

# **AUDIT AND STANDARDS COMMITTEE**

**THURSDAY 25<sup>TH</sup> APRIL 2013**

**AT 6.00PM  
IN COMMITTEE ROOM 3  
THE COUNCIL HOUSE  
DUDLEY**

**If you (or anyone you know) is attending the meeting and requires assistance to access the venue and/or its facilities, could you please contact Democratic Services in advance and we will do our best to help you**

**KAREN TAYLOR  
DEMOCRATIC SERVICES OFFICER  
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You can view information about Dudley MBC on  
[www.dudley.gov.uk/](http://www.dudley.gov.uk/)**

## **IMPORTANT NOTICE**

### **MEETINGS IN DUDLEY COUNCIL HOUSE**

Welcome to Dudley Council House

In the event of the alarm sounding, please leave the building by the nearest exit. There are Officers who will assist you in the event of this happening, please follow their instructions.

There is to be no smoking on the premises in line with national legislation. It is an offence to smoke in or on these premises.

Please turn off your mobile phones and mobile communication devices during the meeting.

Thank you for your co-operation.

Your ref:                      Our ref:                      Please ask for:              Telephone No.  
   JJ/jj                              Mr J Jablonski              01384 815243

17th April, 2013

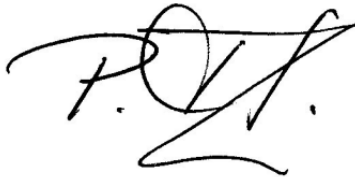
Dear Member

**Audit and Standards Committee – Thursday 25th April, 2013.**

You are requested to attend a meeting of the Audit and Standards Committee to be held on Thursday 25th April, 2013 at 6.00pm in Committee Room 3 at the Council House, Dudley to consider the business set out in the Agenda below.

The agenda and public reports are available on the Council's Website [www.dudley.gov.uk](http://www.dudley.gov.uk) and follow the links to Councillors in Dudley and Committee Management Information System.

Yours sincerely



Director of Corporate Resources

**A G E N D A**

- 1            APOLOGIES FOR ABSENCE  
  
                 To receive apologies for absence from the meeting.
  
2.           APPOINTMENT OF SUBSTITUE MEMBERS  
  
                 To report the appointment of any substitute members serving for this meeting of the Committee.
  
3.           DECLARATIONS OF INTEREST  
  
                 To receive Declarations of Interest in accordance with the Members' Code of Conduct.

4. MINUTES

To approve as a correct record and sign the Minutes of the meeting of the Committee held on 14<sup>th</sup> February, 2013 (copy attached).

5. GRANT THORNTON AUDIT AND STANDARDS COMMITTEE UPDATE (PAGES 1 - 17)

To consider a report of the Treasurer

6. CONFIDENTIAL REPORTING POLICY (PAGES 18 -26)

To consider a report of the Monitoring Officer

7. UPDATE ON ANNUAL AUDIT REPORT – DIRECTORATE OF CHILDREN'S SERVICES

Verbal update by Head of Audit

8. AUDIT PLAN FOR THE PERIOD 2013/2014 (PAGES 27 - 38 )

To consider a report of the Treasurer

9. REVIEW OF THE CODE OF CORPORATE GOVERNANCE (PAGES 39 -70)

To consider a report of the Treasurer

10. COMMITTEE BENCHMARKING REPORT (PAGES 71 – 75)

To consider a report of the Treasurer

11. TO ANSWER QUESTIONS UNDER COUNCIL PROCEDURE RULE 11.8 (IF ANY)

PRIVATE SESSION

In accordance with Paragraph 10 of Schedule 12A to the Local Government Act 1972, the Proper Officer has determined that there will be no advance disclosure of the following reports because the public interest in disclosing the information set out in the following items is outweighed by the public interest in maintaining the exemption from disclosure

12. RESOLUTION TO EXCLUDE THE PUBLIC

To consider the adoption of the following resolution:-

That 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 Part 1 of Schedule 12A to the Local Government Act 1972 as indicated below:-

<u>Agenda Item No</u>	<u>Description of Item</u>	<u>Relevant Paragraph(s) of Part I of Schedule 12A</u>
13	Report required under Standing Orders	2 and 7
14	Audit Services Annual Fraud Report	2 and 7

13. REPORT REQUIRED UNDER STANDING ORDERS (PAGES 76 - 77)

To consider a report of the Treasurer

14. AUDIT SERVICES ANNUAL FRAUD REPORT (PAGES 78 - 118)

To consider a report of the Treasurer

To: All Members of the Audit and Standards Committee, namely:

Arshad	Branwood	Burston	Cowell	Hill
Taylor	Tyler	Mrs Westwood	Zada	

## **AUDIT AND STANDARDS COMMITTEE**

Thursday, 25<sup>th</sup> April, 2013 at 6.00 p.m.  
in Committee Room 3, The Council House, Dudley

### PRESENT:-

Councillor Zada (Chair)  
Councillor Arshad (Vice-Chair)  
Councillors Branwood, Burston (From Minute No. 41), Cowell, Hill,  
Taylor, Tyler (From Minute No. 41) and Mrs. Westwood.

### Officers

Treasurer, Head of Audit Services, Head of Accountancy, Audit Manager,  
Principal Auditors and Mrs K Taylor (All Directorate of Corporate  
Resources).

### Also in Attendance

Mr S Turner (Audit Manager) (Grant Thornton)  
Councillor S. Turner (Observer)

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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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### MINUTES

During consideration of the minutes, reference was made to the  
preamble to minute 29, in particular, that Councillor Taylor had not  
received a response from the Director of Adult, Community and Housing  
Services in relation to the introduction of a policy for deceased clients  
balances.

### RESOLVED

That the minutes of the meeting held on 14<sup>th</sup> February, 2013 be  
approved as a correct record and signed.

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### GRANT THORNTON AUDIT AND STANDARDS 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. Attached as Appendix A  
was a list of the questions that Grant Thornton believed Audit and

Standards Committee members should consider and the management responses.

Mr Turner, Audit Manager, 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.

Mr Turner further reported that the audit was on track, and that a report outlining the final results would be submitted to the September meeting of the Committee.

RESOLVED

That the information contained in the report, and Appendix to the report, submitted on an Audit and Standards Committee Update published by the Grant Thornton, be noted.

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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 Treasurer 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 no incidents of use of the Policy by staff reported this year for any of the Directorates.

Arising from the presentation given Members asked a number of questions and made comments which were responded too, in particular in respect of the various avenues where employees could report any issues and the support available for those reporting serious allegations.

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.

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UPDATE ON ANNUAL AUDIT REPORT – DIRECTORATE OF CHILDREN'S SERVICES

A verbal update was given by the Head of Audit Services updating members in relation to the Annual Audit Report of the Directorate of Children's Services submitted to the previous meeting of the Committee.

Arising from the presentation given, the Head of Audit Services informed the Committee that he had received assurances from the Directorate of Children's Services in relation to monitoring actions, and that a number of actions had been taken in order to address the issues raised at the previous meeting.

RESOLVED

That the information reported on be noted.

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44. AUDIT PLAN FOR THE PERIOD 2013/14

A report of the Treasurer was submitted on the work that the Audit Services Division planned to undertake during the period from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, further details of which together with the Audit Charter and Audit Strategy were appended to the report submitted.

The Head of Audit Services highlighted one discrepancy in Appendix B to the report in that the figure for the number of Audits in 13/14 should be 167.

RESOLVED

That the information contained in the report, and Appendices to the report, submitted be noted and that the Audit Plan for the period 2013/2014, as set out in Appendix A together with the Audit Charter and Audit Strategy as set out in Appendices C and D to the report submitted be approved.

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45. REVIEW OF THE CODE OF CORPORATE GOVERNANCE

A report of the Treasurer was submitted providing a short history on the Code of Corporate Governance in the Council and on the result of a review of the Code of Corporate Governance. A copy of the revised Code of Corporate Governance was appended to the report submitted.

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.
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46. COMMITTEE BENCHMARKING REPORT

A report of the Treasurer was submitted on a comparison of the practices of the Committee with other Black Country Authorities and Birmingham, which was appended to the report submitted.



RESOLVED

- (1) That the information contained in the report, and Appendix to the report, submitted be noted.
- (2) That the Committee receive information on assurance mapping.
- (3) That Directors or their nominated Assistant Director representatives be required to attend to give explanations if and when “minimal” or “nil” assurance reports have not improved, that is, if the rating had not improved at follow up visit(s).
- (4) That a work plan report be introduced setting out scheduled agenda items for the Committee at the first meeting of the Committee in the next and subsequent Municipal years.
- (5) That the Committee receive reports on the Corporate Risk Register at three meetings per year and that a specific risk in each report be identified to focus on.
- (6) That the frequency of meetings of the Committee be increased from four to five per year.

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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 1 of Schedule 12A of 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 Paragraph of Part I of Schedule 12A</u>
Report required under Standing Orders	2 and 7
Audit Services Annual Fraud Report	2 and 7

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48.

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, 2012 inclusive.

RESOLVED

That the information contained in the report submitted be noted.

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49. 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 Benefit Fraud Team. The Audit Services Fraud Action Plan, a checklist for those responsible for governance to assess their organisation's approach to Fraud, details of special investigations, and a copy of the Anti-Fraud and Corruption Strategy were appended to the report submitted.

In presenting the report, the Head of Audit Services referred to the Fraud hotline, and that on average the division received two to three calls per weeks.

Arising from the presentation given Members asked a number of questions and made comments which were responded too, in particular in respect of the Benefit Fraud Team now nominally being part of a Single Investigation Service associated with the Department for Work and Pensions and, the support provided and monitoring of Personal Budgets.

Reference was made by a Member in relation to the comprehensive report submitted, and referred to the increase of fraud investigations and noted that further work was planned to improve detection of fraud.

RESOLVED

- (1) That the information contained in the report, and Appendices to the report, submitted, be noted.
- (2) 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.

The meeting ended at 7.10 p.m.

CHAIR

**Audit and Standards Committee 25<sup>th</sup> April 2013**

**Report of the Treasurer**

**Grant Thornton Audit and Standards Committee Update**

**Purpose of Report**

1. Grant Thornton have produced a report to update Audit and Standards Committee members on progress in delivering their responsibilities as Dudley's external auditors, and the Audit Manager will be available at the meeting to deal with any issues.

**Background**

2. The report includes a series of questions that the external auditors believe Audit and Standards Committee members and the Treasurer should consider. Attached as Appendix A is a list of those questions together with management responses.

