2 Declaration of interests**  
Councillor Phillip Bateman declared an interest in matters relating to Birmingham International Airport, Ashmore Park and Phoenix Park Nursery School. Councillor Mary Bateman declared an interest in matters relating to Ashmore Park and Phoenix Park Nursery School.

Councillor Barbara McGarrity declared an interest in matters relating to child mental health as a private Counsellor.

3 **Minutes of previous meeting**

That the minutes of the previous meeting held on 25 September 2023 be approved as a correct record.

4 **Matters arising**

Mike Ager, Independent Member, requested an update from the Head of Skills, Julie Obada, on the internal/ external funding figures, queried at the last meeting in response to the Strategic Risk Register – High Unemployment Risk update. The Chief Operating Officer advised that the figures would be circulated to members of the Committee by the end of the week.

5 **Strategic Risk Register**

Ian Cotterill, Head of Internal Audit, presented the Strategic Risk Register report. Both Laura Phillips, Deputy Director of People and Change and Sukhvinder Mattu, Head of People Services, also provided an update on the called in risk for employee recruitment and retention.

The Committee were advised that a refresh exercise of the strategic risk register was undertaken. The risks were discussed with the relevant risk owners and the Strategic Executive Board. 17 new risks were added to the register including equal pay, reinforced autoclaved aerated concrete (RAAC) and housing standards around damp and mould.

A detailed scoring breakdown was provided for the target and current risk scores, which now includes the likelihood and impact scoring. The rationale for the target scoring was also captured to explain risk appetite for each risk. The medium-term financial savings (MTFS) risk was split into two risks regarding the uncertainty of funding and management of the resources currently available to the Council.

There are currently 10 red risks on the register. Two existing risks have increased from amber to red which were as follows: The safeguarding adults risk increased, due to the pressures the service experienced in terms of increased referrals and the ability to recruit additional resources. Information governance increased to a red risk due to the current volatile cyber environment and evolving threats within that arena.

A summary sheet has now been provided on the front of the register and risks are grouped by portfolio holders.

The Head of Internal Audit advised the Committee that the strategic risk register demonstrated that the Council is mature and transparent in terms of the management of their risks and demonstrated strong governance.

In response to a question raised by Councillor Andrew McNeil, in respect of risk 3 (asylum seekers and refugees) and risk 18 (information governance) David Pattison, Chief Operating Officer advised the Council ensures a fair balance is in place relating to the asylum seekers and refugee risk to ensure the Council meets its obligations, and looks after those coming from challenging environments and at the same time also ensures that the Council is not treated unfairly by Central Government, hence the successful legal challenge to Home Office asylum dispersal policy previously.

The Chief Operating Officer advised the Committee on the challenges faced relating to information governance and that the Councils cyber security was in a good place despite the risk increase.

Councillor Paul Appleby raised questions regarding safeguarding within Adult Social Care and reinforced autoclaved aggregated concrete within school buildings and facilities. The Chief Operating Officer advised that no reinforced autoclaved aggregated concrete was found in relation to schools in Wolverhampton and work is ongoing in relation to other buildings. The Council was in a good position in relation to the assessment and management of RAAC.

The Chief Operating Officer advised that training within adult safeguarding was taking place and would be happy to share any further information, as and when it becomes available, from the adult's team with the Committee.

The Head of Internal Audit also advised the Audit Team were undertaking work on RAAC processes to provide assurance to the Committee.

In response to a question raised by Councillor Barbara McGarrity regarding the increase in children's safeguarding referrals to the MASH and a suggested solution to the difficulties in securing staff, the Head of Internal Audit advised he would take the questions away to provide an update at the next meeting.

In response to a question raised by Councillor Philip Bateman regarding RAAC within the private sector, the Head of Audit advised he would provide an update at the next meeting.

Councillor Jaspreet Jaspal asked about the in-year pressures on children's social care and whether these risks are suitably mitigated in light of there only being one risk on the register in respect of this specific area. Claire Nye, Director of Finance advised on the financial impact on the pressures in the areas identified and advised that the in-year pressures were being properly mitigated and captured correctly through the controls in place including, budget monitoring reports and overall risk management.

The Deputy Director of People and Change and the Head of People Services provided members with an update and presentation on the risk of employee recruitment and retention.

The Committee were advised that national recruitment and retention challenges were impacting Councils locally and nationally and that this risk could impact the ability to deliver services for the city specifically hard to fill vacancies. The Council has been proactive in managing the risk and implemented several actions. The Council continuously looks for methods to further mitigate the risk and ensure minimal impact to Council activity. The Council ensures it provides a competitive offer to be an employer of choice and retain talent.

