

## **Minutes of the Audit and Standards Committee**

**Tuesday 8<sup>th</sup> July, 2014 at 6.00 p.m.**  
**in Committee Room 2, The Council House, Dudley**

### **Present:-**

Councillor J Cowell (Chair)  
Councillor M Roberts (Vice-Chair)  
Councillors A Aston, M Attwood, M Evans, A Taylor, K Turner and D Tyler (From Minute No. 8)

### **Officers:-**

I Newman (Treasurer); L Bourne (Principal Information Security Officer); L Bradshaw (Head of Audit Services); S Denyer (Senior Auditor - Special Projects); M Farooq (Assistant Director – Law and Governance); G Harrison (Audit Manager - Central Services); I McGuff (Assistant Director - Quality and Partnership); S Potter (Audit Manager - Education/Social Services); P Tart (Director of Corporate Resources); G Thomas (Assistant Director - Policy and Improvement); D Whorton (Principal Auditor - Special Projects) and K Taylor (Democratic Services Officer).

### **Also in Attendance:-**

S. Joberns (Grant Thornton)

#### 1. **Apologies for Absence**

Apologies for absence from the meeting were submitted on behalf of Councillors P Brothwood and D Russell.

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#### 2. **Appointment of Substitute Member**

It was reported that Councillor K Turner had been appointed as substitute member for Councillor P Brothwood for this meeting of the Committee only.

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#### 3. **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.

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4. **Minutes**

Resolved

That the minutes of the meeting held on 17<sup>th</sup> April, 2014, be approved as a correct record and signed.

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5. **Grant Thornton Fee Letter 2014/15**

A report of the Treasurer was submitted on the planned audit fee for 2014/15 by the Council's external auditor, Grant Thornton. A copy of the letter was attached as an Appendix to the report submitted.

Resolved

That the information contained in the report, and Appendices to the report, submitted on the audit fee for 2014/15 be noted.

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6. **Re-Appointment of Standards Sub-Committee**

A report of the Director of Corporate Resources was submitted on the re-appointment of the Standards Sub-Committee.

The Director of Corporate Resources in his presentation of the content of the report and Appendix 1 to the report submitted, circulated a proposed amendment to the recommendation, in particular, that the Sub-Committee comprise four members of the Committee; two from the controlling group together with one member from each of the opposition groups represented on the Committee.

Resolved

- (1) That the decision of the Council at the annual meeting on 5<sup>th</sup> June, 2014 confirming that the proportionality requirements of the Local Government and Housing Act 1989, shall not apply to any Sub-Committee(s) established by the Audit and Standards Committee to hear complaints against Members under the Members' Code of Conduct, be noted.
- (2) That the Standards Sub-Committee be re-appointed for 2014/15 with its existing Terms of Reference and that the membership of the Sub-Committee comprise Councillors P Brothwood, J Cowell, M Roberts and A Taylor, two members from the controlling group together with one member from each of the opposition groups on the Committee.

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7. **Change in Order of Business**

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

Resolved

That the remaining items of business be considered in the following order:-

Agenda Item Nos. 9, 7, 8, 12 and 13.

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8. **Risk Management**

A report of the Treasurer was submitted on current corporate risks and other matters relating to risk management, and to provide closer scrutiny of the Council's corporate risk – Risk ORG0021 – Children and Young People – that was identified for consideration by the Committee at a previous meeting.

The Assistant Director - Quality and Partnership tabled a written report and gave a verbal presentation in relation to the nature of a major risk facing the Council and the Directorate of Children's Services and the mitigating actions that were being used to manage the risk.

The Assistant Director - Quality and Partnership reported to the Committee that it was becoming difficult for the Council to mitigate against the risks to children and young people who were vulnerable to harm due to rising demand for services and contracting budgets.

Reference was made to the children protection five-year trend statistics, in particular, that the number of children subject to strategy discussions and requiring section 47 investigations had increased significantly from 2008/09.

