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**Minutes of the Audit and Standards Committee  
Monday 25<sup>th</sup> September, 2023 at 6.00pm  
In Committee Room 3, The Council House, Dudley**

**Present:**

Councillor A Lees (Chair)

Councillor D Borley (Vice-Chair)

Councillors S Ali, T Creed, J Cowell, M Evans, J Foster, S Henley and W Little.

**Dudley MBC Officers:**

I Newman (Director of Finance and Legal Services), G Harrison (Head of Audit and Risk Management Services), M Farooq (Monitoring Officer and Lead for Law and Governance), T Robbins (Head of Procurement) and K Taylor (Senior Democratic Services Officer).

**Officers in Attendance via Microsoft Teams:**

M Granger (Corporate Fraud Manager), E Newman (Principal Auditor), M Landy (Principal Auditor) and A Taylor (Senior Principal Auditor)

**Also in Attendance:**

K O'Keefe (Chief Executive) and A Paul (Head of Chief Executive's Office) – for Agenda Item No. 5 – Review of Programme, Project and Contract Management.

T Holder (Solicitor) – for Agenda Item No. 6 – Whistleblowing Policy.

R Cooper (Head of Financial Services), L Jones-Moore (Finance Manager) and J McGregor (Senior Principal Accountant) – for Agenda Item No. 7 – Treasury Management.

11. **Comments of the Chair**

The Chair welcomed Councillor S Henley to his first meeting of the Audit and Standards Committee having recently been appointed to the Committee replacing Councillor S Keasey.

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12. **Apology for Absence**

There were no apologies submitted for this meeting of the Committee.

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13. **Appointment of Substitute Member**

There were no substitute Members appointed for this meeting of the Committee.

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14. **Declarations of Interest**

No Member made a declaration of interest in accordance with the Member's Code of Conduct.

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15. **Minutes**

In referring to Minute No. 6 Resolution 2 – External Audit Grant Thornton Annual Audit Plan 2022-23 and Annual Risk Assessment 2022-23, the Chair advised that an e-mail outlining concerns and comments raised by the Committee at the previous meeting had been circulated as requested and acknowledged by the Cabinet Member for Finance, Legal and Human Resources.

Councillor S Ali confirmed that an update had not been received following the Committee's recommendation to the Chief Executive to give further detailed consideration to the External Auditor's recommendation concerning the position of the Monitoring Officer.

(At this juncture, the Monitoring Officer and Director of Finance and Legal Services withdrew from the meeting)

The Chief Executive advised that a number of Authorities operated similar models to Dudley where the Monitoring Officer position was attached to other roles. It was noted, however, that the Strategic Executive Board had discussed a proposed restructure with further discussions expected over the next week, following which a consultation exercise would be required before being presented to this Committee.

In responding, Councillor S Ali emphasised the importance of Members being notified of processes undertaken and outcomes following recommendations made by the Committee.

## Resolved

That the minutes of the meeting held on 17<sup>th</sup> July, 2023, be approved as a correct record and signed.

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### 16. **Review of Programme, Project and Contract Management**

A report of the Chief Executive was submitted on progress with the improvement of programme, project and contract management.

In presenting a summary of the report submitted, the Chief Executive referred to the budget approved within the Medium-Term Financial Strategy in 2021 to support the implementation of the Corporate Portfolio Management Office (CPMO). The team currently operated with 3.5 full time equivalent employees with experience in project management, working within the local authority and project support. The CPMO was seen as a centre of excellence, specialising in providing programme and project management expertise to enable the Council to deliver the best outcomes for the residents of Dudley. It was acknowledged, however, that the Team was not expected to manage all projects throughout the Directorates.

Members were advised of an event during August, 2023 which took place at Himley Hall and was attended by over 60 officers from across the council who either managed or were involved in delivering projects. The event provided the opportunity for project managers to share resources, experiences and provide peer support across the Council. It was anticipated that a further event would be arranged in due course.

It was noted that a Project Management Framework had been developed, supported by a Project Management Toolkit on the CPMO SharePoint pages , which contained tools and guidance and allowed project leads to go through various gateways for managing projects accordingly. A Project Portal (Verto 365) had also been developed to help project leads to manage project activity. It was reported that Dudley had received a number of requests from other authorities for officer support in this regard, however, this would be charged.

The Chief Executive referred to the changes to the Annual Governance Statement, as approved by the Audit and Standards Committee, to reflect issues arising from an audit investigation which highlighted failings in programme, project and contract management. In response to the issues raised, an Action Plan had been developed outlining the objective, actions, timescales, outputs and Lead Officer details, and was attached as Appendix 1 of the report submitted.