**Finance**

3. There are no resource implications as a consequence of the report.

**Law**

4. Legislation appertaining to Local Authority Audit and Accounts is contained in the Local Government Act 1999, the Audit Commission Act, 1998, and regulations made therein.

**Equality Impact**

5. There are no direct equality implications of the recommendation below.

**Recommendation**

6. That Members note the Audit Committee Update report and the information provided in Appendix A.



Act Officer : Les Bradshaw  
Head of Audit (ext. 4853)

.....  
**Iain Newman**  
**Treasurer**

## APPENDIX A

### QUESTIONS & MANAGEMENT RESPONSES

QUESTION	MANAGEMENT RESPONSE
<p><b>1. Implications of the Local Government Finance Act 2012</b></p> <ul style="list-style-type: none"> <li>• Do you know your key risks?</li> <li>• Have officers ensured the financial impact is fed into medium term financial plans?</li> <li>• Have officers undertaken modelling of future business rates growth?</li> <li>• Have officers given due consideration to pooling?</li> <li>• Have officers considered the possible impact on council tax collection rates if they do reduce benefit entitlement in line with the funding reduction?</li> <li>• Has your Treasurer reviewed the proposed amendments to the 2013/14 Code and assessed the potential impact?</li> </ul>	<p>Budget reports to Cabinet and Council for 2013/14 incorporated an assessment of financial risks including those arising from Business Rate retention and the localisation of Council Tax support.</p> <p>The Council has undertaken and has further plans for regeneration across the borough. Notwithstanding these plans, the Medium Term Financial Strategy (MTFS) has been set on a prudent basis and allows for a small real terms reduction of 0.25% per year in Business Rate income in line with historic trends. The budget also prudently allows for a 9.6% loss from Business Rate appeals (as compared to 6.4% on average nationally).</p> <p>Authorities are likely to be eligible for and to benefit from Business Rate pooling in circumstances where one or more “top-up”<sup>1</sup> authorities share economic geographical links with one or more “tariff” authorities. This is not the case for Dudley and its neighbours.</p> <p>For 2013/14, the Council has not reduced benefit entitlements, so it has not been necessary to review Council Tax collection rates.</p> <p>The proposed accounting arrangements have been reviewed, and are seen as manageable, subject to final details of the localisation regime, and the final 13/14 Code.</p>

<sup>1</sup> A “top-up” authority is one where its funding baseline for 2013/14 is assessed by the Government as being higher than its Business Rate baseline for that year. It receives a grant to make up the difference. A “tariff” authority is one where the opposite is the case. Where the two types of authority are combined in a pool, the tariff authorities may be wholly or partially protected from paying a levy on business rate growth and they can share the financial benefit of this with the top-up authorities. Dudley is a top-up authority.

QUESTION	MANAGEMENT RESPONSE
<p><b>2. CIPFA consultation on Service Reporting Code of Practice 2014/15: Adult Social Care Service Expenditure Analysis (England only)</b></p> <ul style="list-style-type: none"> <li>• Has your Treasurer reviewed the proposed amendments and assessed the potential impact?</li> </ul>	<p>Accountancy officers have reviewed the proposed changes. The proposed analysis, which is driven by the reporting to government in the PSSEx returns, is complex and demanding, especially in terms of assessment and recording. Plans are in hand to amend the accounts coding structure to reflect the new arrangements. The Council's financial reporting system Agresso is sufficiently flexible to accommodate the proposed amendments</p>
<p><b>3. Accounting for joint arrangements</b></p> <ul style="list-style-type: none"> <li>• Have officers considered the impact of these new arrangements?</li> <li>• Are you clear on the issues arising for the Council ?</li> </ul>	<p>Officers have considered the changes introduced by IFRS 11 on accounting for joint arrangements which are expected to be adopted by the CIPFA code in 2013-14.</p> <p>We currently do not prepare consolidated group accounts as the jointly controlled entities in which the Council has an interest such as NHR and PSP Dudley LLP are considered to be immaterial for consolidation.</p> <p>If the size of any of the jointly controlled entities increases to a material level, then they will be consolidated using the equity method in accordance with IFRS 11.</p>
<p><b>4.Assets transferring to academy schools</b></p> <ul style="list-style-type: none"> <li>• Has your Treasurer considered how to account for assets relating to schools that have been granted academy status?</li> <li>• Has your Treasurer considered whether or not there is an onerous contract for PFI contracts relating to academy schools?</li> <li>• Has your Treasurer discussed these issues with external</li> </ul>	<p>The schools which have achieved academy status so far have all been secondary schools with Foundation Trust status, so that the related property assets were already written out of the Council's balance sheet as disposals without receipts. This also applies to Red Hill School, due to convert at 1<sup>st</sup> April 2013. One primary school is due to convert in May; the assets will be transferred on a long lease, and the appropriate value written out in the 2013/14 accounts. The Council does not consider that impairment of the assets prior to conversion leads to helpful information in the accounts, so will not process any impairment in the current year accounts. Disclosure notes will describe the latest position on future conversions.</p> <p>Neither of the PFI schools have changed status, so the issue of potentially onerous contracts does not arise.</p>

<b>QUESTION</b>	<b>MANAGEMENT RESPONSE</b>
audit?	The treatment of school assets has been discussed with external audit.
<p><b>5. Provisions</b>  <b>Mutual Municipal Insurance (MMI)</b>  <b>Equal pay</b>  <b>Redundancy costs</b></p> <ul style="list-style-type: none"> <li>• Has your Treasurer considered the need for additional provisions for the above matters?</li> </ul>	<p>The Council's final accounts process and timetable include a review of these provisions. The Statement of Accounts will be presented to Audit and Standards Committee for approval in September.</p> <p>The Statement of Accounts for 2012/13 included a prudent reserve of £1.5 million for the MMI scheme of arrangement. The value of this reserve will be reviewed in light of the fact that the scheme has now been triggered and consideration will be given to its technical treatment (i.e. whether it should be treated as a provision or creditor rather than a reserve).</p> <p>The Council has made offers to settle to claimants covered by the October 2012 Supreme Court ruling. Provisions will be made in respect of any such claims that have not been settled by 31<sup>st</sup> March 2013.</p> <p>The Council accrues for the costs of redundancy payments agreed but not actually paid by 31<sup>st</sup> March, and makes a prudent provision for the anticipated cost of redundancies agreed after 31<sup>st</sup> March.</p> <p>It is not generally possible to make a sufficiently reliable estimate of the cost of a future programme of redundancies, (because the costs vary with the position of the individuals concerned.) to fulfill the criterion for making a provision. Instead appropriate wording will be used in disclosure notes, and consideration given to a contingent liability.</p>
<p><b>6. 'Towards a tipping point?: Summary findings from our second year of financial health checks of English local authorities '</b></p> <ul style="list-style-type: none"> <li>• Have you considered the findings of the report?</li> <li>• Are there any issues that relate to your Council and what action are you going to take?</li> </ul>	<p>The Council has in recent years increased its reserves and strengthened its strategic financial planning by devoting more time to the budget process and consultation than in previous years. It has continued to have finance at the heart of decision making and has maintained a good track record for managing within budget. The quality of financial management is evidenced by the opinions on the accounts and value for money given by the Audit Commission.</p> <p>In the context of the financial challenges faced by all authorities, the Grant Thornton report considers the potential for one or more</p>

QUESTION	MANAGEMENT RESPONSE
	<p>authorities to reach a critical “tipping point” (e.g. failure to meet statutory obligations, failure to balance budgets or a range of other potential significant crisis events). While no such event is foreseen in the short term, a review of these risks will be built into the budget process going forward.</p>
<p><b>7. 'Striking a balance: improving councils' decision making on reserves'</b></p> <ul style="list-style-type: none"> <li>• Are your officers providing you with the right information about reserves?</li> <li>• Have you considered the findings of the report and identified where actions are required?</li> </ul>	<p>Reserves are reported to Members through:</p> <ul style="list-style-type: none"> <li>• Budget reports to Cabinet and Council in February/March.</li> <li>• The outturn report to Cabinet in June.</li> <li>• The Statement of Accounts report to Audit and Standards Committee in September.</li> </ul> <p>Earmarked reserves were reviewed as part of the budget process and balances of £2.2 million (no longer required for the purposes for which they were earmarked) were transferred into the General Fund Reserve.</p>
<p><b>8. 'Protecting the public purse 2012'</b></p> <ul style="list-style-type: none"> <li>• Have you considered the findings of the report?</li> <li>• Are there any issues that could relate to your Council and how are these being dealt with?</li> <li>• Have you reviewed your existing arrangements for tackling fraud?</li> </ul>	<p>These matters are covered in the Annual Fraud Report [April 2013]</p>

# Audit and Standards Committee Update for Dudley Metropolitan Borough Council

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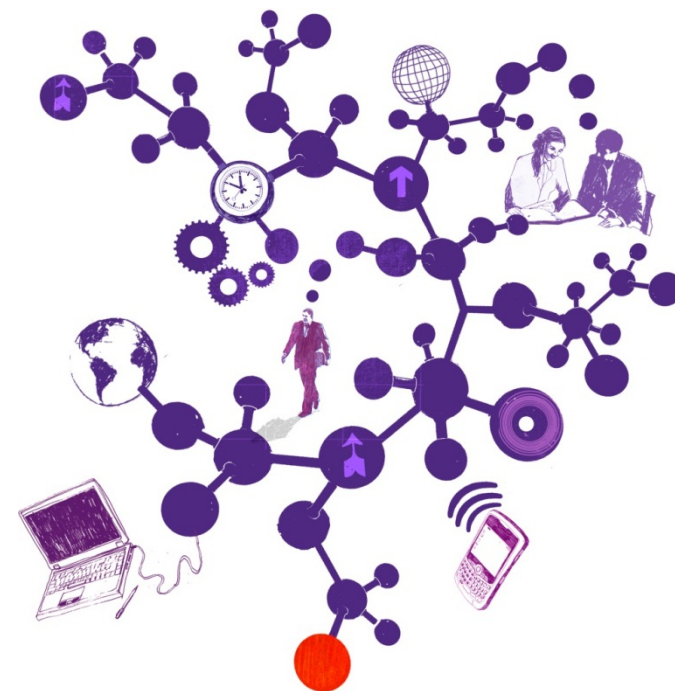
**Year ended 31 March 2013**

25 April 2013

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

This paper provides the Audit and Standards Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a Metropolitan Borough
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit and Standards Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications - 'Local Government Governance Review 2013', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

## Progress at April 2013

Work	Planned date	Comments
<p><b>Interim accounts audit</b></p> <p>Our interim fieldwork visit will include the following:</p> <ul style="list-style-type: none"> <li>• updated review of the Council's control environment</li> <li>• update understanding of financial systems</li> <li>• review of Audit Services' reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> </ul>	March – April 2013	Our interim accounts audit is currently underway. Initial planning for this visit has been completed and the results will be used to develop our Accounts Audit Plan for presentation to you in June 2013
<p><b>2012-13 Accounts Audit Plan</b></p> <p>We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2012-13 financial statements.</p>	June 2013	The Audit Plan will be presented to the June meeting of the Audit and Standards Committee
<p><b>2012-13 final accounts audit</b></p> <p>Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2012-13 financial statements</li> <li>• proposed opinion on the Council's accounts</li> </ul>	June – August 2013	n/a
<p><b>Value for Money (VfM) conclusion</b></p> <p>The scope of our work to inform the 2012/13 VfM conclusion comprises:</p> <ul style="list-style-type: none"> <li>• initial risk assessment</li> <li>• financial resilience review</li> </ul>	March – August 2013	Our initial risk assessment is currently underway

# Emerging issues and developments

## Accounting and audit issues

### Implications of the Local Government Finance Act 2012

The Local Government Finance Act 2012 has now been given Royal Assent. The Act has amendments in two areas of local government finance:

- Council tax support will now be localised and local authorities will be responsible for implementing their own council tax reduction schemes.
- 50% of the non domestic rates collected locally will be retained by the local authority. Billing authorities will pay over a share to central government and proportionate shares to their precepting bodies.

