

**Minutes of the Audit and Standards Committee  
Monday 13<sup>th</sup> February, 2023 at 6.00pm  
At Dudley Town Hall**

**Present:**

Councillor A Lees (Chair)

Councillor D Borley (Vice-Chair)

Councillors S Ali, P Atkins, J Cowell, M Evans, J Martin and A Taylor.

**Officers:**

I Newman (Director of Finance and Legal), M Farooq (Lead for Law and Governance (Monitoring Officer)), G Harrison (Head of Audit and Risk Management), R Cooper (Head of Financial Services), L Jones-Moore (Finance Manager), J McGregor (Senior Principal Accountant) and H Mills (Senior Democratic Services Officer)

**Also in Attendance:**

M Stocks (Grant Thornton External Auditor) – for agenda item no. 4

N Bridger (Senior Manager HR Delivery and Intelligence) – for agenda item no. 9

M Bowsher (Director of Adult Social Care), M Spittle (Head of Access and Prevention), J Wood (Interim Service Manager) – for agenda item no. 10

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**37 Apology for Absence**

An apology for absence from the meeting was submitted on behalf of Councillor E Lawrence.

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**38 Appointment of Substitute Member**

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

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39 **Declarations of Interest**

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

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40 **Change in order of business**

Pursuant to Council Procedure Rule 13(c), it was

**Resolved**

That the order of business be varied and that the agenda items be considered in the order set out in the minutes below.

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41 **Treasury Management**

Members considered a report of the Director of Finance and Legal outlining the treasury activity in the year 2022/23 up to the end of December 2022 and seeking approval of the Treasury Strategy Statement 2023/24.

The Director of Finance and Legal presented the report, referring Members to paragraphs of specific importance. In referring to paragraph 5 of the report it was indicated that the Treasury Management Activity, administered on behalf of West Midlands Debt Administration Fund, would be completed by 2026.

In referring to the Treasury Activity 2022/23 – Dudley Fund, as outlined in paragraphs 10 to 14 of the report submitted, it was commented that Dudley's investments up to 5<sup>th</sup> January, 2023, equated to £22.5 million, with an average return of 1.15%. A further five loans had been taken out during 2022/23, some of which had slightly higher interest rates. It was acknowledged that at the beginning of the 2022/23 financial year, the economic environment was significantly different to the current situation.

It was reported that moving forward it was likely that there would be a further need to borrow funds and interest rates would continue to be monitored closely. It was the intention to continue with the low-risk approach, securing funds, with returns on investment being a secondary consideration.

Arising from a question raised by Councillor S Ali with regard to providing a background for the purpose of the three loans obtained during January, as well as background in relation to where the Authority's investments were located, the Director of Finance and Legal commented that the three loans were not directly linked to specific expenditure or any specific capital project and were for cash flow purposes. In referring to the Authority's investments, the Director of Finance and Legal referred to Appendix 1 to the report submitted and indicated that the vast majority of investment had been with the Debt Management Office and other financial institutions namely, Bank of Scotland, Santander, HSBC and Barclays. Members were assured that no investments were made with higher risk institutions such as merchant banks.

In responding to a question raised by Councillor A Taylor with regard to the reason for changing banks from HSBC to Lloyds PLC, it was confirmed that this had been as a result of a competitive tender exercise.

### **Resolved**

- (1) That the Treasury Activities in 2022/23, as outlined in the report, be noted.
- (2) That the Treasury Strategy 2023/24, attached as Appendix 2 to the report submitted, be approved.
- (3) That the Director of Finance and Legal be authorised to effect such borrowings, repayments and investments as are appropriate and consistent with the approved Treasury Strategy and relevant guidance.
- (4) That the Director of Finance and Legal be authorised to update the prudential indicators, as detailed in Section 3 of Appendix 2 to the report submitted, prior to the submission of the report to full Council for approval.
- (5) That the report, and Appendices to the report, be submitted to full Council on 27<sup>th</sup> February, 2023 for approval.

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## **42 External Audit Findings Report**

A report of the Director of Finance and Legal was submitted to consider the external auditor's Audit Findings Report and formal Management Representation Letter to the Auditor.

M Stocks (Grant Thornton External Auditor) was in attendance at the meeting to present the report and in doing so indicated that the accounts presented were of a good standard, with the exception of property valuation. It was recognised that the valuation work had been outsourced by the local authority to address issues previously identified, however the external valuer was unable to meet the necessary deadlines and therefore continued to be an area of concern and a reflection of poor governance.

In referring to page 24 of the report submitted and in response to a question raised by Councillor J Cowell in relation to recommendation that the Council reviewed the related parties in the accounts as they did not fully meet the definition in the Code of Practice of Local Authority Accounting, M Stocks indicated that no significant issue had been identified. It was noted that there were a lot of ancillary disclosures but it was not considered a concern.

Arising from questions from Councillors S Ali and M Evans on whether there were any concerns for the Committee to be minded of moving forward and if adequate improvement in the land and buildings valuations had been attained, M Stocks commented that the statement was considered good except for the land and buildings valuation. However, it was considered unfortunate that there had been an issue with the contractor. It was envisaged that this would improve moving forward. It was noted that there would be a change in the incinerator contract in the future which the Committee may wish to look at the accounts for, as well as review the sustainability of the energy sales in the future.

