

Minutes of Audit and Standards Committee

Tuesday 10th February, 2015 at 6.00 p.m.
in Committee Room 3, The Council House, Dudley

Present:-

Councillor J Cowell (Chair)
Councillor M Roberts (Vice-Chair)
Councillors C Billingham, P Brothwood, M Evans, C Perks, D Russell
(from Minute No. 47), A Taylor and D Tyler

Officers:-

I Newman (Chief Officer – Finance and Legal Services); M Bowsher
(Chief Officer – Adult Social Care); L Bradshaw (Head of Audit Services);
G Harrison (Audit Manager - Central Services); P Sharratt (Interim
Director for Children's Services); J Szczechowski (Head of Accountancy);
A Taylor (Principal Auditor), and K Taylor (Democratic Services Officer).

Also in Attendance:-

S. Joberns (Grant Thornton)

41. **Apology for Absence**

An apology for absence from the meeting was submitted on behalf of
Councillor A Aston.

42. **Appointment of Substitute Member**

It was reported that Councillor C Perks had been appointed as substitute
member for Councillor A Aston for this meeting of the Committee only.

43. **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.

44. **Minutes**

Resolved

That the minutes of the meeting held on 9th December, 2014, be
approved as a correct record and signed.

45. **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. 11, 12, 5, 6, 7, 8, 9 and 10

46. **Exclusion of the Public**

That the public and press be excluded from the meeting for the following two 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.

47. **Annual Audit Report in relation to the Directorate of Children's Services**

A report of the Chief Officer Finance and Legal Services was submitted on the audit work undertaken in the Directorate of Children's Services 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.

Arising from consideration of the report, and Appendices to the report, submitted reference was made to the improvement of the number of post audit questionnaires completed and returned and the percentage of final reports issued within six weeks of the draft report.

Following concerns raised regarding the number of unimplemented recommendations for the Directorate and Schools, the Head of Audit Services informed the Committee that almost half of the recommendations and unimplemented specifically related to two audits.

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

Following further discussion it was

Resolved

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

48.

Employees not taking lunch breaks or compensatory breaks

A report of the Chief Officer Adult Social Care was submitted on the policy and current practice within the Directorate of Adult, Community and Housing Services in respect of care staff taking lunch breaks within a care setting, following a request made at the previous meeting of the Committee.

Arising from consideration of the report, and Appendices to the report, submitted the Chief Officer Adult Social Care referred specifically to section 7.2 of the Working Time Directive policy, attached as Appendix 2 of the report submitted, in particular that there was scope for staff not to take lunch breaks in residential care type settings, however there was an opportunity for a compensatory break. He further reported that the breaks were an entitlement and not enforceable and gave thanks to staff at the Day Centres for prioritising the needs of the clients.

Members asked a number of questions and made comments which were responded too.

Resolved

That the information contained in the report, and Appendices to the report, submitted on the policy and current practice within the Directorate of Adult, Community and Housing Services in respect of care staff taking lunch breaks within a care setting, be noted.

49.

Grant Thornton Audit Committee Update

A report of the Chief Officer Finance and Legal Services was submitted on a report published by Grant Thornton updating members on progress in delivering their responsibilities as Dudley's external auditors. A copy of the full report was appended to the report submitted.

Ms Joberns then presented the report and Appendix to the report submitted and referred in particular to the national report "2020 Vision", which was available to download, and provided a thorough analysis of the current political and economic context and highlighted that English local authorities continued to face unprecedented challenges.

In responding to a question by the Chair in relation to the potential implications for Dudley in Accounting for Schools, Ms Joberns reported that it would be complicated due to the constant changes in Schools in particular in locating various records associated to a School.

RESOLVED

That the information contained in the report, and Appendix to the report, submitted on an Audit Committee Update published by Grant Thornton, be noted.

50. **Grant Thornton Report: Certification Work 2013/14**

A report of the Chief Officer Finance and Legal Services was submitted on the external auditor's Annual Report on Certification of Claims and Returns for 2013/14. A copy of the Annual Report was attached as an Appendix to the report submitted.

Ms Joburns was in attendance at the meeting and commented in particular that the auditors had certified two claims, namely, housing benefits subsidy claim and pooling of housing capital receipts with no concerns. She further reported that the errors found in the calculation and classification of benefit payments on the form were predominately administrative errors, which were expected due to the complexity of the paperwork.

RESOLVED

That the information contained in the report, and Appendices to the report, submitted on the Annual Report on Certification of Claims and Returns for 2013/14 be noted.

51. **Treasury Management**

A report of the Chief Officer Finance and Legal Services was submitted on treasury activity during the financial year 2014/15, up to December, 2014, and also seeking approval of the Treasury Strategy Statement 2015/16.

Arising from consideration of the report, and Appendices to the report, submitted, Members asked a number of questions and made comments which were responded too in relation to the process should HSBC, the bank used currently that meets the minimum credit criteria and had the highest credit rating, fall below the Council's minimum criteria; and the gap between authorised limit for external debt and operational boundary.

Resolved

That, subject to the approval of Council:-

- (1) Treasury Management activities in 2014/15, as outlined in the report submitted be noted.
- (2) The Treasury Strategy 2015/16, attached as Appendix 2 to the report submitted, be approved.

- (3) The Chief Officer Finance and Legal Services be authorised to effect such borrowings, repayments and investments as were appropriate and consistent with the approved Treasury Strategy and relevant guidance.
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52. **Exclusion of the Public**

That the public and press be excluded from the meeting for the following items of business on the grounds that it involves 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.

53. **Audit Services Interim Performance Report**

A report of the Chief Officer Finance and Legal Services was submitted on an update on Audit Services performance and other related information.

The Head of Audit Services stated that Audit Services had completed 59% of the audit plan against a target of 66%, however the time taken from the start of an audit to the issue of the draft audit reports had decreased resulting in 84% of draft reports being issued within seven weeks of the audit starting, against a performance of 97% the previous year. The performance was due to the work pressures experienced due to staff leaving.

It was noted that the progress on Value for Money had been impacted by the Principal Auditor (Special Projects) leaving the authority. However the position had been replaced by a Principal auditor who would concentrate on planned audit work.

It was reported that the bid submitted to the Department for Communities and Local Government in respect of a Counter Fraud Fund to help strengthen resources to combat corporate fraud was unsuccessful; however funds had been identified to employ a Corporate Fraud Manager.

Reference was made to the findings of the external review of Audit Services in 2014/15, attached as Appendix B of the report submitted; in particular that Audit Services had been assessed as meeting the Public Sector Internal Audit Standards. The Head of Audit Services reported on the management responses to the recommendations presented in the report, which were in the process of being implemented.

In responding to a Member, the Head of Audit Services undertook to circulate a copy of the Suppliers Code of Good Practice to Councillor Brothwood.

Members asked a number of questions and made comments which were responded too in particular in relation to the number of frauds investigated, and the circumstances surrounding cancelled audits.

Following further discussion it was

Resolved

- (1) That the information contained in the report, and Appendices to the report, submitted, be noted.
- (2) That the Head of Audit Services be requested to provide Councillor Brothwood with a copy of the Suppliers Code of Good Practice.

The meeting ended at 7.20 p.m.

CHAIR