In December 2012, CIPFA issued a consultation on proposed amendments to the 2013/14 Code of Practice on Local Authority Accounting in the United Kingdom for the implications of business rates retention schemes. In summary, the changes are to account for business rates in a similar way to council tax. The Comprehensive Income and Expenditure Statement will need to show amounts collectible by each authority. Debtors/creditors will be recognised when these amounts do not match the actual amounts paid by each billing authority over to preceptors and government. The Collection Fund adjustment account will be used for accounting for the differences. Top-ups and tariffs and the safety net and levy will be recognised as grant income or expenditure. Individual authorities in a pool will need to account for their share of income and expenditure debtors/creditors as stipulated in any agreement made by individual authorities in the pool.

Challenge questions:

- Do you know your key risks?
- Have officers ensured the financial impact is fed into medium term financial plans?
- Have officers undertaken modelling of future business rates growth?
- Have officers given due consideration to pooling?
- Have officers considered the possible impact on council tax collection rates if they do reduce benefit entitlement in line with the funding reduction?
- Has your Treasurer reviewed the proposed amendments to the 2013/14 Code and assessed the potential impact?

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# Emerging issues and developments

## Accounting and audit issues

### **CIPFA consultation on Service Reporting Code of Practice 2014/15: Adult Social Care Service Expenditure Analysis (England only)**

In January, CIPFA issued a consultation on the proposed changes to the Adult Social Care Service Expenditure Analysis. The proposed changes are for a complete revision to the mandatory lines and these have been based on work done by the Health and Social Care Information Centre.

The closing date for responses was 28 February 2013.

Challenge question:

- Has your Treasurer reviewed the proposed amendments and assessed the potential impact?

### **Accounting for joint arrangements**

IAS 31 classified joint ventures into jointly controlled operations, jointly controlled assets and jointly controlled entities. Under IFRS 11 both jointly controlled operations and jointly controlled assets are classified as joint operations.

Under IAS 31 members of jointly controlled entities were permitted to use proportionate consolidation or equity accounting to account for their interests in the jointly controlled entity's assets, liabilities, revenue and expenses. Under IFRS 11 the ability to use proportional consolidation for interests in joint ventures is no longer permitted. Equity accounting is required.

Last year, Grant Thornton published a flyer 'Accounting for joint arrangements by local authorities under IFRS 11' to highlight the changes being introduced by IFRS 11 'Joint arrangements' compared to IAS 31 'Interests in joint ventures' for 2013/14.

Challenge questions:

- Have officers considered the impact of these new arrangements?
- Are you clear on the issues arising for the Council ?

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# Emerging issues and developments

## Accounting and audit issues

### Assets transferring to academy schools

There is ongoing debate as to whether assets relating to schools that have been granted academy status should be:

- impaired to nil at the date of the granting of a transfer order on the basis that the assets will be disposed of for nil value or
- not impaired as the assets are still being used and so should be shown at the balance sheet date at full existing use value.

Our view is that this is a matter for judgement and the financial statements should set out clearly:

- the policy followed by the Council
- details of material assets that are to be transferred out of local authority control.

Where an academy school's assets are subject to a PFI arrangement, the authority may have a potential onerous contract where there is a shortfall in funding ie. where an authority has a PFI contractual agreement to pay out more than it expects to receive back in PFI credits and reimbursement from an academy. If an authority is facing a shortfall between its contractual obligations and the amounts it expects to receive to fund these obligations, the authority should consider whether the contract is onerous. In considering whether or not there is an onerous contract, the authority would need to consider the service it receives.

Challenge questions:

- Has your Treasurer considered how to account for assets relating to schools that have been granted academy status?
- Has your Treasurer considered whether or not there is an onerous contract for PFI contracts relating to academy schools?
- Has your Treasurer discussed these issues with external audit?

# Emerging issues and developments

## Accounting and audit issues

### Provisions

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', the criteria for recognising a provision is that there is:

- a current obligation as a result of a past event;
- a transfer of economic benefit is probable; and
- a reliable estimate of the liability can be made.

We wish to highlight the following matters to you for consideration where a provision may be required:

- Mutual Municipal Insurance – the Scheme of Arrangement was triggered in November 2012, therefore it is now virtually certain that there will be a transfer of economic benefit. If this liability has not been discharged by 31 March 2013, we would expect local authorities to recognise a creditor or, if the timing or amount of the payment is uncertain, a provision in their financial statements.
- Equal pay - in October 2012 the supreme court ruled that more than 170 former Birmingham City Council employees can make equal pay claims. This effectively extends the time workers have to bring equal pay compensation claims from six months to six years. We would expect local authorities to consider whether they have received any additional claims and, where the criteria set out in IAS 37 have been met, recognise a provision.
- Redundancy costs – the recognition point for termination benefits fall under IAS 19 'Employee Benefits'. This is generally earlier than the IAS 37 recognition criteria for restructuring which requires that a valid expectation has been raised in those affected. The requirement in IAS 19 is that the entity is 'demonstrably committed'.

Challenge question:

- Has your Treasurer considered the need for additional provisions for the above matters?



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# Emerging issues and developments

## Grant Thornton

### 'Towards a tipping point?: Summary findings from our second year of financial health checks of English local authorities '

In December 2012, Grant Thornton published 'Towards a tipping point?: Summary findings from our second year of financial health checks of English local authorities'. This financial health review considers key indicators of financial performance, financial governance, strategic financial planning and financial controls to provide a summary update on how the sector is coping with the service and financial challenges faced. The report provides a summary of the key issues, trends and good practice emerging from the review.

#### Challenge questions:

- Have you considered the findings of the report?
- Are there any issues that relate to your Council and what action are you going to take?

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# Emerging issues and developments

## Local government guidance

### 'Striking a balance: improving councils' decision making on reserves'

In December, the Audit Commission published 'Striking a balance: improving councils' decision making on reserves'. The report covers the findings from research undertaken by the Audit Commission on the level of reserves that councils hold and the decisions councils make on them.

The report encourages English councils to focus more attention on their reserves. It suggests that management should be providing more comprehensive information on reserves to elected members and councils should provide greater clarity on the reasons for holding reserves. The report includes questions for elected members that will help them in their decision making and scrutiny roles.

Challenge questions:

- Are your officers providing you with the right information about reserves?
- Have you considered the findings of the report and identified where actions are required?

### 'Protecting the public purse 2012'

In November, the Audit Commission published 'Protecting the public purse 2012: Fighting fraud against local government'. The report provides the results of the Audit Commission's annual survey of English local government bodies. It finds that local government bodies are targeting their investigative resources more efficiently and effectively. Local government bodies detected more than 124,000 cases of fraud in 2011/12 totalling £179m. It also reports that new frauds are emerging in areas such as business rates, Right to Buy housing discounts and schools.

The report includes a checklist for those charged with governance to use to review their counter-fraud arrangements.

Challenge questions:

- Have you considered the findings of the report?
- Are there any issues that could relate to your Council and how are these being dealt with?
- Have you reviewed your existing arrangements for tackling fraud?

If you have any fraud queries, talk to your audit manager to see how Grant Thornton could help.



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**Audit and Standards Committee – 25th April 2013**

**Report of the Monitoring Officer**

**Confidential Reporting Policy**

**Purpose of Report**

1. To monitor the operation of the Council's Confidential Reporting Policy.

**Background**

2. Within its terms of reference the Audit and Standards Committee is responsible for advising the Council on its confidential reporting (i.e. whistle-blowing) policy and monitoring its operation.
3. The Policy was first introduced in July 1999 and was last updated in April 2013. A copy of the current policy is attached at Appendix 1.
4. In my capacity as Monitoring Officer I regularly monitor the Policy by surveying each Directorate and asking a number of standard questions. The latest survey was undertaken during Spring 2013 and the results are set out below.

**Are you aware of any use of the Policy by your staff and, if so, please supply appropriate details?**

5. There have been no incidents of use of the Policy by staff reported this year for any of the Directorates.

**How are your staff reminded of the existence of the policy e.g. newsletters and briefings?**

6. Generally Directorates make use of briefings, newsletters, management meetings, team briefings, posters and leaflets.

**Are there regular checks of posters and leaflets to make sure that they are up to date and readily available?**

7. All Directorates report that regular (i.e. at least annually) checks do take place and any missing or out-dated posters are replaced.

**What is the outcome of your Directorate's review of the policy?**

8. Each Directorate has reviewed the Policy and considers that it is appropriate for the areas it covers.

## **Finance**

9. There are no financial implications arising from this report.

## **Law**

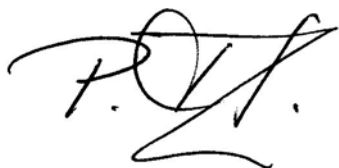
10. The relevant legislation is contained in the Public Interest Disclosure Act 1998 which affords some statutory protection for whistle-blowers.