The Assistant Director - Quality and Partnership reported that there were reductions in resources due to the Directorate of Children's Services commitment to the Medium Term Financial Strategy, which had resulted in the loss of over 100 posts, and a further 200 posts could go by 2017/18. It was noted that the reduction in resources had been taking place at a time when regulatory and statutory requirements upon the Directorate were increasing; expectations of the performance by regulators such as OfSTED and the general public continued to rise, and partner agencies were also experiencing resource reductions and therefore were less able to support joint working.

Reference was made to the mitigating actions implemented and within managing budget reductions the services for children in need of help and protection, children looked after and care leavers continued to be a priority. It was also anticipated that a service be developed to enable early help with families so that young people were not placed at risk.

The Assistant Director - Quality and Partnership referred to the importance of engaging other agencies such as, school's, police and the health service to play a greater role in service delivery.

Arising from the presentation, Members asked a number of questions and the Assistant Director - Quality and Partnership responded as follows:-

- That although Partner Agencies had reducing resources, their commitment to the service continued.
- In relation to the steps introduced to address and prevent risks to children, it was reported that a number of parenting programmes had been used to identify adults who were in need of support in their home or family situation, and support and advice would be arranged in relation to parenting skills.
- That there were relatively few incidents of significant harm to children in the Borough.
- Concerns were raised in regard to the increase of referrals since 2012.
- In relation to the potential problems arising from the continued reduction in resources, it was reported that increasing risks had become apparent and the steps to address this would be to allow children to remain in their homes and implement packages of support, however this could result in children living in more unpredictable situations.
- That Dudley Council are willing to explore alternative processes, such as partnership working with neighbouring authorities, however it had been apparent that some other authorities did not wish to participate.
- That a major consequence of reduction in resources in social care were the inability to engage in early help work and the difficulty in increasing the size of acute services to sustain the pace of demand, which resulted in social workers having complex and increased workloads.
- Following concerns raised in regard to the placement of children outside the Borough; the Assistant Director - Quality and Partnership undertook to provide Councillor Evans with comparison data in relation to the cost of internal and external care placements over a three year period.
- The Assistant Director - Quality and Partnership undertook to provide Councillor Tyler with data in relation to the percentage of children in care who were adopted or cared for by extended family members.
- In relation to the lack of funding for early intervention work, the Assistant Director - Quality and Partnership agreed that there could be improvements, and if additional funds were available for early help, it could reduce the risk to vulnerable children.
- The Assistant Director - Quality and Partnership acknowledged difficulties of initial contact and responses to referrals, however these were isolated incidents, and he was confident that contact duty workers were able to handle enquiries and referrals correctly and efficiently.

- In recent years due to West Midlands Police increasing the awareness of the importance to responding to Domestic Violence that involved children, contributed to the increase of referrals.

During his presentation of the content of the report, and Appendix 1 to the report submitted, the Treasurer referred, in particular, to the Committee giving consideration to identifying and scrutinising a specific risk from those shown in the Appendix for consideration when the Committee next considered the issue of corporate risks at its meeting in December, 2014.

Resolved

- (1) That the information contained in the report, and Appendix 1 to the report, submitted on current corporate risks and other matters relating to risk management, be noted.
- (2) That the risk ORG0021 – Children and Young People, be noted.
- (3) That the risk ORG0013 – Information Governance – be the particular risk identified for closer scrutiny the next time a risk report was referred for consideration by the Committee, on 9<sup>th</sup> December, 2014.
- (4) The Assistant Director - Quality and Partnership be requested to provide the following:
  - a) Councillor Evans with comparison data in relation to the cost of internal and external care placements over a three year period.
  - b) Councillor Tyler with data in relation to the percentage of children in care who were adopted or cared for by extended family members.

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9. **Internal Audit Services Annual Performance and Review Report 2013/14**

A report of the Treasurer was submitted on an overview of the performance of Audit Services in the year to the 31<sup>st</sup> March, 2014 and to inform members of the Head of Audit Services review of Audit Services in line with the Accounts and Audit Regulations, 2011, which require the Council to conduct an annual review of the effectiveness of internal audit. The Head of Audit was also required to give an opinion on the system of risk management and internal control and this was referred to in paragraphs 21 and 22 of the report submitted.