Arising from the presentation of the report, Members asked questions, made comments and responses were provided where necessary as follows:-

- a) In referring to the Action Plan, Councillor J Cowell suggested that the title “Objective” should be amended to either “Issue” or “Concern”. She also sought clarification to the proposed implementation of the Project Management Framework and Toolkit, which had been referenced within the Action Plan.

In responding, the Head of Chief Executive’s Office confirmed that consultation had been undertaken with a variety of stakeholders to ensure a council-wide approach to project management with the basic processes and procedures to be followed throughout the project lifecycle. The roll-out of the Framework would be undertaken in a phased approach with training being made available for project leads. It was anticipated that the Framework would be fully implemented within a year.

The Chief Executive emphasised the importance of officers recognising projects against every-day activity that was part of core services. Overview sessions on the Framework and Portal had been initially delivered to the Regeneration and Enterprise Directorate due to the number of major projects within the Borough relating to regeneration. It was noted that the Project Portal (Verto 365) would generate reports outlining the number of projects that were taking place across the Council and their delivery status.

- b) Councillor J Cowell referred to the Procurement training delivered during 2022/23, in particular that the outputs suggested that the training was not mandatory and would not be required to be completed on a regular basis, which she suggested should be applied to ensure compliancy.
- c) In responding to comments raised by Members in relation to the Lead for Law and Governance identified as Lead Officer for providing legal advice where appropriate as part of the procurement process, it was agreed that this would be amended to the Director of Digital, Customer and Commercial Services as lead on Procurement.

- d) The Chair considered that the Project Management Framework was underpinned by technology and queried whether an alert could be generated to highlight any potential risk to the project lead when completing a Project Business Case.

In responding the Head of Chief Executive's Office confirmed that a Project Initiation Document (PID) allowed Project Leads to add key information which would signpost Leads to contact service areas such as finance, once a certain threshold had been reached. The template would act as a detailed project plan and ensure that projects were properly scoped and planned. The Project Portal (Verto 365) also allowed project leaders to monitor progress and funding.

- e) In responding to a question raised by Councillor M Evans regarding implementation of the e-tendering and contract management system, the Head of Procurement anticipated that this would be implemented within the next two months with a view to going live in December. Training, guidance and templates would be made available during October, and a new Framework would be developed accordingly. It was hoped that in-built automated alerts would also be incorporated to assist contract management.
- f) Councillor S Ali referred to the methodology used and queried whether this had been adopted across the Council as a whole and emphasised the importance in Project Leads adopting all elements within the business case to ensure robust management.

In responding, the Head of Chief Executive's Office confirmed that the Framework incorporated both Managing Successful Programmes (MSP) and Prince 2 methodologies and encompassed a number of areas including Audit and Governance. It was agreed that the Framework would be shared with Members for information.

- g) Councillor S Ali further stated that the development of the Action Plan had been undertaken following issues raised from the Council's attendance at the MIPIM Conference. He raised concerns that despite a number of requests made, further information had not been received of the Committee's recommendation that findings in relation to any individual or individuals be investigated under appropriate procedures including interviews with Members. Councillor Ali further reiterated that Members should be updated on matters following recommendations made. It was also considered that the Action Plan did not address issues raised or provide any progress to date.

In responding, the Chair acknowledged that the outcome of the MIPIM Conference had highlighted issues in relation to project management, however these were now being addressed with progress being made. He also referred to the findings of the Independent Monitoring Officer in respect of the review of arrangements for the Dudley MBC MIPIM Delegation 2019-23, which had been considered and approved by the Appointments Committee.

- h) Further to comments made, Councillor S Ali proposed a recommendation to again refer the findings of an internal audit report, together with the Action Plan, to External Auditors in order to give assurance that appropriate measures were being undertaken.

In responding, the Chair declined the request to put forward the motion explaining that the same recommendation had been voted on and refused by the Committee in November, 2022 and was not reflective of the agenda item put forward.

- i) In responding to a question raised by Councillor D Borley, the Head of Chief Executive's Office confirmed that the Project Portal (Verto 365) generated e-mail alerts to Project Leads, however focus would be given to dashboard content alerts in order to monitor progress against the project plan. It was suggested that a demonstration be provided at a future meeting of the Committee.
- j) In responding to a question raised by Councillor W Little, the Head of Chief Executive's Office confirmed that there was not a 'pool' of Project Managers within Dudley therefore it was the intention to upskill Project Leads through the Project Framework and Project toolkit which would enable project processes to be easily followed and maintained in a consistent way across the council

**Resolved**

- (1) That the information contained in the report submitted, in relation to the progress with the improvement of programme, project and contract management, and as reported at the meeting, be noted.
  - (2) That the Head of Chief Executive's Office be requested to circulate the Project Management Framework to Members for information.
  - (3) That the Head of Chief Executive's Office arrange a demonstration of the Corporate Portfolio Management Office Verto system at a future meeting of the Committee.
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## 17. **Whistleblowing Policy**

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

In presenting a summary of the report submitted, the Monitoring Officer confirmed that the Policy had been fully reviewed and refreshed and was attached as Appendix A to the report submitted.