## **Equality Impact**

11. This report takes into account the Council's policy on equality and diversity.

## **Recommendation**

12. It is recommended that the Committee note the outcome of the recent monitoring of the Confidential Reporting Policy.



.....  
**Philip Tart**  
Monitoring Officer

Contact Officer: Philip Tart  
Telephone: 01384 (81)5300  
Email: [philip.tart@dudley.gov.uk](mailto:philip.tart@dudley.gov.uk)

## **List of Background Papers**

Various emails from Directorates

# DUDLEY METROPOLITAN BOROUGH

## CONFIDENTIAL REPORTING POLICY

April 2013



## 1. INTRODUCTION

- 1.1. Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.2. The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect employees and others that we deal with, who have serious concerns about any aspect of the Council's work, to come forward and voice those concerns. It is recognised that most cases will have to proceed on a confidential basis.
- 1.3. This Policy makes it clear that you can do so without fear of victimisation, subsequent discrimination or disadvantage. *This Confidential Reporting Policy is intended to encourage and enable employees to raise serious concerns **within** the Council rather than overlooking a problem or "blowing the whistle" outside.*
- 1.4. This Policy applies to all employees (which includes school staff where the local education authority is the employer), and those contractors working for the Council on Council premises, for example, agency staff, builders, drivers. It also covers suppliers and those providing services under a contract with the Council in their own premises, for example, care homes.
- 1.5. These procedures are in addition to the Council's complaints procedures and other statutory reporting procedures applying to some Directorates such as those relating to safeguarding children or vulnerable adults. Managers are responsible for making service users aware of the existence of these procedures.
- 1.6. This Policy has been discussed with the relevant trade unions and has their support.

## 2. AIMS AND SCOPE OF THIS POLICY

- 2.1. This Policy aims to:
  - Encourage you to feel confident in raising concerns and to question and act upon concerns about practice
  - Provide avenues for you to raise those concerns and receive feedback on any action taken
  - Ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied
  - Reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief that you have made any disclosure in good faith.

2.2. There are existing procedures in place to enable you to lodge a grievance relating to your own employment. The Confidential Reporting Policy is intended to cover major concerns that fall outside the scope of other procedures. These include:-

- Conduct which is an offence or a breach of law, including, for example, data protection and equality legislation
- Disclosures related to miscarriages of justice
- Significant health and safety risks, including risks to the public as well as other employees
- Damage to the environment
- The unauthorised use of public funds
- Possible fraud and corruption
- Sexual, emotional or physical abuse or neglect of clients, or other unethical conduct.

2.3. Thus, any serious concerns that you have about any aspect of service provision or the conduct of officers or members of the Council, or others acting on behalf of the Council, can be reported under the Confidential Reporting Policy. This may be about something that:

- makes you feel uncomfortable in terms of known standards, your experience or the standards you believe the Council subscribes to; or
- is against the Council's Standing Orders, Financial Regulations and policies; or
- falls below established standards of practice; or
- amounts to improper conduct.

2.4. This Policy does **not** replace the corporate complaints procedure.

### **3. SAFEGUARDS**

#### **3.1. Harassment or Victimisation**

3.1.1 The Council is committed to good practice and high standards and wants to be supportive of employees.

3.1.2 The Council recognises that the decision to report a concern can be a difficult one to make. If what you are saying is true, or if you have reasonable grounds for believing that it is true, you should have nothing to fear because you will be doing your duty to your employer and those for whom you are providing a service.



- 3.1.3 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith.
- 3.1.4 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that already affect you.

#### **4. CONFIDENTIALITY**

- 4.1. All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may be asked to come forward as a witness.

#### **5. ANONYMOUS ALLEGATIONS**

- 5.1. This Policy encourages you to put your name to your allegation whenever possible.
- 5.2. Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.
- 5.3. In exercising this discretion, the factors to be taken into account would include:
- the seriousness of the issues raised
  - the credibility of the concern; and
  - the likelihood of confirming the allegation from attributable sources.

#### **6. UNTRUE ALLEGATIONS**

- 6.1. If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make an allegation frivolously, maliciously or for personal gain, disciplinary action may be taken against you.

#### **7. HOW TO RAISE A CONCERN**

- 7.1. As a first step you should normally raise concerns with your immediate manager (or in the case of schools, the Head Teacher), their superior or their Director. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that management is involved, you should approach their manager, or their manager's manager, or the Director. Alternatively, you could approach the Chief Executive, Director of Corporate Resources, the Treasurer, or Internal Audit. In the case of schools, staff should normally refer the matter to their Head Teacher or, where appropriate, to the Director of Children's Services or Director of Adult, Community and Housing Services, or appropriate Assistant Director direct.

If you believe an employee has:

- Behaved in a way that has harmed or may have harmed a child or vulnerable adult;

- Possibly committed a criminal offence against or related to a child or vulnerable adult; or
- Behaved towards a child or children or vulnerable adults(s) in a way that indicates that she / he is unsuitable to work with children or vulnerable adults.

You should follow safeguarding children procedures (Part B, Section 11) <http://safeguardingchildren.dudley.gov.uk/information-for-professionals/safeguarding-children-procedures/part-b-specific-safeguarding> or contact the Local Authority Designated Officer (LADO) in respect of managing concerns or allegations at Safeguarding & Review via the Safeguarding Review Unit (Tel No 813061).

You should follow safeguard and protect adults' procedures:-  
<http://www.dudley.gov.uk/resident/care-health/adult-health-social-care/protecting-vulnerable-adults/safeguarding-adults/safeguard-and-protect-procedures/>

- 7.2. Concerns may be raised verbally or in writing. Staff who wish to make a written report are invited to use the following format:
- the background and history of the concern (giving relevant dates), and
  - the reason why you are particularly concerned about the situation.
- 7.3. The earlier you express the concern the easier it is to take action.
- 7.4. Although you are not expected to prove beyond doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.
- 7.5. Advice or guidance on how to pursue matters of concern may be obtained internally from:-

**John Polychronakis, Chief Executive**

Tel: 01384 815200 [john.polychronakis@dudley.gov.uk](mailto:john.polychronakis@dudley.gov.uk)

**Philip Tart, Director of Corporate Resources and Monitoring Officer**

Tel: 01384 815300 [philip.tart@dudley.gov.uk](mailto:philip.tart@dudley.gov.uk)

**Iain Newman, Treasurer**

Tel: 01384 814802 [iain.newman@dudley.gov.uk](mailto:iain.newman@dudley.gov.uk)

**Les Bradshaw, Head of Audit Services**

Tel: 01384 814853 [les.bradshaw@dudley.gov.uk](mailto:les.bradshaw@dudley.gov.uk)

**Andrea Pope-Smith, Director of Adult, Community and Housing Services**

Tel: 01384 815800 [andrea.pope-smith@dudley.gov.uk](mailto:andrea.pope-smith@dudley.gov.uk)

**Jane Porter, Director of Children's Services**

Tel: 01384 814200 [jane.porter@dudley.gov.uk](mailto:jane.porter@dudley.gov.uk)

**John Millar, Director of the Urban Environment**

Tel: 01384 814150 [john.millar@dudley.gov.uk](mailto:john.millar@dudley.gov.uk)

If you are unsure whether or how to use this Policy, you may seek free confidential help from the independent charity, **Public Concern at Work**  
Tel: 0207-404-6609 [www.pcaw.org.uk](http://www.pcaw.org.uk) email: [whistle@pcaw.co.uk](mailto:whistle@pcaw.co.uk)

**Public Concern at Work** will also be able to help if you feel that it would be inappropriate to speak to any of the officers referred to above.

- 7.6. You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
- 7.7. You may invite your trade union, professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

## 8. **HOW THE COUNCIL WILL RESPOND**

- 8.1. The Council will respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.
- 8.2. Where appropriate, the matters raised may:
  - be investigated by management, internal audit or through the disciplinary process
  - be referred to the police
  - be referred to the external auditor
  - form the subject of an independent inquiry.
- 8.3. In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, child or vulnerable adult protection or discrimination issues) will normally be referred for consideration under those procedures.
- 8.4. Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 8.5. Within ten working days of a concern being raised, the responsible person (the Chief Executive) will write to you:
  - acknowledging that the concern has been received
  - indicating how we propose to deal with the matter
  - giving an estimate of how long it will take to provide a final response
  - telling you whether any initial enquiries have been made
  - supplying you with information on staff support mechanisms, including confidential welfare counselling, and
  - telling you whether further investigations will take place and, if not, why not.

- 8.6. The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.
- 8.7. Where any meeting is arranged, off-site if you so wish, you can be accompanied by a union or professional association representative or a friend.
- 8.8. The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Council will arrange for you to receive advice about the procedure.
- 8.9. The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcome of any investigation.

## **9. THE RESPONSIBLE OFFICER**

- 9.1. The Chief Executive has overall responsibility for the maintenance and operation of this Policy. The Chief Executive maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report to the Audit and Standards Committee.

## **10. HOW THE MATTER CAN BE TAKEN FURTHER**

- 10.1. This Policy is intended to provide you with an avenue within the Council to raise concerns. The Council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points:
- the external auditor
  - your trade union
  - relevant professional bodies or regulatory organisations
  - a relevant voluntary organisation
  - the police
  - Public Concern at Work (see paragraph 7.5 above).
- 10.2. If you do take the matter outside the Council, you should ensure that you do not disclose confidential information and you should check with one of the contact points listed in Paragraph 10.1 to ensure that you are not doing so.

*John Polychronakis*

John Polychronakis  
Chief Executive  
Dudley MBC  
**April 2013**

**Audit and Standards Committee – 25<sup>th</sup> April 2013**

**Report of the Treasurer**

**Audit Plan for the period 2013 / 2014**

**Purpose of the Report**

1. To inform members of the work that the Audit Services Division plan to undertake during the period from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014.

**Background**

2. The Accounts and Audit Regulations 2011 require the Council to have “an adequate and effective internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices.” The work of the Audit Services Division enables the Council to comply with this requirement of the Accounts and Audit Regulations.
3. In addition, it provides the Council’s Section 151 officer i.e. Treasurer with assurance that the financial affairs of the Council are conducted in a proper manner. It also provides assurance as part of the governance/assurance framework used in preparing the Annual Governance Statement and, Head of Audit control opinion.
4. As part of its work, Audit Services liaise closely with Grant Thornton (the Council’s external auditors) and plan to undertake a level of work on all main financial systems such that they can rely on the work carried out by Audit Services and do not have to undertake their own tests on the systems. Audit Services have consistently completed their planned work in such a manner that the external auditors have been able to rely on that work.
5. The Accounts and Audit Regulations also require that internal audit operates in accordance with proper audit practices and the Chartered Institute of Public Finance and Accountancy (CIPFA) has previously produced a Code of Practice that Audit Services follows. The scope of internal audit work includes, but is not limited to, financial control arrangements. The Code of Practice requires that the Head of Audit Services considers the results of the Council’s risk management process when determining what should be audited. Such an approach is, however, dependant upon the Head of Audit Services being satisfied with the quality of the outputs from the risk management process.

