

AUDIT AND STANDARDS COMMITTEE

Thursday 17th April, 2014 at 6.00 p.m.
in Committee Room 3, The Council House, Dudley

PRESENT:-

Councillor Cowell (Chair)
Councillor Arshad (Vice-Chair)
Councillors Perks, Russell, Taylor, K Turner and C Wilson.

Officers

Treasurer, Assistant Director (Law and Governance), Head of Audit Services, Audit Managers, Principal Auditor and Mrs K Taylor (All Directorate of Corporate Resources).

Also in Attendance

Ms. S. Joberns (Grant Thornton)

53. APOLOGIES FOR ABSENCE

Apologies for absence from the meeting were submitted on behalf of Councillors Harris and Tyler.

54. APPOINTMENT OF SUBSTITUTE MEMBER

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

55. 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.

56. MINUTES

Arising from the consideration of the minutes, the Chair referred to a previous meeting of the Committee in December, 2013 when it was resolved that a progress report in relation to the risk ORG0017 – Welfare Reforms would be considered by the Committee in April 2014. The Chair reported that she had agreed that a briefing note would be circulated to Committee members by 14th May, 2014, as officers were currently working on year end figures.

RESOLVED

That the minutes of the meeting held on 13th February, 2014, be approved as a correct record and signed.

57. 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, 6, 5, 7, 8, 9, 13 and 14.

58. CONFIDENTIAL REPORTING POLICY

A report of the Monitoring Officer was submitted on the monitoring of the operation of the Council's Confidential Reporting Policy.

The Assistant Director (Law and Governance) in his presentation of the content of the report and Appendix 1 to the report submitted, which was a copy of the Policy, commented that there had been two recorded incidents of use of the Policy by staff this year, which were investigated and one found to be malicious and the other not substantiated.

Arising from the presentation given Members asked a number of questions and made comments that were responded too, in particular in respect of the controls implemented to avoid allegations made that were found to be malicious.

RESOLVED

That the information contained in the report, and Appendix to the report, submitted on the outcome of the recent monitoring of the Confidential Reporting Policy, be noted.

59. GRANT THORNTON AUDIT PLAN 2013/14

A report of the Treasurer was submitted on the External Auditor's Audit Plan for 2013/14 attached as Appendix 1 to the report submitted.

Ms Joberns from Grant Thornton was in attendance at the meeting and commented on the content of the Appendix, which assessed their opinion on the Council's financial statements and the arrangements for achieving value for money.

Arising from the presentation given Members asked a number of questions that were responded too, in particular in respect of the definition of financial resilience, and equal pay status. In responding to a Member in relation to equal pay, the Treasurer reported that a total of £57million had been paid following the acceptance of offers, £2million of offers were outstanding, and provision of any future claims would need to be addressed.

RESOLVED

That the information contained in the report, and Appendix 1 to the report, submitted on the External Auditor's Audit Plan for 2013/14, be noted.

60. GRANT THORNTON AUDIT COMMITTEE UPDATE

A report of the Treasurer 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 commented in particular that the purpose of the report was to report progress and highlight emerging national issues and developments that may be relevant to the Council.

In responding to a question by the Chair, Ms Joberns reported that good progress had been made and all deadlines had been met.

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.

61. GRANT THORNTON – INFORMING THE AUDIT RISK ASSESSMENT

A report of the Treasurer was submitted on a report published by Grant Thornton "Informing the Audit Risk Assessment for Dudley Metropolitan Borough Council" to contribute towards the communication between the external auditors and the Audit and Standards Committee.

Ms Joberns presented the report and appendix to the report submitted and made reference to the proposed Management Responses to the matters covered in the report submitted.

Arising from the presentation given Members asked a number of questions and made comments that were responded too, in particular in respect of fraud and the sanctions available; the process undertaken should the Council exceed resources and the potential effects following the proposed Government changes to pensions.

RESOLVED

That the information contained in the report, and Appendix to the report, submitted on “Informing the Audit Risk Assessment for Dudley Metropolitan Borough Council” published by Grant Thornton, be noted.

62. AUDIT PLAN FOR THE PERIOD 2014/15

A report of the Treasurer was submitted on the work that the Audit Services Division planned to undertake during the period from 1st April, 2014 to 31st March, 2015, further details of which were appended to the report submitted.

