

## AUDIT COMMITTEE

Thursday, 2<sup>nd</sup> February, 2006 in Committee Room 3  
at the Council House, Dudley

### PRESENT:-

Councillor Burston (Chairman)  
Councillor Ms Nicholls (Vice Chairman)  
Councillors Attwood, Crumpton, J R Davies, Mrs Jordan and Taylor

### Officers:-

Director of Finance, Director of Adult, Community and Housing Services,  
Director of the Urban Environment, Assistant Director, Legal and  
Democratic Services (Directorate of Law and Property), Assistant  
Director, Culture and Community (Directorate of the Urban Environment),  
Principal Project Officer (Directorate of Adult, Community and Housing  
Services), Mr. L. Bradshaw and Mr. S. Potter (Audit Managers) and Mr.  
J. Jablonski (Directorate of Law and Property)

### Also in attendance:-

Mr. J. Gregory - District Auditor and Relationship Auditor  
Mr. J. Elsby - Former Audit Manager (Audit Commission - External  
Auditors)  
Mr. S. Turner - Incoming Audit Manager (Audit Commission - External  
Auditors)  
(For Agenda Item 5 - Annual Audit and Inspection Letter only)

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### RICHARD CLARKE - HEAD OF INTERNAL AUDIT

The Director of Finance referred to the mild stroke that Richard Clarke had suffered approximately two weeks ago and reported on his current condition in that he was reported to be making good progress, undertaking treatment and was in good spirits.

As a result of the absence of Richard, interim management arrangements had been put in place.

The Committee requested that their best wishes be conveyed to Richard for a speedy recovery and that these also be recorded in the minutes.

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### MINUTES

### RESOLVED

That the minutes of the meeting of the Committee held on 26<sup>th</sup> October, 2005, be approved as a correct record and signed.

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MATTERS ARISING FROM THE MINUTES

Reference was made to Minutes 20(2) and (3) of the previous meeting of the Committee arising from consideration of the Annual Audit Report in relation to the Directorate of Education and Lifelong Learning.

The Committee were informed that although procedures were in place for the collection and banking of income at the establishment referred to in Minute 20(2), further discussions had been arranged with a view to the inclusion of all relevant details in the appropriate staff manual.

Regarding Minute 20(3), the Committee were informed that the change to a requirement for two signatories in respect of bank accounts relating to the establishments referred to had now been put in place.

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DECLARATIONS OF INTEREST

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

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APOLOGY FOR ABSENCE

An apology for absence from the meeting was submitted on behalf of Councillor Mrs. Collins.

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ANNUAL AUDIT AND INSPECTION LETTER 2005

A joint report of the Chief Executive and Director of Finance was submitted on the Annual Audit and Inspection Letter, 2005 from the external auditors, the Audit Commission.

Mr. J. Gregory, District Auditor and Relationship Auditor, commented on aspects of the Annual Audit and Inspection Letter, with particular reference to the Council's performance, in that the Council had made improvements across all its core service areas, and, as a result, was now a three star Council, which was improving well; to Improving outcomes, part of the Direction of Travel report; to Plans and strategies of the Council and to Developing partnership arrangements which was seen to be a strength.

Mr. J. Elsbey, former Audit Manager, was then introduced to the Committee, together with Mr. S. Turner, the in-coming Audit Manager. Mr. Elsbey referred to the unqualified opinion given on the accounts on the 21<sup>st</sup> October, 2005 and to the Council's financial position, which continued to be well-managed with appropriate levels of reserves maintained whilst linking spending to Council priorities. Reference was also made to risk management, the effective identification and management of which was a key part of good corporate governance arrangements.

Arising from the comments made, it was

RESOLVED

That the views of the Auditor on the Annual Audit and Inspection Letter, 2005, attached as an Appendix to the report submitted, be noted and that the Letter be referred to the Cabinet.

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#### TREASURY MANAGEMENT

A report of the Director of Finance was submitted on the Treasury Strategy Statement, 2006/7, a copy of which was attached as Appendix 1 to the report submitted.

RESOLVED

That the Council be recommended to approve the Treasury Strategy Statement, 2006/7, attached as Appendix 1 to the report submitted, and that the Director of Finance be authorised to effect such borrowings, repayments and investments as were appropriate and consistent with the approved Treasury Strategy Statement and relevant guidance.

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#### RISK MANAGEMENT STRATEGY FOR THE 2006/2007 FINANCIAL YEAR

A report of the Director of Finance was submitted on the Council's Risk Management Strategy for the period February, 2006 to January, 2007, a draft copy of which was attached as Appendix 1 to the report submitted.