6. The Council's risk management strategy is embedded across the Authority and the Head of Audit Services has reviewed the risk register to ensure all significant risks are represented in the audit plan. The Head of Audit Services has also used an additional risk assessment methodology based on our own automated audit planning system. This is consistent with the assessments used by Audit Services in previous years (and accepted as a reasonable approach by the Council's external auditors).
7. A separate report will be sent to the Committee outlining a recent development whereby Audit Services has developed an assurance framework [including mapping] model. The results of the initial mapping exercise have been considered in the development of the audit plan.
8. The plan [see Appendix A] uses risk and judgemental assessment to determine the frequency with which the various systems should be audited and the Head of Audit Services balances the need for audit coverage against the available resources. The audit plan does not, therefore, include some of the low risk aspects of the Council's operations. The systems that are assessed as high risk are audited each year whilst others are examined every two, three or four years.
9. Audit Services has consulted with all Directors about the plan, to obtain their views and to identify new activities that should be considered for audit and any activities that are no longer taking place and can be removed from the audit plan.
10. In addition to the planned audits listed in Appendix A Audit Services also carry out honorary audits, and provides a traded service to schools for the audit of School Funds and assurance to Governors on the completion of Financial Value Standard assessments.
11. The way Audit Services works is constantly evolving as is the nature of services provided by Dudley MBC. This has enabled us to rationalise a number of audits where :-
  - a. Experience has shown the services are well controlled
  - b. Services are no longer provided or have been rationalised
12. This has reduced the number of audits we carry out each year and has enabled us to reduce the establishment by just over one full time equivalent [FTE] so that we now have an establishment of 12.8 FTE. At present we do not have any vacant posts. We have reallocated additional resources to the prevention, investigation and detection of fraud such that we now have approximately two FTE on this work. A summary of the plan is provided at Appendix B.
13. We have reviewed the Audit Charter and Audit Strategy which were approved by Audit Committee in 2012. Only minor amendments are deemed necessary at this point and they are highlighted in italics.

## **Finance**

14. There are no direct financial implications arising from this report. The cost of internal audit is met from within the base budget of the Directorate. Audit Services budget for 2013/14 envisages an out turn of £409,000 against £434,000 for 2012/13.

## **Law**

15. The Account and Audit Regulations 2011 require the Council to have an adequate and effective internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices.

## **Equality Impact**

16. This report does not raise any equal opportunities issues.

17. The work included in the audit plan will help to protect the interests of children and young people, albeit they were not consulted on, or involved, with the development of the plan.

## **Recommendation**

18. That members note the content of this report and approve the Audit Plan for 2013/2014.

19. That members approve the Audit Charter and Audit Strategy.



.....  
**Iain Newman**  
**Treasurer**

Contact Officer : Les Bradshaw  
Telephone 01384 814853  
Email : [Les.Bradshaw@dudley.gov.uk](mailto:Les.Bradshaw@dudley.gov.uk)

## Appendix A

### Audit Plan : April 2013 to March 2014

Audits with an \* are annual audits carried out on behalf of External Audit and are considered major systems.

DIRECTORATE	DAYS
<b>ADULTS, COMMUNITY &amp; HOUSING SERVICES</b>	<b>225</b>
Adult Care & Support Team - Falcon	SWIFT (Social Services) Application review
Adult Care & Support Team - Wollescote Hall	Information Governance
Access Team	Repair Service
Commissioning	Stores
Shared Lives	Property Sales
Unicorn Centre	Rent Collection and Setting Review
Woodside Day Centre	VOIDS
Transport - Internal	Adult Education inc Neighbourhood Learning Centres
Adult Protection	Race Equality and Communication Service
New Swinford Hall	Home Assistance Scheme
Tiled House	Making it Real
Consultancy	Follow up
<b>CHILDRENS SERVICES</b>	<b>184</b>
Dudley District Office	Transport Team
Halesowen District Office	Children with Disabilities
Brierley Hill District Office	Kitchens
Referral and Assessment Services	Catering - Finance
Care Management Services	Dudley Grid for Learning Team
Family & Adolescent Support Team	Centris ICT application review
Multicultural Support Service	Dudley Performing Arts
Place Planning Team	Special Education Needs Team
Stourbridge Area Youth	Sycamore Centre
Brierley Hill Area Youth	Admissions
Teenage Pregnancy Team	Consultancy
Follow up	
<b>SCHOOLS</b>	<b>347</b>
Ashwood Park	Alder Coppice
Hurst Green	Newfield Park
Sledmere	Ham Dingle
Withymoor	Huntingtree
Netherton CE	Peter's Hill
Wollescote	St James' C of E
Cotwall End	Roberts



<b>DIRECTORATE</b>	<b>DAYS</b>
Dudley Wood	Woodside
Brockmoor	Northfield Road
Bromley Hills	Cradley C of E
St Josephs' Dudley	Queen Victoria
St Josephs' Stour	Tenterfields
Rufford	St Marks' C of E
Gig Mill	Sutton Special School
Halesbury Special School	Health and Safety
Schools Financial Value Standard	Follow up
<b>CHIEF EXECUTIVE</b>	<b>94</b>
Information Governance	Anti-Social Behaviour
Emergency Planning	Community Cohesion
Section 17 Crime & Disorder Act Review	Public Health
Safeguarding	Corporate Governance
Annual Governance Statement	Partnership Governance
Consultancy	
<b>CORPORATE RESOURCES</b>	<b>370</b>
Bank Reconciliation *	Housing Benefits *
Control Accounts Review *	Dudley Council Plus
Treasury Review *	Debtors System *
VAT	Radius Icon Application Review
Budget Preparation and Monitoring	Business Rates Review *
Creditors System Review *	Council Tax *
Print Services	Revenues Exchequer Team Review *
Corporate Risk Management	Social Fund
ICT Third Party Management	PSE Enterprise Application Review
ICT Infrastructure	Corporate Personnel *
Information Security Management	Payroll Review *
ICT Service Level Agreement Management	Teachers Pension Scheme
Electronic Transactions (BACS) Application Review	Legal Services Review
EDRMS Document Management System Application Review	Business Continuity
Agresso Application Review (all modules)	Projects
Carbon Reduction Commitment Annual Report	Safeguarding
Directorate Procurement	Security
RIPA	Consultancy
Follow up	
<b>URBAN ENVIRONMENT</b>	<b>194</b>
Central Arts and Activities Management	Operation of Stores
Town Halls	Consultancy
Cemeteries and Crematoriums	Dangerous Structures
Himley Hall	Structures (all contract stages)

<b>DIRECTORATE</b>	<b>DAYS</b>
Section 106 Agreements	Castle Hill Development
Planning Enforcement	Business First
Planning Policy	Local Transport Grant
Contaminated Land Strategy	Crossing Patrol
Environmental Protection	Assessment of Safety Schemes
MVM Application Review	Business Continuity
Divisional Administration	Security
Follow up	Markets
<b>TOTAL</b>	<b>1564</b>

## Appendix B

### Audit Coverage [Days] 2009/10 to 2013/14 : By Directorate

Audit	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Plan	13/14 Plan
Adult, Community & Housing	310	276	256	220	225
Chief Executive	87	70	102	100	94
Children's Services	284	297	292	222	184
Finance, ICT & Procurement	282	268	-	-	-
Law & Property	99	61	-	-	-
Corporate Resources	-	-	385	383	370
Schools	365	321	382	384	347
Urban Environment	199	196	210	179	194
<b>Sub Total</b>	<b>1626</b>	<b>1489</b>	<b>1627</b>	<b>1488</b>	<b>1414</b>
Fraud & Investigations	134	124	145	150	235
Value for Money	259	341	343	340	150
Advice & Support [NB1]	241	263	251	181	170
Administration [NB2]	341	298	324	273	271
<b>Total</b>	<b>2601</b>	<b>2515</b>	<b>2690</b>	<b>2432</b>	<b>2240</b>
<b>Number of Audits</b>	<b>196</b>	<b>178</b>	<b>218</b>	<b>147</b>	<b>132</b>

**NB1** : Includes time spent on assisting Directorates with system development, process queries, Constitution questions, etc.

**NB2** : Includes time spent on IT development, team and divisional meetings, methodology reviews, etc

## Appendix C

# Audit Services Charter

The Charter describes the purpose, authority, and principal responsibilities of the Council's Audit Services Division.

### **Statutory Basis of Audit Services**

By virtue of Section 151 of the Local Government Act 1972, the Treasurer has responsibility for the administration of the financial affairs of the Council. The Treasurer is also responsible for implementing the requirements of the Accounts and Audit Regulations 2011 which require the Council to maintain an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit.

### **Objective of Audit Service**

The objective of Audit Services is to provide an assurance function that provides an independent and objective opinion to the organisation concerning the control environment comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation's goals. It impartially examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

### **Independence**

To be effective Audit Services must be, and be seen to be, independent. To ensure this, Audit Services will operate within a framework that allows :-

- a. Unrestricted access to senior management, Chief Executive and Chair of the Audit and Standards Committee
- b. Reporting in its own name
- c. No involvement in line operations.

### **Scope of Audit Services**

The scope of Audit Services allows for unrestricted coverage of the Council's activities and unrestricted access to all records, employees and assets deemed necessary by Auditors in the course of their work.

### **Responsibilities of Audit Services**

Service Directors are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services. Accountability for the response to the advice and recommendations made by Audit Services rests with management.

Audit Services responsibilities are to : -

1. Review, appraise and report on the :-
  - a. Soundness, adequacy and application of internal controls, both financial and non financial controls
  - b. Suitability and reliability of financial and other management data including aspects of performance measurement, risk management and corporate governance
  - c. Extent to which the assets, resources, and interests are accounted for and safeguarded from loss and poor value for money
  - d. Compliance with legislation, Council policy and procedures
  - e. Adequacy of governance arrangements
2. Support and encourage improvements in the efficiency, economy and effectiveness of services via all types of audit, including consultancy.
3. Develop proactive fraud initiatives and investigate frauds and irregularities, where necessary
4. Advise on internal control and risk implications of enhancements to any existing or new systems
5. Liaise with External Auditors in relation to audit planning and assisting with the External Audit when required
6. Work in partnership with other bodies to secure robust internal control
7. Produce a Strategic Audit Plan in accordance with the Council's Strategic Objectives and key risks. This will be fully discussed with Senior Management and the Audit and Standards Committee
8. *Meet the requirements of the Chartered Institute of Public Finance & Accountancy [CIPFA] Code of Practice for Internal Audit in Local Government, CIPFA and Chartered Institute of Internal Audit Standards for Internal Audit in the Public Sector and, comply with the Code of Ethics for Internal Audit in Local Government and, as directed by professional bodies of which Auditors are members*
9. The Head of Audit Services to prepare an annual report to the Audit and Standards Committee on the performance of the Division and also to give an overall opinion on internal control.