Reference was made to the survey that had been undertaken by the Monitoring Officer with Directorates during August 2023, and it was noted that there had been two anonymous whistleblowing referrals in relation to the same issue received since the policy was reviewed in 2022. Details and outcomes of the two referrals were presented as set out in the report.

It was noted that the Whistleblowing Policy poster, which was displayed in prominent work areas, had been updated to include examples of serious concerns to be reported and contact details for the Monitoring Officer. A dedicated whistleblowing hotline number and email address had been arranged for employees to raise their concerns in the first instance together with details of an external charity, namely, Protect, for those that felt uncomfortable raising concerns internally.

The Monitoring Officer advised that there had been wide consultation undertaken with a variety of stakeholders including Human Resources and Audit colleagues, Union Representatives and Directorates and all comments received had been taken into consideration.

An overview of the revised Policy was presented at the meeting with reference made to a flowchart outlining options available in raising concerns, and available support during the process. It was noted that the number of contact officers had been reduced to enable employees to have a more direct communication should they choose not to raise their concerns through the dedicated Whistleblowing hotline. The Policy also confirmed that employees could invite their trade union, professional association representative or a friend to be present for support during any meetings or interviews.

Arising from the presentation of the report, Members asked questions, made comments and responses were provided where necessary as follows:-

- a) Councillor J Foster welcomed the presentation given and referred to Section 7 within the Policy in relation to taking matters outside the Council, where an employee was not satisfied with the action taken by the Council, and suggested that employees should be encouraged to contact the Police in the first instance should their concerns relate to a criminal matter.

In responding, the Monitoring Officer confirmed that the Policy highlighted that matters raised may be referred to the Police, or through established child protection or abuse procedures, where appropriate, and also included a list of the Council's prescribed contacts.

In responding, Councillor J Foster considered that the paragraph was slightly confusing and should emphasise that employees should contact the Police immediately to ascertain whether the nature of the concern could be criminal.

- b) In responding to a further question raised by Councillor J Foster with regard to the inclusion of an informative list highlighting relevant groups for issues to be reported to, the Monitoring Officer stated that due to the wide-ranging list, employees were suggested to contact the dedicated hotline, officers and prescribed contacts to determine appropriate avenues for issues to be reported.
- c) Councillor J Foster referred to suggestions made during the recent Local Government Association Peer Review in relation to an Independent Person being appointed to the Audit and Standards Committee and queried whether there would be a role for that person within the Policy.

In responding, the Monitoring Officer confirmed that comments and suggestions made by the Committee would be considered during the next review of the Whistleblowing Policy.

- d) In responding to a suggestion made by Councillor J Cowell, the Monitoring Officer agreed to insert a 'yes' box under matters raised internally on the Whistleblowing Flowchart.
- e) Councillor J Cowell referred to the officer contact details within the Policy and sought clarification as to whether Personal Assistants had been made aware of the process accordingly.

In responding, the Monitoring Officer confirmed that all Personal Assistants had been informed of the process involved and that all Directorates had been requested to remind all employees of the Whistleblowing Policy through a standard item on Directorate Team Meetings.

- f) Councillor M Evans welcomed the inclusion of a section in relation to untrue allegations, which had been previously requested.
- g) In responding to a question raised by Councillor M Evans, the Monitoring Officer confirmed that there had been no further enquiries received arising from the two anonymous whistleblowing referrals presented at the meeting.

## **Resolved**

- (1) That, the information contained in the report submitted, in relation to the outcome of the recent monitoring of the Whistleblowing Policy, and comments made by Members as stated above, be noted.
- (2) That the recent revision of the Council's Whistleblowing Policy, as attached as Appendix 1 of the report submitted, be approved.

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## 18. **Treasury Management**

A report of the Director of Finance and Legal Services was submitted on the treasury management activity during the financial year 2022/23 and in the current financial year up to the end of July 2023.

In presenting a summary of the report submitted, the Director of Finance and Legal Services advised that whilst the Authority undertook treasury management activity on its own behalf, it was also responsible for administering the treasury management for the West Midlands Debt Administration Fund (WMDAF). A summary of the treasury activity for Dudley and the WMDAF, as set out in the report submitted, was outlined.