The Council conducted benchmarking surveys locally with the outcomes mirroring the Local Government Association Workforce Survey 2022.

The Committee were advised on the key outcomes following the actions undertaken so far by the Council to mitigate the recruitment and retention risk. The presentation provided an overview of the key outcomes achieved, future planned activity and

actions. The Committee were advised on the career pathway focus to be undertaken across the Council, to further embed growing our own, taking proactive steps including succession planning, a new recruitment and retention team to ensure consultative services are provided to managers, and also advised on the next cohort of the Aspire into Management Programme. The Council continues to monitor the risk and reviews the data from reports to ensure the organisation is competitive in terms of pay, fairness and inclusion.

Councillor Jaspreet Jaspal asked about the success of the apprenticeship scheme and what work was being done with leaders across the management structure at the Council to encourage staff to complete surveys. The Deputy Director of People and Change advised that a breakdown of the data would be shared with members outside of the meeting. The Committee were advised that survey outcomes are briefed to the Leadership Forum and Operational Managers Network as an engagement tool. Employee representatives regularly attend the Strategic Executive Board as part of the decision-making process at the Council and senior management regularly attend the staff equality forums as sponsors of each.

Councillor Paul Appleby asked about the anonymous surveys and the response rates, themes arising from exit interviews and data at the stage employment is ceased at the Council. The Deputy Director of People and Change advised on the engagement undertaken by the Council including staff equality forums and the launch of the people transformation programme. The Head of People Services advised the Council's mental health survey received the highest response rate receiving over 507 responses.

Councillor Philip Bateman raised questions regarding the figures of the recruitment and retention pool nationally, the input from universities and training organisations and any shortfalls identified and the relationship with candidates in another country at the present.

The Deputy Director of People and Change advised the Council were working with schools, colleges and universities to grow our own within the city. In response to the risk, a recruitment and retention team was developed located within the people services structure. The team will continue to create proactive relationships. As part of the Council's regional response to recruitment and retention, the Council are working with West Midlands Employers. A Head of People Development & Experience (formerly known as Organisational Development) was recently appointed to ensure employees have a positive experience working at the Council. The Deputy Director of People and Change advised that she would share the national statistics around the pooling with the Committee.

Councillor Andrew McNeil requested a copy of the benchmarking report be shared with the Committee.

In response to a question raised by Councillor Jaspreet Jaspal regarding what the Council was doing differently compared to other Local Authorities regarding recruitment and retention, the Head of People advised on a range of schemes and benefits the Council offers. The Deputy Director of People and Change advised that all people policies are coproduced with employees.

Resolved:

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

2. That the Council's Risk Management Framework, as under Appendix 2 be noted.
3. That the update on the Employee Recruitment and Retention which was called in by the Audit and Risk Committee on 25 September 2023, as under Appendix 3 be noted.

## 6 **Internal Audit Update Report**

Ian Cotterill, Head of Internal Audit presented the Internal Audit Update Report.

The Committee were advised that 14 reviews were completed and 4 limited assurances were provided.

The Head of Internal Audit advised the Committee that the report outlined the projects and programmes real time auditing response advice on Government risk issues.

The Committee were provided with an outline of limited assurance reports including:

- Alternative and out of city provision - Children excluded from school/ disengaging with the education process.
- Information Governance record management - The use of Microsoft sites introduced during the pandemic.
- Digital IT – Return of leavers equipment.

In relation to the school establishment audit for Stow Heath Primary School, the Committee was asked to note that a new Business Manager was appointed at the school, and recommendations identified within the audit report related to the hand over process.

Councillor Andrew McNeil asked a question regarding any issues identified with Microsoft Teams and what activity was undertaken to establish missing IT equipment. The Head of Internal Audit advised that there are procedures and protocols in place regarding Microsoft Teams and that the responsibility of returned IT equipment is with the manager.

Anna Zollino-Biscotti, Head of Information Governance and Customer Assurance advised that records held on Microsoft Teams would be looked into to focus on what information is stored, what it is used for and who uses this. This will enable the current record management policies in place to be enhanced.

Jai Ghai, Head of Digital and IT, advised the Committee that he was working with management to ensure IT equipment is returned and understanding the challenges where agency employees have not returned the equipment. An option to use a courier service to return the devices would be used.

In response to a question raised by Councillor Andrew McNeil regarding the volume and value in equipment lost, the Head of Internal Audit advised, at the time of the audit, 58 leavers had not returned their equipment which was estimated to be a £45,000 loss. The Chief Operating Officer updated the Committee that he was informed that 30 out of the 58 laptops outstanding had now been recovered by the Council and that this number was continuing to reduce as further steps were taken.