## Appendix D

# Audit Services Strategy

### Objective

The objective of Audit Services is to provide an assurance function that provides an independent and objective opinion to the organisation concerning the control environment comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation's goals. It impartially examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

### Planning

Audit Services will prepare a four year strategic planning framework to ensure overall coverage of all activities.

The list of all Authority activities will be maintained by Audit Services and will be subject to annual consultation with all Directorates to ensure the list is kept up to date.

In preparing the framework, Audit Services will audit each activity on one of the following frequencies :-

- |                     |   |
|---------------------|---|
| a. Annual           | Major financial and governance systems            |
| b. Every four years | Majority of other activities                      |
| c. Every two years  | Any activity deemed to warrant increased coverage |

The use of a frequency of every two years is determined by the judgement of the Head of Audit Services. The number of days required for each audit is also based on the judgement of the Head of Audit Services and the record of previous input to each activity.

Audit also carries out follow up audits on any audit report which was given an overall assurance rating of "minimal" or "nil" and these will be carried out six months after the final report was issued. In the event of the follow up identifying no real improvement then a further follow up would be carried out.

The planning framework will also consider all significant activities, objectives and risks of the Council i.e. :-

- a. Corporate Risk Register
- b. Council Plan
- c. Assurance map
- d. Fraud Risk Register

The strategic planning framework and annual audit plan will be subject to approval by the Audit and Standards Committee.

## **Reporting**

Audit reports will be issued in draft to give Managers the chance to discuss findings and recommendations. We aim to get the draft report out within seven weeks of the audit starting.

Management will be allowed a maximum of six weeks to produce a management response to the audit report.

Performance monitoring will be reported to the Treasurer monthly and to the Audit and Standards Committee at least once a year.

An annual Management Letter will be produced for each Directorate to summarise the results of audit activity and highlight appropriate issues.

An annual report summarising significant findings on each Directorate will be presented to the Audit and Standards Committee.

## **Performance & Review**

The Head of Audit Services will ensure that the Division operates in accordance with best practice advocated by CIPFA.

A Divisional Operations Manual will be maintained to ensure consistency of working practice, methodology, etc, across the Division.

The Head of Audit Services will carry out an annual review of the effectiveness of the system of internal audit. The review will follow the model set out by CIPFA and will include input from the Treasurer, Corporate Governance Group and Audit and Standards Committee. The review will consider the economics, efficiency and effectiveness of the service and will be presented to the Audit and Standards Committee.

The performance of the Division in terms of plan coverage and customer satisfaction will be reported to Audit and Standards Committee each year. Interim performance targets will also be presented to Audit and Standards Committee twice a year.

The Head of Audit Services will operate suitable quality control processes to ensure the work of audit is subject to management review.

Benchmarking will be carried out via the CIPFA National Benchmarking service to assess the cost of service and plan coverage against comparable Authorities nationally and locally.

## **Head of Audit Services Opinion on the Control Environment**

The results of the audits carried out each year will be the major factor in formulating an opinion on the control environment. The Head of Audit Services will also review :-

- a. Significant external inspections of services
- b. Work of the other Committees
- c. Corporate governance arrangements

- d. Risk management arrangements
- e. *Assurance mapping*

The results of these reviews will also assist in the preparation of the Annual Governance Statement.

The Audit Management Team are members of professional bodies and the Division subscribes to various networks, all of which to provide information on important national control and governance issues.

### **Resources**

The resource base for audit has been reduced over time to the current levels which have proved adequate to carry out the strategic audit plans approved by Audit and Standards Committee in the last few years.

In preparing the strategic planning framework the aim is to balance the resources required for a balanced audit plan against available resources. If any significant shortfall in resource is identified this would be reported to the Audit and Standards Committee.

### **Skills**

We utilise comprehensive job and person specifications to ensure that all staff are aware of the full range of their duties. The documents also ensure that prospective employees are aware of what is expected of them and the qualities, qualifications and experience necessary.

We also use the Corporate Performance Review and Development process coupled with regular progress meetings to ensure that the performance of staff is monitored. This is in addition to the comprehensive quality control system operated on each audit.

A competency matrix for all Audit positions has also been implemented. This was developed by CIPFA and assists in reviewing the development needs of audit staff. Minimum levels of training for each post have also been developed.

### **External Audit**

*The external audit of the Authority is currently provided by Grant Thornton and we will have a Protocol to ensure there is a formal basis for joint working, distribution of reports, etc. Agreement will be reached on the specific audits that they will place reliance on our work to ensure that there is no duplication of effort. These audits are predominantly major financial and governance systems related.*



**Audit & Standards Committee - 25<sup>th</sup> April 2013**

**Report of the Treasurer**

**Review of the Code of Corporate Governance**

**Purpose of the Report**

1. To provide Members with a short history on the Code of Corporate Governance in Dudley MBC and the result of a review of the Code of Corporate Governance.
2. To ask Members to approve a revised Code of Corporate Governance.

**Background**

3. The Audit & Standards Committee has responsibility for corporate governance as per the Terms of Reference i.e. :-  
  
“Determination of all necessary action associated with the Council’s Corporate Governance Arrangements.”
4. In 2001, the Chartered Institute of Public Finance and Accountancy [CIPFA] and the Society of Local Authority Chief Executives [SOLACE] produced a framework for good governance which was based around the Cadbury and Nolan Reports. Dudley subsequently issued its own Code of Corporate Governance based around the CIPFA/SOLACE model.
5. CIPFA/SOLACE issued a revised framework in July 2007 and the guidance stated that good governance :-
  - a. Leads to good management, performance, stewardship of public money, public engagement and, ultimately, good outcomes for citizens and service users
  - b. Enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk
  - c. Is how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner
  - d. Comprises the systems and processes, and culture and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

6. The principles of openness, accountability, integrity, inclusion and transparency are embodied in the guidance which is formally based around six core principles of good governance drawn up by the Independent Commission on Good Governance in Public Services which was established by CIPFA and the Office for Public Management in partnership with the Joseph Rowntree Foundation.
7. The six core principles are as follows :-
  - a. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
  - b. Members and officers working together to achieve a common purpose with clearly defined functions and roles
  - c. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
  - d. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
  - e. Developing the capacity and capability of members and officers to be effective
  - f. Engaging with local people and other stakeholders to ensure robust accountability
8. For each of the six core principles, CIPFA/SOLACE issued "supporting principles" together with examples of how any local code of governance should reflect each core principle. CIPFA/SOLACE produced additional guidance in 2010 on matters appertaining to the role of the Chief Financial Officer.
9. In December 2012 CIPFA/SOLACE issued an addendum review of their original guidance to ensure it remained 'fit for purpose', which they deemed it did. They stated that local government has been undergoing significant change and the environment in which it works is increasing in complexity. In addition to economic and financial challenge, the Localism Act and other key legislation has brought new roles and opportunities and greater flexibility for authorities.

They went on to say that local authorities are changing the way in which they operate and undertake service provision including services delivered directly, through partnerships and collaboration and through commissioning. The introduction of new structures and ways of working provide challenges for managing risk, ensuring transparency and demonstrating accountability. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with control and the management of risk. A one-size-fits-all approach to governance is inappropriate.

10. Finally, CIPFA/SOLACE stated that local governance arrangements must be proportionate to the risks and are acknowledged as the responsibility of each local authority in its area of operation.
11. The Code of Corporate Governance is an important part of the arrangements for corporate governance and it has been usual practice for it to be reviewed annually. The Head of Audit coordinates the review and consults with the Corporate Governance Group which is made up of senior officers from each Directorate. Consultation also takes place with the Chief Executive, Director of Corporate Resources [and Monitoring Officer], and the Treasurer.
12. The consultation concluded that the Code of Corporate Governance was still “fit for purpose”. A revised Code of Corporate Governance has been drafted and is attached at Appendix A. There were minor amendments to reflect any strategies or partnerships which no longer existed. New text is shown in italics.
13. The “Action” referred to in the third column of Appendix A tables is dynamic and will take place throughout the year. An action plan will be prepared and shared with relevant Officers and, an update will be presented to the September meeting of the Committee.

### **Finance**

14. There are no direct financial implications arising from this report.

### **Law**

14. There is no statutory requirement for the Council to produce a Code of Corporate Governance.
15. The Accounts & Audit Regulations 2011 require the Council to produce an Annual Governance Statement which has to be published.

### **Equality Impact**

16. The adoption of a Code of Corporate Governance is one part of the Councils commitment to fair treatment for all.
17. Children and young people were not consulted on, or involved, with the preparation of this report.

## **Recommendation**

18. That members note the content of this report and approve the revised Code of Corporate Governance.
19. That members authorise the Director of Corporate Resources to take the necessary action to incorporate the revised Code into the Constitution.



.....  
**Iain Newman**  
**Treasurer**

Contact Officer : Les Bradshaw  
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# **Code of Corporate Governance**

**Approved by Audit & Standards Committee  
April 2013**

## **Introduction**

A framework for good governance was produced by CIPFA /SOLACE in 2007 based around the Cadbury and Nolan Reports. Dudley has issued its own Code of Corporate Governance based around the CIPFA/SOLACE model.

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities.

The guidance notes to the framework states that local government has been subject to continued reform to improve accountability and engagement and that given the change in financing, service delivery and community engagement a strong governance framework will be needed.

The guidance states that:

“Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.”

“Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.”

“It comprises the systems and processes, and culture and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.”

The governance framework is based around six core principles of good governance drawn up by the Independent Commission on Good Governance in Public Services which was established by CIPFA and the Office for Public Management in partnership with the Joseph Rowntree Foundation.

The six core principles are as follows :-

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

5. Developing the capacity and capability of members and officers to be effective
6. Engaging with local people and other stakeholders to ensure robust accountability

For each of the six core principles, CIPFA/SOLACE have issued “supporting principles” together with examples of how any local code of governance should reflect each core principle. Detailed below is a suggested revised draft for our Code of Corporate Governance.