Arising from the presentation of the report, Members made comments, asked questions and responses were provided where necessary as follows:-

- (a) In acknowledging the good investment return rate of 3.70% compared to the client average of 3.17%, Councillor M Evans sought officers views on the increase of interest rates, some of which were now in excess of 5%. In responding, the Director of Finance and Legal Services reported that the Investment return rate was significantly lower during 2021/22 and that due to the increase this year, the Local Authority had seen an increase in its return on investments, however, this was expected to decrease next year.
- (b) Councillor J Cowell referred to the Investment Activity 2023/24 to July as outlined in Appendix 3 of the report submitted, and sought clarification on the 0% average rate of the Barclays Call Account. In responding, the Senior Principal Accountant confirmed that the figure was correct and that discussions were being held with Barclays to increase the rate going forward.
- (c) In responding to a question raised by Councillor S Ali, the Director of Finance and Legal Services undertook to provide a written response outlining further details in relation to the short-term borrowing during 2022/23 on one occasion of a value of a loan for £8million at a rate of 1.00% for the duration of one day.
- (d) In responding to a further question raised by Councillor S Ali, it was confirmed that long-term borrowing was anticipated to be required in the next twelve months to address cash flow requirements.
- (e) Reference was made to the levels of actual external borrowing undertaken during 2022/23 compared to previous years, the Director of Finance and Legal Services reported that the ratio outlined in Appendix 2 of the report submitted, was similar in comparison to previous years.
- (f) It was confirmed that the investment activity undertaken during 2023/24 to July to one other Local Authority was in relation to the West Midlands Combined Authority.

## Resolved

- (1) That the information contained in the report submitted on the Treasury Management Activity during the financial year 2022/23 and up to end of July 2023, be noted and referred to full Council on 16<sup>th</sup> October 2023, for consideration.
- (2) The Director of Finance and Legal Services be requested to provide a written response outlining further details in relation to the short-term borrowing during 2022/23 on one occasion of a value of a loan for £8million at a rate of 1.00% for the duration of one day.

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### 19 **Update to the Contract Standing Orders in the Council's Constitution**

A joint report of the Director of Digital, Customer and Commercial Services and the Monitoring Officer was submitted seeking the Committee's approval on the updates and changes proposed by the Head of Procurement to the Council's Contract Standing Orders (CSO's).

In presenting a summary of the report through presentation slides, the Head of Procurement confirmed that the values in the CSO's had been updated in line with legislative and statutory changes and the text simplified to ensure compliance.

An overview of the fundamental changes to simplifying and expanding exemptions together with exemptions for Residential Social Care Contracts was presented at the meeting.

It was noted that within the next 12-18 months, a wider review would be undertaken of the CSO's by Procurement once the Procurement Bill was enacted to ensure continued compliance with legislation. Further advice was expected to be provided by Central Government on Adult Social Care contracts in order to provide clarity around the current conflict between patient choice and competitive tendering.

Arising from the presentation of the report, Members asked questions, made comments and responses were provided where necessary as follows:-

- a) In responding to a question raised by Councillor J Foster, the Head of Procurement confirmed that the Housing Revenue Account had to adhere to the Contract Standing Orders.

- b) Arising from a suggestion by Councillor J Cowell, the Head of Procurement agreed to amend paragraph 15.3 within the proposed Contract Standing Orders to 'international standard body'.
- c) Councillor J Cowell referred to paragraph 21.5 in that for contracts with a value of more than £1m of where the contract exposes the Council to significant risk, a contract manager would be nominated to monitor the contract performance, and queried whether this threshold should be reduced.

In responding, the Head of Procurement advised that each contract was allocated a contract manager through a tiering system, and that all contracts over £5,000 were required to be added to the Contracts register.

### **Resolved**

- (1) That the information contained in the report and Appendix 1 to the report submitted, on the revised Contract Standing Orders, be noted.
- (2) That the Lead for Law and Governance be authorised to adopt the revised Contract Standing Orders into the Constitution with effect from 26<sup>th</sup> September, 2023.

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## 20. **Questions Under Council Procedure Rule 11.8**

There were no questions to the Chair pursuant to Council Procedure Rule 11.8.

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## 21. **Exclusion of the Public and Press**

### **Resolved**

That the public and press be excluded from the meeting for the following item of business, on the grounds of the likely disclosure of exempt information relating to any individual(s) and to the financial or business affairs of any particular person (including the authority holding that information) as defined under Part I of Schedule 12A to the Local Government Act 1972, as amended.

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22. **Exemptions from the Requirement for a Competitive Procurement Process**

A report of the Director of Digital, Customer and Commercial Services on exemptions and waivers that had been made to the Council's requirements for a competitive procurement process to be undertaken.

In presenting a summary of the report submitted, the Head of Procurement confirmed that there had been 9 Exemptions and 18 Waivers received between June 2022 and 31<sup>st</sup> March, 2023, which were detailed in Appendix 1 and 2 of the report submitted.

Arising from the presentation of the report, Members made comments and raised questions which were responded to at the meeting.

**Resolved**

That the information contained in the report and appendices submitted on the exemptions and waivers that had been made to the Council's requirements for a competitive procurement process to be undertaken, be noted.

The meeting ended at 7.45pm

CHAIR