

Minutes of Audit and Standards Committee

Wednesday 13th April, 2016 at 6.00 p.m.
in Committee Room 3, The Council House, Dudley

Present:-

Councillor J Cowell (Chair)
Councillor E Taylor (Vice-Chair)
Councillors A Aston, A Millward, D Russell, R Scott-Dow and T Westwood

Officers:-

I Newman (Chief Officer – Finance and Legal Services) ;
M Farooq (Head of Law and Governance), L Bradshaw (Interim Head of Audit), R Cooper (Head of Financial Services); M Granger (Corporate Fraud Manager); G Harrison (Audit Manager – Central Services); E Smith (Principal Auditor); A Taylor (Principal Auditor) and K Taylor (Democratic Services Officer) (All Resources and Transformation Directorate)

Also in Attendance:-

J. Cook and S. Joberns (Grant Thornton)

113 **Apology for Absence**

An apology for absence was received on behalf of Councillor D Tyler.

114 **Declarations of Interest**

No Member made a declaration of interest in accordance with Members' Code of Conduct in respect of any matter to be considered at this meeting.

115 **Minutes**

Resolved

That the minutes of the meeting held on 9th February, 2016, be approved as a correct record and signed.

116 **Change in Order of Business**

Pursuant to Council Procedure Rule 13(c) it was:-

Resolved

That Agenda Item No. 8 be the next item of business to be considered.

117

Whistleblowing Policy

A report of the Monitoring Officer was submitted on the monitoring of the operation of the Council's Whistleblowing Policy.

The Head of Law and Governance in his presentation of the content of the report and the Policy which was appended to the report submitted, commented that there were no key changes to the Policy, however minor updates were given to the section in respect of schools.

It was noted that from 1st June, 2016, following the senior management restructure, the Head of Law and Governance would become the Monitoring Officer for the Council.

It was further noted that there had been nine recorded incidents of use of the Policy that related to all Directorates, six of which had been concluded, involving abuse of position, Council Tax fraud, and misuse of Council resources. The Head of Law and Governance stated that although nine reports were higher than previous years, the figure was minimal compared to the number of employees.

Resolved

That the information contained in the report, and Appendix to the report, submitted on the outcome of the recent monitoring of the Council's Whistleblowing Policy, and that the Head of Law and Governance will become the new Monitoring Officer for the Council from June, 2016, be noted.

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Grant Thornton Audit Plan 2015/16

A report of the Chief Officer Finance and Legal Services was submitted on the External Auditor's Audit Plan for 2015/16 attached as Appendix 1 to the report submitted. A copy of the Audit and Standards Committee Progress Report and Update was attached as Appendix 2 to the report submitted.

J Cook commented on the content of Appendix 1, which sets out the work Grant Thornton will undertake in discharging their responsibilities to give an opinion on the Council's financial statements and a conclusion on the Council's arrangements for achieving value for money. Particular reference was also made to the areas that required extensive testing, such as cash and disclosure of officer's remuneration.

The significant risks of material misstatement were outlined, including the valuation of property, plant and equipment which was difficult to evaluate due to the complex portfolio of assets within the Borough.

Arising from the presentation given Members asked a number of questions and made comments that were responded to, in particular in respect of the inclusion of Highways Network Assets, and the complications arising from fair value accounting.

S Joberns commented on the content of Appendix 2, making particular reference to the progress made including early audit testing, where possible in order to support a more efficient final accounts audit.

Resolved

That the information contained in the report, and Appendices to the report, submitted on the External Auditor's Audit Plan for 2015/16 and progress report, be noted.

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Internal Audit Plan for 2016/17

A report of the Chief Officer Finance and Legal Services was submitted on the work that the Audit Services Division planned to undertake during the period from 1st April, 2016 to 31st March, 2017, further details of which were appended to the report submitted.

The Interim Head of Audit in his presentation of the content of the report and Appendices to the report submitted, commented on the proposed additional work such as School Audits, work on two Academies and work on Fraud prevention, detection and investigation in line with the Fraud Action Plan.