CIPFA/SOLACE guidance also includes the completion of the Annual Governance Statement (AGS), which requires the consideration of:

- a. Scope of responsibility
- b. Purpose of the governance framework
- c. Governance framework
- d. Review of effectiveness
- e. Significant governance issues

CIPFA envisage that work on the governance statement will be co-ordinated by a designated working group of the authority, which would report its findings to the designated committee of the authority. In Dudley we have established a Corporate Governance Group which will assist in co-ordinating evidence gathering and production of the AGS before it is submitted to the Audit & Standards Committee for approval. *Audit Services are also developing an assurance mapping framework to assist in the review of governance arrangements.*

*In December 2012 CIPFA/SOLACE reviewed the Framework to ensure it remains ‘fit for purpose’, and they issued a revised guidance note. They stated that local government has been undergoing significant change and the environment in which it works is increasing in complexity. In addition to economic and financial challenge, the Localism Act and other key legislation has brought new roles and opportunities and greater flexibility for authorities.*

*They went on to say that local authorities are changing the way in which they operate and undertake service provision including services delivered directly, through partnerships and collaboration and through commissioning. Shared services and partnership boards have come into existence. The introduction of new structures and ways of working provide challenges for managing risk, ensuring transparency and demonstrating accountability. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with control and the management of risk. A one-size-fits-all approach to governance is inappropriate. Local governance arrangements must be proportionate to the risks and are acknowledged as the responsibility of each local authority in its area of operation.*







Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
		<p>Publish quarterly and annual performance reports [which are subject to review by Members] on the Internet.</p> <p>Publish annual report and account on adult social care services, which provides an assessment of how council has performed as a provider and commissioner of adult social care as well as identifying areas for further focus.</p>
<p>Ensuring that users receive a high quality service whether directly, or in a partnership, or by commissioning</p>	<p>Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available</p> <p>Put in place effective arrangements to identify and deal with failure in service delivery</p>	<p>Improved Corporate Performance Management system, which will continue to be monitored by Corporate Board &amp; Cabinet each quarter. Each Directorate will set, and monitor, quality service measures as part of the Corporate Strategic Planning framework.</p> <p>Engage with the Health and Wellbeing Board on framework for performance matters.</p> <p>Develop framework for new strategic partnerships and performance management .</p> <p>Actively challenging unacceptable performance within the quarterly Corporate Performance Management system. <i>Revised proposals for Council being developed for 2013/14 and beyond to enhance Member scrutiny.</i></p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
		<p>Facilitate a Corporate Complaints system for the public to identify failures in service as part of a wider facility for the public to engage with the Council to express feedback, issues or ideas in the context of their community rights.</p> <p>Provide a statutory complaints service for adult and children's social care services.</p>
<p>Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money</p>	<p>Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively.</p>	<p>Corporate Board and Cabinet determining budget requirements within available resources.</p> <p>Corporate Transformation Group established with agreed terms of reference.</p> <p>Corporate Performance Management system to facilitate data, which is monitored by Corporate Board &amp; Cabinet each quarter.</p> <p>Corporate Data Quality Group established who report directly to Information Governance Board.</p> <p>Publish expenditure over £500 and other data in accordance with government guidance on transparency.</p> <p>Regular financial monitoring reports to Cabinet and Council to assist in decision making and effective</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
	<p>Measure the environmental impact of policies, plans and decisions</p>	<p>stewardship of public funds.</p> <p>Constitution sets out Financial Management Regime, which includes Standing Orders and Financial Regulations.</p> <p>Ensure comply with CIPFA Prudential Code for Capital Finance and report to Members as required.</p> <p>Adopted CIPFA Code of Practice for Treasury Management as integral part of Treasury Strategy, which is approved by Members.</p> <p>Ensure that the Corporate Reporting template requires consideration of environmental and sustainability factors.</p> <p>Corporate Sustainability Group established and achieving programme of work to improve council's performance on sustainable development. The Group has developed a framework of sustainability standards in line with requirements of funding agencies, the use of which can enhance partnership working &amp; provide sustainable development.</p>



<b>Supporting Principles</b>	<b>Dudley Council commitment</b>	<b>Action taken or to be taken by the Council</b>
<p>Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard</p>	<p>Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required</p> <p>Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management</p> <p>Develop protocols to ensure that the Leader and Chief Executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained</p>	<p>Constitution and Scheme of Delegation are reviewed at least annually or as necessary. Constitution has been reviewed in the context of the Localism Act.</p> <p>Specify within the Constitution the role of Chief Executive (Head of Paid Service) and his designation as a Director of the organisation. Chief Executive will chair Corporate Board which includes all Directors and Treasurer.</p> <p>Publish Protocol on Member/Officer Relations within the Constitution</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
	<p>Make a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control</p> <p>Make a senior officer (usually the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with</p>	<p>Specify within the Constitution the role of the Treasurer. Ensure responsibilities are in line with CIPFA Statement on the Role of Chief Financial Officer.</p> <p>Ensure that Treasurer is accountable for all finance staff throughout the organisation, thus promoting safeguarding of public money.</p> <p>Ensure that appropriate management accounting systems, functions and controls are in place to keep finances under regular review. Proper standards of behaviour are set out within Standing Orders and Financial Regulations. These are monitored by Internal Audit and reported upon as part of Audit Work</p> <p>Ensure that the Treasurer is designated as a Corporate Board member.</p> <p>Ensure budget calculations are robust and reserves adequate and reported to Members in line with CIPFA requirements.</p> <p>Specify the role of Monitoring Officer within the Constitution and ensure responsibility areas highlighted are included. Ensure that the Monitoring Officer is designated as a Director of the organisation.</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
<p>Ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of the other</p>	<p>Develop protocols to ensure effective communication between members and officers in their respective roles</p> <p>Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel (if applicable)</p> <p>Ensure that effective mechanisms exist to monitor service delivery</p>	<p>Protocol on Members/Officers Relations published within the Constitution.</p> <p>Develop partnership framework to provide framework and guidance on partnership working to Members and Officers. Framework to be regularly reviewed in line with government and local requirements.</p> <p>Publish within the Constitution Members Allowance Scheme. Utilise an independent panel for implementing changes to Members' Allowances.</p> <p>Use national terms, conditions and pay rates for Officers. Implementing pay review as approved by Unions and Members.</p> <p>Corporate performance management framework in place used to monitor service performance and delivery.</p> <p>Developing framework to engage with the Health and Well-being Board on framework for performance matters.</p> <p>Work with partners to develop and implement, as appropriate a partnership performance management framework.</p> <p>.</p>



Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
	<p>Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated</p> <p>When working in partnership ensure that member are clear about their roles an responsibilities both individually and collectively in relation to the partnership and to the authority</p>	<p>Ensure widespread consultation and engagement as part of 'Our Society' within Dudley.</p> <p>Publish the Council Plan on the internet.</p> <p>Annual review of Council Plan and publish on the internet. The 2013-16 review of the Council Plan to set out the medium term future relationship between the Council &amp; Dudley Residents.</p> <p>Medium Term Financial Strategy in place and reported to Members.</p> <p>Robust annual budget process in place reported and approved by Members.</p> <p>Financial Monitoring reports taken to Members.</p> <p>Publish Community Engagement Database to allow more effective engagement.</p> <p>Develop a partnership framework to include guidance on working in partnerships. This is being developed to incorporate aspects within Localism Act and statutory body status of the Health and Wellbeing Board.</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
	<p>When working in partnership :-</p> <ul style="list-style-type: none"> <li>a. Ensure that there is clarity about the legal status of the partnership</li> <li>b. Ensure that representative or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions</li> </ul>	<p>External legal advice obtained concerning the creation and operation of key partnerships concerning roles and responsibilities. This will be undertaken for any future key partnership arrangements.</p>

**CORE PRINCIPLE 3 : Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
<p>Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance</p>	<p>Ensure that the authority’s leadership sets a tone for the organisation by creating a climate of openness, support and respect</p> <p>Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols</p> <p>Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice</p>	<p>Require adherence to Members and Officer Codes of Conduct. Members Code of Conduct has been reviewed to reflect Localism Act.</p> <p>Publish Protocol on Member/Officer Relations.</p> <p>Require the adherence to Member and Officer Codes of Conduct. Protocol on Member/Officer Relations published within Constitution.</p> <p>Develop a partnership framework which will include guidance on working in partnerships and appointments to outside bodies.</p> <p>The Council has approved policies in respect of Equal Opportunities.</p> <p>Proper standards of behaviour are set out within Standing Orders and Financial Regulations. These are monitored by Internal Audit and reported upon as part of Audit Work.</p> <p>Confidential Reporting Policy and Fraud hotline available to Officers, Members, Contractors &amp; members of the public.</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
		<p>Publish Member and Officer Codes of Conduct.</p> <p>Processes for recording Officer and Member declarations of interest and gifts and hospitality.</p>
<p>Ensuring that organisational values are put into practice and are effective</p>	<p>Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners</p> <p>Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice</p>	<p>Publish Member and Officer Codes of Conduct.</p> <p>Publish an Anti Fraud &amp; Corruption Strategy</p> <p>Embed values within the Council Plan</p> <p><i>A new Members' Code of Conduct introduced in July 2012 in accordance with the Localism Act. The new Standards Regime is administered by the Monitoring Officer; Independent Persons and the Audit and Standards Committee.</i></p> <p>Proper standards of behaviour are set out within Standing Orders and Financial Regulations, which ensure that systems and processes for financial administration, financial control and protections of resources are in place. These are monitored by Internal Audit and reported upon as part of Audit Work.</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
	<p>Develop and maintain an effective standards committee</p> <p>Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority</p> <p>In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p>	<p><i>Constitution reflects the requirements of the Localism Act including a new Members Code of Conduct and arrangements for monitoring the ethical standards and behaviour of Members and Officers.</i></p> <p>Publish the Constitution and various Codes of Practice.</p> <p>Protocols are in place to ensure that executive decisions indicate how they will support Council Priorities.</p> <p>Develop a partnership framework, which includes guidance on working in partnerships and requiring the use of a Partnership Diagnostic Tool to ensure partnerships are operating effectively and producing agreed outcomes. Whilst the benefits of partnership working are widely acknowledged DMBC will continually review partnership working to ensure it provides value for money for communities.</p>