In response to questions raised by Councillor Barbra McGarrity regarding alternative and out of city provision and provision providers, the Deputy Director of Education, Brenda Wile, advised on her concerns regarding the lack of rigorous and robust quality assurance procedures in place to monitor private providers of alternative provision for some of the most vulnerable young people in the city. She advised a plan was in place and a team implemented to address the issues raised and focus on the audit of the provisions and placements commissioned by the Council. In line with the Department for Education and central Government.

In response to a question raised by Councillor Paul Appleby regarding the clarity around alternative provision placements, the Deputy Director of Education advised on the framework used with alternative consistent providers that meet the quality standards. Further, that the Council works with schools and alternative providers to provide additional resources to support young people with recently identified special education needs. She advised she was involved in the West Midlands SEND and Provision Network to meet with peers from other Black Country and wider West Midlands Authorities to share information, data and knowledge.

Resolved:

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

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### **Mid-Year Annual Governance Statement**

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

The Committee were advised that there is no requirement for the Council to complete a mid-year annual governance statement but was good practice for the Committee to be aware of the Council's position, issues arising in Governance terms and progress made on the Annual Governance Statement from July 2023.

Changes to procurement and contract monitoring processes led to improvements, including additional checks and the requirement for tenders within the city, to ensure best value and getting local suppliers where possible.

The lessons learned from the Civic Halls project are applied to future large regeneration projects including the City Learning Quarter. Across many projects, Internal Audit are used as an early warning system. Internal audit completed a report on the City Learning Quarter to determine if good governance was in place and this provided satisfactory assurance.

The scope of Scrutiny Board was amended to ensure regular updates are presented to the Scrutiny Board on large regeneration projects, to ensure transparency of budget, management and risks. An update of ongoing challenges would be provided to the Committee.

In relation to Climate Change, a detailed discussion on performance took place at the Climate Change, Housing and Communities Scrutiny Panel. This followed the discussion, which took place at an earlier meeting of Audit and Risk Committee, on the Council's commitment to deliver the Net Zero 2028 target and the climate change action plan.

The Committee were advised on the challenges associated with equal pay. The Council commissioned internal audit to complete a review that confirmed the Council

is structurally sound with satisfactory arrangements in place. The review was sent for external legal advice that found there was no significant or obvious risk of equal pay liability for the Council based on the information provided. The Chief Operating Officer advised that Council employees and the Unions were involved with the equal pay process.

In response to a question raised by Councillor Jaspreet Jaspal regarding the limited number of recommendations made, the Chief Operating Officer advised a limited number of recommendations made in respect of this area were reported by internal audit with some recommendations provided external legal advisors. The Chief Operating Officer advised the Committee that the recommendations in the report would be completed soon.

In response to a question raised by Councillor Philip Bateman regarding the Council's position in response to the climate change action score cards, the Chief Operating Officer advised the climate action score card referred to by the Councillor was, completed by an independent body, did not accurately reflect the Council's position and progress made. The Council has challenged the independent body in respect of some of the scoring mechanisms in place for example the nil score around the electrification of the Council's fleet. A detailed report would be presented to the Climate Change Advisory Group which are made publicly available.

Councillor Philip Bateman requested members received the independent assessment that went to the West Midlands Combined Authority Scrutiny Board.

Resolved:

1. That the review and comment upon the contents of the mid-year update regarding the Council's Annual Governance Statement for 2022-23 and in particular the information provided about actions and improvements made so far during 2023 be noted.

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### **Grant Thornton Audit Plan**

Jon Roberts, Audit Partner and Kirsty Lees, Public Sector Manager presented the Grant Thornton Audit Plan.

The Committee were provided with a progress update on the audit and the plan for conclusion of the audit of the statement of accounts and value for money audit.

The Committee were advised that Grant Thornton had started their audit work later and would now expect the audit to be completed in January 2024. The delay was due to securing appropriate resourcing. This has been resolved and resourcing is now in place to progress the audit and this will be completed in January 2024.

The Committee were advised on the audit plan material risk areas, the group audit status and value for money risk assessment, further updates would be provided to the Committee. There were no risks of significant weakness identified in relation to value for money, and Grant Thornton would follow up on the work from the Civic Halls from last year, and look at how the Council is responding to the economic downturn. Grant Thornton would look at issues experienced by other Local Authorities within the region to see how the City of Wolverhampton Council is ensuring that it is risk free.