In responding to a question from a member in respect of the process in auditing collection management, the Interim Head of Audit confirmed that this specifically related to Museum collections being catalogued in accordance with best practice. The same member raised concerns in respect of the relocation of the collection at Dudley Museum once the Museum had closed.

Reference was made to delayed transfer of care in particular that although services at the NHS could not be audited, the audit would ensure that the Local Authority had undertaken their work sufficiently in respect of hospital discharges.

Resolved

That the information contained in the report, and Appendices to the report, submitted be noted and that the Audit Plan for the period 2016/2017, as set out in Appendix A to the report submitted be approved.

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Review of the Code of Corporate Governance

A report of the Chief Officer Finance and Legal Services was submitted on the results of a review of the Code of Corporate Governance. A copy of the revised Code of Corporate Governance was appended to the report submitted, for approval.

The Interim Head of Audit in his presentation of the content of the report and Appendices to the report submitted, reported that CIPFA/SOLACE had recently published new guidance and that any significant issues would be brought to the Committee's attention at the September, 2016 meeting.

Resolved

- (1) That the information contained in the report, and Appendix to the report, submitted be noted.
- (2) That the revised Code of Corporate Governance, attached as Appendix B to the report submitted, be approved.
- (3) That the Strategic Director, Resources and Transformation be authorised to take the necessary action to incorporate the revised Code into the Constitution.

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Exclusion of the Public

That the public and press be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information relating to any individual(s) and that in all the circumstances, the public interest in disclosing the information is outweighed by the public interest in maintaining the exception from disclosure.

<u>Description of Item</u>	<u>Relevant Paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972</u>
Exceptions to Standing Orders	2 & 7
Audit Services Annual Fraud Report	2 & 7

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Exceptions to Standing Orders

A report of the Chief Officer Finance and Legal Services was submitted on any cases arising under Standing Order 1.9 during the period August to December, 2015 inclusive.

Resolved

Audit Services Annual Fraud Report

A report of the Chief Officer Finance and Legal Services was submitted on the work that the Audit Services Division had undertaken, and was planning to undertake to manage the risk of fraud, and on the work following the transfer of the Benefit Fraud Team, and of the Housing Tenancy Fraud Team. A copy of the Fraud Action Plan was appended to the report submitted for approval.

In presenting the report, the Interim Head of Audit referred to the development of fraud risk registers that had been benchmarked against other West Midlands authorities, and that Dudley's suppliers Code of Practice had been highlighted as a best practice resource. He also reported that the level of input to the investigation and resolution of cases had reduced the time available to cover preventative and detection work streams.

Reference was made to the success of the Fraud Hotline which had received over 700 calls in total, since its introduction in October, 2011, and that the majority of referrals had been passed to other departments, mainly Housing Benefit Fraud or Housing Tenancy Fraud Teams for investigation.

The Interim Head of Audit further reported on the production of an in-house IT solution in relation to local data matching, data warehousing and a single view of 'person at address', which following a demonstration, Solihull Council had requested a copy of the template for their use. He also provided a summary of the audit fraud investigations undertaken.

It was noted that the Council's responsibility for housing benefit fraud investigations and the officers involved had transferred to the Department for Work and Pensions Single Fraud Investigation Service on 1st February, 2015, which resulted in a reduction of the annual administration grant it had previously been awarded to the Council. The reduction in funding and transfer of fraud staff had resulted in there being no staff qualified to undertake interviews under caution in respect of fraud.

Members asked a number of questions and made comments which were responded to in particular to relation to recognising housing fraud and the potential remuneration money from identifying regulations in respect of housing benefit fraud.

Resolved

- (1) That the information contained in the report, and Appendix to the report, submitted be noted.
- (2) That the Fraud Action Plan, attached as Appendix A to the report submitted, be approved.

- (3) That the Strategic Director, Resources and Transformation be authorised to take the necessary action to incorporate the revised Anti Fraud & Corruption Strategy into the Constitution.
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Comments of the Chair

This being the last scheduled meeting of the Committee in the current municipal year, the Chair thanked Members and Officers for their help and support throughout the municipal year.

The meeting ended at 7.15 pm.

CHAIR