RESOLVED

That approval be given to the Council's Risk Management Strategy for the period February, 2006 to January, 2007, as set out in Appendix 1 to the report submitted.

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PROPOSED AUDIT WORK DURING THE 2006/7 FINANCIAL YEAR

A report of the Director of Finance was submitted on proposed changes to the programme of audit work in the 2006/7 financial year and beyond, arising from a recent determination by the Department for Education and Skills that the Financial Management Standard in Schools would become compulsory for all secondary schools with effect from the 2006/7 financial year and the requirement that the Director of Finance sign a declaration that all the secondary schools comply with the standard.

## RESOLVED

- (1) That the decision that Audit services assess the Council's schools for compliance with the Financial Management Standard in Schools be endorsed.
- (2) That the Council levy an additional charge on each school to fund the work of Audit Services in respect of the Financial Management Standard in Schools; and
- (3) That the proposed changes to the Strategic Audit Plan and the resources of the Audit Services Division, as indicated in the report submitted, required in order to provide the Financial Management Standard in Schools Compliance Service to Schools be accepted.

EXCLUSION OF THE PUBLIC

## RESOLVED

That, under Section 100A(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information, as defined in Schedule 12A to that Act, in particular the paragraph of Part I of that Schedule indicated below:-

<u>Description of Item</u>	<u>Relevant Paragraph of Part I of Schedule 12A</u>
Annual Audit Report in relation to the Directorate of the Urban Environment	1
Annual Audit Report in relation to the Directorate of Social Services	1
Risk Management Monitoring Report	1

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33                    ANNUAL AUDIT REPORT IN RELATION TO THE DIRECTORATE OF  
THE URBAN ENVIRONMENT

A report of the Director of Finance was submitted summarising the audit work undertaken in the Directorate of the Urban Environment in the 2004/2005 financial year and incorporating details of the more important findings. Also, as requested at the previous meeting of the Committee, a summary of significant issues was set out at paragraph 7 of the report submitted.

RESOLVED

That the findings of the 2004/2005 audit work be accepted.

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34                    ANNUAL AUDIT REPORT IN RELATION TO THE DIRECTORATE OF  
SOCIAL SERVICES

A report of the Director of Finance was submitted summarising the audit work undertaken in the Directorate of Social Services in the 2004/2005 financial year and incorporating details of the more important findings. Also, as requested at the previous meeting of the Committee, a summary of significant issues was set out at paragraph 7 of the report submitted.

Arising from consideration of the content of the report, and Appendices to the report, submitted, the Director of Adult, Community and Housing Services was requested to forward to Councillor Mrs. Jordan a copy of the policy referred to in the first item on page 224 of the Agenda papers and, following investigation, inform Councillor Mrs. Jordan of the position regarding computers issued to foster carers once the persons concerned had left their care.

Concerns were also expressed about issues raised in Appendix 3 to the report submitted regarding Criminal Records Bureau (CRB) checks. The Assistant Director, Legal and Democratic Services, confirmed that all taxi drivers were CRB checked by the Licensing Section. The original issue, now dealt with, was that some escorts may not have been CRB checked. The Director of Adult, Community and Housing Services would also ensure that a survey was conducted in her Directorate, to ascertain the time taken to process CRB checks.

RESOLVED

(1) That the findings of the 2004/2005 audit work be accepted.

- (2) That the Director of Finance, in consultation with other officers, be requested to submit a report to a future meeting of this Committee on the concerns raised in respect of the procedures for carrying out Criminal Records Bureau checks.
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RISK MANAGEMENT MONITORING REPORT

A report of the Director of Finance was submitted in accordance with the reporting regime presented to the Committee in 2005. Appendices to the report submitted outlined certain risks facing the Council.

During consideration of this matter, it was suggested that items included in the Appendices, attached to the report submitted, be submitted for discussion at the next informal seminar on risk management to be held in due course.

RESOLVED

That the information contained in the report, and Appendices to the report, submitted on risk management monitoring, be noted.

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FOLLOW-UP REPORT IN RELATION TO CONTRACT H346

A report of the Director of Finance was submitted arising from a request, made at the previous meeting of the Committee, that a detailed report be submitted on contract H346.

RESOLVED

That the information contained in the report submitted in respect of contract H346, be received and noted.

The meeting ended at 7.40 p.m.

CHAIRMAN