

Minutes of Audit and Standards Committee

Tuesday 9th December, 2014 at 6.00 p.m.
in Committee Room 3, The Council House, Dudley

Present:-

Councillor J Cowell (Chair)
Councillor M Roberts (Vice-Chair)
Councillors P Brothwood, M Evans, J Martin, C Perks, D Russell and A Taylor

Officers:-

I Newman (Treasurer); L Bourne (Principal Information Security Officer); L Bradshaw (Head of Audit Services); L Cleeton (Review and Improvement Consultant); M Farooq (Assistant Director – Law and Governance); G Harrison (Audit Manager - Central Services); T Reilly (Assistant Director – HR and Organisational Development); R Sims (Assistant Director – Housing Strategy and Private Sector); A Taylor (Principal Auditor), and K Taylor (Democratic Services Officer).

Also in Attendance:-

S. Joberns (Grant Thornton)

28. **Apologies for Absence**

Apologies for absence from the meeting were submitted on behalf of Councillors A Aston, C Billingham and D Tyler.

29. **Appointment of Substitute Members**

It was reported that Councillors J Martin and C Perks had been appointed as substitute members for Councillors A Aston and D Tyler, respectively, for this meeting of the Committee only.

30. **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.

31. **Minutes**

Arising from consideration of the minutes, Councillor Roberts referred to the pre-amble to Minute 20 and reported that she had still not received a response from the Director of the Urban Environment in relation to the Castle Hill Development Project.

Resolved

That the minutes of the meeting held on 18th September, 2014, be approved as a correct record and signed.

32. **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. 10, 12, 5, 6, 7 and 11

33. **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.

34. **Suspensions under the provisions of the Employee Improvement and Disciplinary Procedure**

A report of the Director of Corporate resources was submitted on the numbers of employees suspended pending an investigation into allegations of gross misconduct during October, 2013 to September, 2014.

Arising from consideration of the report submitted, reference was made to the number of suspensions during October, 2013 and September, 2014, the majority of which related to Schools that were under the control of the Local Education Authority. It was also noted that the average length of suspensions, specifically those relating to schools, were high in view of the school holidays and the complexity of some cases.

The Assistant Director of HR and Organisational Development reported that the average cost spent on suspensions varied significantly dependent upon the salary level, contract and complexity of the case

It was also noted that due to the potentially high monetary value of unfair dismissal compensatory awards it was important that investigations and suspensions were undertaken correctly.

It was also noted that due to the corporate restructure and the reduction of Senior Management, it could affect future investigations in terms of the number of senior officers available for chairing disciplinary panels.,

Members asked a number of questions and made comments which were responded to, in particular, in respect of employees returning to their jobs following an investigation that resulted in them receiving action short of dismissal, and the procedure when an employee who had been suspended pending investigation went on sick leave.

At this juncture, Members requested specific information in relation to suspensions highlighted in the report submitted, in particular, the process undertaken and a chronology of events, in order to identify that investigations were undertaken effectively and whether there were sufficient members of staff in HR to support.

Following further discussion it was,

RESOLVED

That the information contained in the report submitted be noted, but that full commentary on the report be deferred and that a further report detailing specific information in relation to a selection of four suspensions to be submitted to a future meeting of the Committee.

35. **Annual Audit Report in relation to the Directorate of Adult, Community and Housing Services**

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

Arising from consideration of the report, and Appendix 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.

It was noted that there were a high number of findings for the two Adult Care and Support Teams and the Access Team, however these were new audits following a reorganisation within Adult Social Care.

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

Following comments made, the Assistant Director of Housing Strategy and Private Sector assured the Committee that work was being undertaken to address the recommendations highlighted in the report submitted.

In responding to a question raised by Members in relation to comparative costs from different companies that provided translations and interpretations not being reviewed on an annual basis, the Assistant Director of Housing Strategy and Private Sector undertook to provide Councillor Brothwood with data in relation to the costs involved from using the current and a different supplier.

Concerns were raised by Members in relation to employees not taking their lunch breaks or compensatory breaks, in accordance with the Working Time Directive. It was noted that staff were now having their breaks, however it had had a major impact on service delivery and it had been difficult to allocate a break, therefore some employees had written to HR requesting to opt out of the directive. In responding, the Assistant Director of Housing Strategy and Private Sector stated that the Assistant Director of Quality and Commissioning would be agreeable to attend a future meeting of the Committee to provide an update and discuss the matter further.

In responding to a question, the Review and Improvement Consultant undertook to provide the Chair with further information in relation to the amount of time during which there was not a protocol in place for the sharing of partnership information, and an update on the implementation of a GCSX account to transfer confidential information to third parties.

In responding to a question, the Review and Improvement Consultant undertook to update Councillor Taylor on the project plan for Shared Lives, which was currently on hold.

Resolved

- (1) That the findings of the 2013/14 audit work be accepted.
- (2) That the Assistant Director of Housing Strategy and Private Sector be requested to provide Councillor Brothwood with data in relation to the costs involved using the current and a different supplier for translations and interpretations.

- (3) That the Review and Improvement Consultant be requested to provide the following:
- a) Councillor Cowell with further information in relation to the amount of time during which there was not a protocol in place for the sharing of partnership information, and an update on the implementation of a GCSX account to transfer confidential information to third parties.
 - b) Councillor Taylor with an update in relation to the project plan for Shared Lives.
- (4) That the Assistant Director of Quality and Commissioning be requested to attend a future meeting of the Committee to provide an update and further information in relation to the issues with regard to staff not taking a break in accordance with the Working Time Directive.
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At this juncture, Councillor D Russell withdrew from the remainder of the meeting.