## **Resolved**

- (1) That the Audit Findings Report 2021/22 as set out in Appendix 1 to the report submitted, be noted.
- (2) That the Letter of Representation as set out in Appendix 2 to the report submitted, be noted.
- (3) That the Chair of the Audit and Standards Committee be authorised to sign and date the final version of the Letter of Representation.

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## **43 Annual Report of the Committee on Standards in Public Life**

Members considered an annual report of the Monitoring Officer on Standards in Public Life.

In presenting the report, the Monitoring Officer commented that the seven principles of public life applied to all that worked as a public officer holder, including West Midlands Police, the NHS and Parliament.

Reference was made to the review of the local government ethical standards, in particular the sanctions available to the Standards Sub-Committee following a complaint against an Elected Member. It was reported that the Government had not agreed to update or enhance the locally based standards regime in Local Government.

Arising from the presentation of the report, Members acknowledged the extensive time and work entailed in undertaking complaint investigations.

### **Resolved**

That the Annual Report of the Committee on Standards in Public Life, be noted.

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#### **44 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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#### **45 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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#### **46 Suspensions under the provisions of the Employee Improvement and Disciplinary Procedure or relevant Schools Disciplinary Procedure**

The Committee considered a report of the Chief Executive on the number of employees who were suspended pending an investigation into allegation(s) of gross misconduct during the period 1<sup>st</sup> October, 2021 to 30<sup>th</sup> September, 2022, inclusive.

In presenting the report, the Senior Manager HR Delivery and Intelligence advised that suspension would not be the first resort and temporary reassignment would be considered in the first instance whilst an investigation was undertaken. However, this would be dependent upon the nature of the allegation.

The number of suspensions for Council Directorates and Schools were outlined, together with the average length in working days of the suspensions and the subsequent outcomes. A conclusion of cases that were carried forward from the previous year were also outlined.

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

Members suggested that information on key themes identified because of suspensions in any particular service area, and the learning and training provided, be included in future reports.

## **Resolved**

- (1) That the information contained in the report submitted on Suspensions under the provisions of the Employee Improvement and Disciplinary Procedure or relevant Schools Disciplinary Procedure, be noted.
- (2) That information on key themes identified as a result of suspensions in any particular service area and the learning and training provided, be included in future reports.

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## **47 Annual Audit report for the Chief Executive**

A report of the Director of Finance and Legal was submitted summarising the audit work undertaken in relation to the Directors of Adult Social Care and Finance and Legal, who reported directly to the Chief Executive for the financial year 2021/22. Work that related to the other Directors and Assistant Director who also reported directly to the Chief Executive had been presented to the Committee in January, 2023.

In presenting the report, the Head of Audit Services advised that six assurance audits had been undertaken, of which three had received a negative assurance rating of either minimal or limited. It was noted that these ratings had been given due to either a critical action or a number of high priority actions being raised, which were detailed in Appendices 2 and 3 to the report submitted.

In addition to the assurance audit, four other areas of audit activity had been undertaken and in total 129 actions were raised. A full list of the audits, including the actions raised and assurance ratings were detailed in Appendix 1 to the report submitted.

Reference was made to the post-audit questionnaires issued on completion of an audit. All four questionnaires were returned, all of which stated they had received a very good or good service.

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

Members considered that the number of unimplemented actions identified within the report was unacceptable and referred to the lack of data and information provided in relation to actions, particularly those that were unimplemented. Reasons as to why actions had not been implemented, together with any progress, should be included in future reports.

Members noted the number of unimplemented or in progress actions in relation to the Children's Transport Team and the Interim Service Manager responded, giving his view of the context and resource issues. As the service would imminently be transferred to the Children's Services Directorate, the Committee suggested that a report on the work and progress of the service be included in the Children and Young People Scrutiny Committee Annual Scrutiny Programme.

In referring to Action ASC032, Members were of the view that this action had not been adequately addressed and therefore indicated that this should be redirected back to the Chief Executive.

## **Resolved**

- (1) That the findings in respect of the 2021/22 audit work undertaken for those Directors (Adult Social Care and Finance and Legal) who report directly to the Chief Executive for the financial year 2021/22, be received and noted.
- (2) That Action ASC032 be redirected back to the Chief Executive for further consideration.
- (3) That the Children and Young People Scrutiny Committee be recommended to receive a report on the work and progress of the Children's Transport Team as part of their annual scrutiny programme.

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48 **Audit Services Interim Performance Report**

The Committee considered an update report of the Director of Finance and Legal on the performance of Audit Services.

During deliberations Members indicated that a graphical trajectory table providing a five-year analysis would be useful to establish a level of assurance.

**Resolved**

- (1) That the information contained in the report, in respect of the performance of Audit Services, be noted.
- (2) That the Head of Audit Services to review the reporting format in terms of providing a trajectory table for a period of five years.

The meeting ended at 8.15pm

CHAIR