The Head of Audit Services reported that there had been a reduction in members of staff since December, 2013 which had made an impact on the service, therefore work was undertaken to consolidate and balance the number of audits within the Council , in consultation with all Directors.

In responding to a question by a member in respect of the increase of audits in Chief Executive's; the Head of Audit Services confirmed that the increase was the result of an increase in the number of corporate audits and, the merging of the Directorate with Public Health.

RESOLVED

That the information contained in the report, and Appendices to the report, submitted be noted and that the Audit Plan for the period 2014/2015, as set out in Appendix A to the report submitted be approved.

63. REVIEW OF THE CODE OF CORPORATE GOVERNANCE

A report of the Treasurer was submitted on the results of a review of the Code of Corporate Governance. A copy of the revised Code of Corporate Governance was appended to the report submitted, for approval.

Arising from the presentation of the report and Appendix to the report, submitted, the Head of Audit Services made particular reference to the draft document “Good Governance is Everyone’s Business”, as set out in Appendix B to the report submitted, produced by Audit Services, that was aimed at managers and Members.

In responding to a question by a Member in relation to the annual review of the Code of Corporate Governance; the Head of Audit Services undertook to arrange for the Chair, Vice-Chair of the Audit and Standards Committee and Cabinet Member of Finance to be involved in the consultation process.

RESOLVED

- (1) That the information contained in the report, and Appendix to the report, submitted be noted.

- (2) That the revised Code of Corporate Governance, attached as Appendix A to the report submitted, be approved.
- (3) That the Director of Corporate Resources be authorised to take the necessary action to incorporate the revised Code into the Constitution.
- (4) That the publication "Good Governance is Everyone's Business", attached as Appendix B to the report submitted, be approved.
- (5) That the Head of Audit Services be requested to arrange for the Chair, Vice-Chair of the Audit and Standards Committee and Cabinet Member of Finance to be involved in the consultation process in relation to the annual review of The Code of Corporate Governance.

64. EXCLUSION OF THE PUBLIC

That the public be excluded from the meeting for the following item of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act, 1972, as indicated below; and that in all the circumstances, the public interest in disclosing the information is outweighed by the public interest in maintaining the exemption from disclosure.

<u>Description of Item</u>	<u>Relevant Paragraphs of Part I of Schedule 12A</u>
Report Required Under Standing Orders	2 and 7
Audit Services Annual Fraud Report	2 and 7

65. REPORT REQUIRED UNDER STANDING ORDERS

A report of the Treasurer was submitted on any instances arising under Standing Order 3.2 and 9.8 during the period July to December, 2013 inclusive.

Arising from the presentation of the report and Appendix to the report, submitted, the Head of Audit Services undertook to provide the Chair with supplementary information in relation to the timeframe for reducing the backlog of work in Benefit Services.

RESOLVED

- (1) That the information contained in the report submitted be noted.

- (2) That the Head of Audit Services be requested to provide the Chair with supplementary information in relation to the reduction of the backlog of work in Benefit Services.
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66. AUDIT SERVICES ANNUAL FRAUD REPORT

A report of the Treasurer was submitted on the work that the Audit Services Division had undertaken and was planning to undertake on the issue of fraud, and on the work of the Tenancy & Benefit Fraud Teams. A copy of the Anti-Fraud and Corruption Strategy was also appended to the report submitted.

In presenting the report, the Head of Audit Services referred to the number of projects undertaken by Audit Services in providing information and education to Officers on how to prevent and detect fraud. It was also noted that information in respect of the Fraud Survey would be published through various avenues such as Message of the Day, and on payslips.

The Head of Audit Services further reported that it was likely that there would be a reduction in investigations once the Dudley Housing Benefit Fraud Team has transferred to a Single Fraud Investigation Scheme.

RESOLVED

- (1) That the information contained in the report, and Appendices to the report, submitted, be noted.
 - (2) That the suppliers "Code of Practice" be approved.
 - (3) That the Anti Fraud and Corruption Strategy, be approved, and that the Director of Corporate Resources be authorised to take the necessary action to incorporate the revised Strategy into the Constitution.
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67. COMMENTS OF THE CHAIR

This being the last scheduled meeting of the Committee in the current municipal year, the Chair thanked Members, Officers and Grant Thornton for their help and support throughout the municipal year, and gave her best wishes to Councillor C Wilson for his pending retirement.

The meeting ended at 7.30 p.m.

CHAIR