36. **Grant Thornton Annual Audit Letter 2013/14**

A joint report of the Chief Executive and the Treasurer was submitted on the Council's external auditors annual Audit Letter for 2013/14. A copy of the letter was appended to the report submitted.

Ms S Joberns presented the report and Appendices to the report submitted, and issued an unqualified opinion.

Resolved

That the information contained in the report, and Appendices to the report, submitted on the Annual Audit Letter 2013/14, be noted.

37. **Annual Report of the Committee on Standards in Public Life**

A report of the Monitoring Officer was submitted on the annual report of the Committee on Standards in Public Life 2013/14. A copy of the report was appended to the report submitted.

Arising from the presentation of the report and Appendix to the report, submitted, the Assistant Director of Law and Governance made particular reference to the comments on Local Government Standards arising from the introduction of the new standards regime under the Localism Act 2011.

Resolved

38. **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 ORG0013 – Information Governance – that was identified for consideration by the Committee at a previous meeting.

The Principal Information Security Officer gave a power point presentation in relation to Information Governance, and in doing so stated that the area covered a broad spectrum and there was continued pressure from the Government to recognise Information as a key asset.

The Principal Information Security Officer reported to the Committee that Local Authorities were required to comply with statutory obligations, and that there would be some changes to the Data Protection Act in 2016/17.

Reference was made to the legal requirement to maintain personal data for a number of years, including staff records, and that the information was held in a number of systems identified within the Information Asset Register.

The Principal Information Security Officer reported that 1,700 requests for information under the Data Protection Act, Freedom of Information and Environmental Information Regulations Act 2004 had been received during 2014, 82% of which were processed within time. It was noted that the estimated cost of handling requests in 2014 was £272,000, and that there were over 50 Agreements implemented with third parties to enable sharing and use of information.

It was noted that there was a robust programme of compliance throughout the Council, and 56 non-ICT breaches had been investigated during 2014, the majority of which were due to paper which continued to be the biggest risk. The number of requests received increased on a yearly basis, and it was evident that the quality of requests had improved.

Reference was then made to the mitigating controls that had been implemented including an Information Governance Board to oversee development of and compliance with information governance policies and a mandatory online training programme for Data Protection, Freedom of Information and Information Security for all staff. It was also noted that a Statement of Undertaking had been issued from the Information Commissioner following a breach, which resulted in an Action Plan being developed, and that the Information Commissioner was satisfied with the progress undertaken.

Arising from the presentation, Members asked a number of questions and the Principal Information Security Officer responded as follows:-

- In relation to the cost implications of Freedom of Information requests, it was reported that there was a limit of 18 hours or less than £450 of work that was free of charge to the requester, and that three requests had been received since 2004, where payment of a fee had been requested, and requests that appeared similar during a sixty day period, would be aggregated. It was noted however that the aim was to decrease the number of requests by allowing data that was not confidential to be readily available and on the Dudley MBC domain.
- Following a request by a Member, the Principal Information Security Officer undertook to circulate the presentation to Members of the Committee.
- That initial requests for Data Protection Subject Access information were not charged, however this may be looked at in the future.
- That there was a requirement legally to demonstrate and publish compliance with Freedom of Information requests on the website on a yearly basis, and following a request the Principal Information Security Officer undertook to look at publishing the information in a user-friendly format.

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 February, 2015. It was noted that due to the number of items to be considered at the next meeting of the Committee, the Committee may be minded to defer consideration of the risk until April, 2015.

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 ORG0013 – Information Governance, be noted.
- (3) That the risk ORG0019 – Fraud - be the particular risk identified for closer scrutiny the next time a risk report was referred for consideration by the Committee, in April, 2015.
- (4) That the Principal Information Security Manager be requested to circulate the presentation given to all Members of the Committee, and to look at ensuring the information submitted on the website, was easy to understand.

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.

40.

Fraud Presentation

The Head of Audit Services gave a power point presentation in relation to Fraud Awareness and outlined the roles and responsibilities in the prevention, detection and investigation of fraud. The presentation was given following a request made at the previous Committee meeting arising from a discussion on the skills and knowledge questionnaire undertaken by Members of the Committee and the need for further training.

During his presentation, the Head of Audit Services made particular references to the Fraud Act that was implemented in January, 2007, the outcome of fraud, and the Bribery Act 2010, which was also referenced in the Members' Code of Conduct, specifically in respect of declaring pecuniary and non-pecuniary interests. It was also reported that specific fraud areas such as Procurement, Housing and Council Tax were being looked at in line with the National Fraud Authority strategy.

Reference was made to the profile of staff that committed fraud and various ways in how to detect fraud, however ultimately it was the responsibility of managers to identify and detect fraud. It was noted that the introduction of the Fraud Hotline had resulted in an average of 150 calls, and had proven to be successful.

The Head of Audit Services referred to a fraud formula, namely, MOM (Motive + Opportunity + Means), and stated that Audit Services were concentrating on identifying the opportunity and means, specifically, weak control, poor management, and access to assets and cash.

It was noted that CIPFA had recently issued guidance and that Dudley MBC complied with the CIPFA Code of Practice "Managing the Risk of Fraud and Corruption", including implementing a Anti Fraud and Corruption Strategy, an Audit and Standards Committee and a Confidential Reporting Policy.

Arising from the presentation given, the Head of Audit Services responded to questions asked by the Committee in relation to the controlling measures in place in relation to attempted fraud via computers, and confirmed that the Fraud Hotline telephone number (01384 814242) had also been displayed on the side of vans used by employees in Housing.

Resolved

That the presentation given in relation to Fraud Awareness be noted.

The meeting ended at 8.35 p.m.

CHAIR