Following a presentation of the content of the report and related Appendices to the report submitted, lettered A – D, the Head of Audit Services commented on the self assessment of good practice and effectiveness.

The Head of Audit Services undertook to circulate a self assessment checklist, based on the CIPFA model, to members of the Committee, to evaluate their skills and knowledge, with a possibility of training given for identified gaps. Feedback of the questionnaire would be reported at a future Committee meeting.

Members asked a number of questions and made comments that were responded to, in particular in respect of the effects caused by the reduction of planned work, that resulted in a number of audits cancelled or deferred.

Regarding the number of post-audit questionnaires returned in 2013/14, although this had increased by 22% from the previous year, a Member of the Committee believed this should be improved.

Resolved

That the information contained in the report, and Appendices to the report, submitted on the performance and review of Audit Services in 2013/14, be accepted and that the Head of Audit Services be requested to circulate the self assessment checklist to members of the Committee.

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10. **Committee Work Plan 2014/15**

A report of the Treasurer and the Director of Corporate Resources was submitted on a Committee Work Plan for 2014/15.

Resolved

That the information contained in the report, and Appendix 1 to the report, submitted be approved.

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11. **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) as defined under Part I of Schedule 12A to the Local Government Act 1972.

<u>Description of Item</u>	<u>Relevant Paragraphs of Part I of Schedule 12A</u>
Annual Audit Report in relation to the Chief Executives Directorate	2 and 7
Annual Audit Report in relation to the Directorate of Corporate Resources	2 and 7

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12. **Annual Audit Report in relation to the Chief Executives Directorate**

A report of the Treasurer was submitted on the audit work, undertaken in the Chief Executive's Directorate for the financial year 2013/14 and incorporating details of the more important findings as indicated in Appendix 2 to the report submitted.

Arising from consideration of the report, and Appendix to the report, submitted Members asked a number of questions and made comments which were responded to, in particular, in respect of the management responses highlighted in the report, and emergency planning.

The Assistant Director - Policy and Improvement referred to a training course on Monday 6<sup>th</sup> October, 2014, and agreed to circulate an invitation to Members.

Resolved

That the findings of the 2013/14 audit work be accepted.

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13. **Annual Audit Report in relation to the Directorate of Corporate Resources**

A report of the Treasurer was submitted on the audit work, undertaken in the Directorate of Corporate Resources for the financial year 2013/14 and incorporating details of the more important findings as indicated in Appendices 2 and 3 to the report submitted.

In presenting the report, the Head of Audit Services referred to the increased number of recommendations for the Directorate, and stated that this resulted from audits undertaken in IT and HR and Organisational Development. The Head of Audit Services referred to discussions he had had with the Treasurer and Principal Information Security Officer in relation to IT, and assured the Committee that work was being undertaken.

Members asked a number of questions and made comments, which were responded to, in particular in respect of the management responses highlighted in the report.

In responding to a question by a Member, the Principal Information Security Officer undertook to provide Councillor Attwood with supplementary information in relation to the ICT software structure.

In responding to a question by a Member, the Head of Audit Services undertook to provide Councillor A Aston with supplementary information in relation to the implications of an Approved Bureaux status not being applied to a number of Academy Schools in order to undertake a BACS Approved Bureaux service.

Following comments made, the Director of Corporate Resources assured the Committee that work was being undertaken to address the recommendations highlighted in the report submitted.

Resolved

- (1) That the findings of the 2013/14 audit work be accepted.
- (2) That the Principal Information Security Officer be requested to provide Councillor Attwood with supplementary information in relation to the ICT software structure.
- (3) That the Head of Audit Services be requested to provide Councillor A Aston with supplementary information in relation to the implications of an Approved Bureaux status not being applied to a number of Academy Schools.

The meeting ended at 8.05 p.m.

CHAIR