The Committee were advised that Grant Thornton set materiality at 1.5% of the prior year gross operating cost.

Grant Thornton set two new auditing standards including International Standards for Auditing ISA 315, involving further work on the Councils IT risk assessment and the Auditors work in fraud ISA 240, further work in this area would be undertaken and communicated to the Committee.

The Committee were provided with an overview of the detailed analysis of fees. Grant Thornton provided members with an overview of the work undertaken previously subject to a fee determination from PSAA, including the triannual valuation, reinforced concrete issues and equal pay.

The Committee were advised that Grant Thornton deployed resources from other audits due to staff absences to fill the gap identified. Work on all areas of the audit had started to ensure larger areas of the revaluations that require a significant amount of audit time including land and buildings and dwellings would be completed without delay.

Grant Thornton advised the Committee that no significant issues had been identified so far from the work undertaken and that the IT audit work was completed.

Grant Thornton thanked the finance team at the Council for their work towards the audit plan.

The Committee were advised that another Audit Partner would be starting their role in January and would oversee the completion of the 2022-2023 Audit and the audit of the Council moving forward.

The Auditors annual report would be presented to the Committee at the next meeting.

In response to questions raised by Councillor Jaspreet Jaspal regarding the handover involved with the new Audit Business Partner, Grant Thornton advised that the value for money work and draft report will be produced prior to the change in Audit Business Partner. The Financial Statements Audit would be discussed with the successor from Grant Thornton in Birmingham, to ensure there is a comprehensive handover of the work done. The Committee were advised that any support the Council could give to the audit would be the best investment to avoid future delays. The resources deployed to complete the audit mitigated the pressure on the finance team and would be closely reviewed as the audit progressed. Jon Roberts advised he would be available for contact after his retirement to mitigate any uncertainty of handover.

In response to a question raised by Councillor Philip Bateman regarding Birmingham International Airport, Grant Thornton provided an overview of the valuation process involving experts and multiple Local Authorities within the West Midlands.

In response to a question raised by Councillor Andrew McNeil regarding the increased audit fees for Wolverhampton Homes, Grant Thornton advised that an update regarding the increase in audit fees would be provided to the Committee.

Resolved:

1. That the Grant Thornton Audit Plan be noted.

9 **CIPFA Audit Committee Updates**

Ian Cotterill, Head of Internal Audit presented the CIPFA Audit Committee Updates.

The Committee were advised that the Head of Internal Audit would work with the Chair and Vice-Chair to review the areas covered in issue 37 publication and ensure the Council is meeting these requirements and look at the role the Committee can play in challenging financial risk.

The Committee were advised that an update on the public sector internal audit standards was due at the end of the year. A requirement arising from the public sector internal audit standards was the interaction between the audit committee and internal audit team which would be included within the revised standards.

In response to a question raised by Mike Ager, Independent Representative regarding the Audit Committees role in risk management, the Head of Internal Audit advised that members of the committee received regular training and receive updates from the Councils external auditors regarding the Councils financial affairs providing members with opportunity to challenge.

The Chief Operating Officer advised on the importance of training provided to Councillors as part of the induction programme that includes additional training on what to look out for in the accounts.

Resolved:

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

10 **Audit Services - Counter Fraud Update**

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

The Committee were advised on the main features identified in the annual counter fraud exercise that included the latest results generated from the National Fraud Initiative Exercise and the work being undertaken on tenancy fraud at Wolverhampton Homes on behalf of the Council.

The Committee were advised on the counter fraud plan and the fraud risk register.

Resolved:

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

11 **Review of Fraud Related Policies and Procedures**

Mark Wilkes, Audit Business Partner, presented the Review of Fraud Related Policies and Procedures.

The Committee were advised on the fraud related policies and procedures for approval. There were no significant material changes to the policies and procedures and the Head of Audit was updated to Ian Cotterill as Head of Internal Audit. A section of the policies and procedures was added to give the Head of Internal Audit

permission to change the policies were there has been a change in officer within the Council during the year without the requirement of presenting to the Committee.

Resolved:

1. That the review of the following Council fraud related policies and procedures be approved:
  - Anti-fraud and corruption policy and procedure
  - Whistleblowing policy and procedure
  - Raising fraud awareness guide
2. That delegated authority to the Head of Internal Audit to amend the policies in terms of changes to contact details be approved.

12 **Exclusion of press and public**

Resolved:

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 falling within the paragraph 3 of Schedule 12A of the Act.

13 **Audit Investigations Report**

Mark Wilkes, Audit Business Partner, presented the Audit Investigations Report.

Resolved:

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