**CORE PRINCIPLE 4 : Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
<p>Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny</p>	<p>Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible</p> <p>Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based</p>	<p>Operate Scrutiny Committees whose rules are clearly set out in the Constitution and are subject to review. Terms of reference will be considered as part of the review of the democratic framework being undertaken as part of the Localism Act.</p> <p>Operate <i>Community Forums</i>, which allow more local input from members of the public.</p> <p>Ensure effective internal audit function is resources and maintained, the performance, plans, outcomes reported to Audit Committee.</p> <p>Set out decision making protocols within the Constitution</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
	<p>Put in place arrangements to safeguard members and employees against conflict of interest and put in place appropriate processes to ensure that they continue to operate in practice</p> <p>Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the function of such a committee</p> <p>Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints</p>	<p>Publish within Constitution Codes of Conduct for Members and Officers. <i>The Constitution includes a new Members Code of Conduct and arrangements for monitoring the ethical standards and behaviour of Members and Officers, in accordance with the Localism Act.</i></p> <p>Operate Audit &amp; Standards Committee with terms of reference set out within the Constitution. Terms of reference will be considered as democratic framework and Constitution are reviewed to meet requirements of Localism Act.</p> <p>Evaluate the operation and effectiveness of the Audit &amp; Standards Committee against best practice determined by CIPFA.</p> <p>Ensure Treasurer has direct access to the Audit &amp; Standards Committee and external audit.</p> <p>Operate a Corporate Complaints system and statutory complaints system for adults and children’s social care. The Council’s website has feedback facility available to members of the public.</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
<p>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p>	<p>Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications</p> <p>Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately</p>	<p>Established Corporate Data Quality Group with published Data Quality Strategy and Toolkit. Data Quality Group report directly to Information Governance Board.</p> <p>Ensure accurate performance and budgetary reports provided to Members and Senior Officers.</p> <p>To develop a partnership framework to cover performance monitoring framework and review.</p> <p>Promote &amp; develop means of sharing corporate and partnership data, working within the joint needs assessments programme.</p> <p>Ensure the Constitution includes relevant guidance on the roles and responsibilities of the Chief Financial Officer (the Treasurer) and the Monitoring Officer. Senior Officers in attendance at all decision making meetings for advice.</p> <p>Members receive induction training and training to assist with decision making, particularly for quasi judicial committees.</p>



<b>Supporting Principles</b>	<b>Dudley Council commitment</b>	<b>Action taken or to be taken by the Council</b>
<p>Ensuring that an effective risk management system is in place</p>	<p>Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs</p> <p>Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access</p>	<p>Publish a Risk Management Strategy endorsed by Members.</p> <p>Provide training to Members and Officers on risk management.</p> <p>Directors sign on quarterly basis that risk management assurances are in place.</p> <p>Ensure arrangements for financial and internal control and managing risk are addressed in annual governance report.</p> <p>Publish Confidential Reporting Policy.</p> <p>Fraud hotline available to Officers, Members, Contractors &amp; members of the public.</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
<p>Using the legal powers to the full benefit of the citizens and communities in their area</p>	<p>Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities</p> <p>Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law</p> <p>Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law :-</p> <ul style="list-style-type: none"> <li>a. Rationality, legality and natural justice</li> <li>b. Into their procedures and decision making processes.</li> </ul>	<p>Ensure the Constitution covers the question of legality and the role and responsibilities of the Monitoring Officer.</p> <p>Ensure the Constitution covers the question of legality and the role and responsibilities of the Monitoring Officer. Review of the Constitution will encompass the Localism Act requirements.</p> <p>Ensure the Constitution covers the role and responsibilities of the Monitoring Officer. The review of the Constitution encompasses the Localism Act provisions.</p> <p>Publish a Corporate Reporting Template, which includes a mandatory requirement for legal issues to be considered in each report to Members.</p>

**CORE PRINCIPLE 5 : Developing the capacity and capability of members and officers to be effective**

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
<p>Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles</p>	<p>Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis</p> <p>Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority</p>	<p>Ensure that all new Members and Officers undergo induction training and they are offered a range of appropriate training.</p> <p>Council operates a performance review &amp; development (PRD) scheme for all Officers. Members Development Plans scheme in place.</p> <p>Ensure the Constitution clearly sets out the requirement of the Council to provide sufficient resources for key Officers to carry out their duties.</p>
<p>Developing the capability of people with governance responsibilities and evaluating their performance as individuals and as a group</p>	<p>Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively</p>	<p>Ensure that political groups consider undertaking reviews of Members skills.</p> <p>Ensure that the Council operates a PRD Policy for all Officers. Member Development Plans determined.</p> <p>Members training course programme offered</p> <p>Ensure that training is available for all Members and Officers to develop their skills, with particular emphasis on quasi judicial committee members</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
	<p>Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed</p> <p>Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs</p>	<p>Provide Member and Officer Development Plans and associated training courses.</p> <p>Ensure that Cabinet Members and the Cabinet as a whole are subject to review. Developed endorsed professional programme of training for Cabinet Members</p>
<p>Encouraging new talent for membership of the authority so that best use can be made of individual's skills and resources in balancing continuity and renewal</p>	<p>Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority</p> <p>Ensure that career structures are in place for members and officer to encourage participation and development</p>	<p>Ensure widespread consultation and engagement as part of 'Our Society' within Dudley.</p> <p>Work with <i>local partners and stakeholders</i> to both encourage and facilitate partnership working within the community.</p> <p>New methods being developed to engage with partners within the community</p> <p>Review the Council's Volunteering Strategy</p> <p>Ensure the Cabinet and Corporate Board review succession planning. Member and Officer Development Plans are developed and addressed.</p>

**CORE PRINCIPLE 6 : Engaging with local people and other stakeholders to ensure robust public accountability**

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships</p>	<p>Make clear to themselves, all staff and the community to whom they are accountable and for what</p> <p>Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationship and any changes required</p> <p>Produce an annual report on the activity of the scrutiny function</p>	<p>The 2013-16 review of Council Plan will set out medium term future relationship between Council and residents.</p> <p>Develop a partnership framework, which will include guidance on working in partnerships and appointments to outside bodies.</p> <p>Ensure widespread consultation as part of 'Our Society' within Dudley.</p> <p>Develop a partnership framework, which includes guidance on working in partnerships and requiring the use of a Partnership Evaluation Tool to evaluate the effectiveness of working arrangements.</p> <p>Require the Scrutiny Committees to report annually to the full Council with details of their activities and annual work programme.</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
<p>Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning.</p>	<p>Ensure that clear channels of communication are in place with all sections of the community and their stakeholders, and put in place monitoring arrangements to ensure that they operate effectively</p> <p>Hold meetings in public unless there are good reasons for confidentiality</p> <p>Ensure that arrangements are in place to enable the authority to engage with all section of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands</p>	<p>Publish the Council Plan on the internet.</p> <p>Operate a comprehensive web site, which allows access to all relevant information.</p> <p><i>The Council to maintain the website developed through the Dudley Community Partnership to ensure details of partnerships working within the borough are published.</i></p> <p>Develop Compacts with the “Third Sector” and for partnerships</p> <p>Ensure widespread consultation and engagement as part of ‘Our Society’ within Dudley borough.</p> <p>Ensure all Partnerships and Committees allow stakeholder access. Have <i>Community Forums</i>, and where developed, Neighbourhood community networks to improve access to decision makers.</p> <p>Ensure widespread consultation and engagement as part of ‘Our Society’ within Dudley borough.</p> <p>Use the results of consultation to influence decisions and inform choices concerning services delivered and services required by community.</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
	<p>Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result</p> <p>On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statement as well as information about its outcome, achievements and the satisfaction of service users in the previous period</p> <p>Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.</p>	<p>Framework of policies and strategies for community engagement. This framework will develop to support the consultation as part of 'Our Society' within Dudley borough. Link to key objectives set out in directorate strategic plans.</p> <p>Publish the Council Plan on the internet.</p> <p>Publish an annual Statement of Accounts and simple summary document on the Internet.</p> <p>Publish quarterly and annual performance reports [which are subject to review by Members] on the Internet.</p> <p>Publish a Council Plan which sets out the Council Vision which highlights that Dudley Council will listen, respond, be accountable, provide value for money, set high standards for services, promote good governance standards and build strong collaborative partnerships.</p> <p>Develop partnership framework to provide framework and guidance on partnership working to Members and Officers</p> <p>Ensure widespread consultation and engagement as part of 'Our Society' within Dudley borough</p>

Supporting Principles	Dudley Council commitment	Action taken or to be taken by the Council
<p>Making best use of human resources by taking an active and planned approach to meet responsibility to staff.</p>	<p>Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision-making.</p>	<p>Publish a Constitution, which demonstrates the Council's commitment to an open and accessible style of operation by Members and Officers in all dealings.</p> <p>Make a commitment to regularly survey staff and ask them to contribute to strategic planning.</p>



**Audit and Standards Committee - 25<sup>th</sup> April 2013**

**Report of the Treasurer**

**Committee Benchmarking Report**

**Purpose of the Report**

1. To compare the practices of the Committee with other Black Country Authorities and Birmingham.

**Background**

2. In September 2009 the (then) Audit Committee received a report benchmarking its practices against a number of other Audit Committees. The only change arising from this report was that Audit Committee resolved to receive interim progress reports of audit activities. These are now received twice a year in September and February.
3. The Head of Audit also compiles an annual review on the system of audit and this is reported to the Committee in June/July of each year. This review includes an assessment against CIPFA guidance:

- CIPFA “Audit Committees – Practical Guidance for Local Authorities”
- CIPFA “A Toolkit for Local Authority Audit Committees”

These publications included checklists to assess the Terms of Reference, functions and effectiveness of an audit committee.

4. In the course of the July 2012 meeting of Audit and Standards Committee there was discussion arising from audit recommendations about risk management. It was noted that the Committee would in future receive more detailed risk management reports. It was also noted that the Head of Audit Services would carry out further benchmarking against the practices of the equivalent committees in other councils. Benchmarking has now been carried out, looking at the other Black Country authorities and Birmingham. The results are set out in Appendix 1.
5. Of the five councils in this study, Dudley is the only one to combine Audit & Standards. Wolverhampton has separate committees but they do also have some joint meetings.
6. With regard to risk, it was noted that amongst other Authorities reviewed:
  - Wolverhampton presents a number of reports on specific risk areas and in 2012/13 Work Plan it indicates a report on the Strategic Risk Register will be presented to each meeting.

- Sandwell covers risks at each meeting via a review of the risk register, assurance map and a specific risk area.
- Walsall presented three reports in private session during 2011/12.
- Birmingham presented three reports and they indicate that the Audit Committee reviews risk register and also approve amendments, additions, etc.

It should be noted that, in Dudley, Corporate Board receives two reports a year on corporate risks and these risks are also reported to Cabinet through the Quarterly Performance Report.

7. Sandwell presents a report on how internal and external assurances provide the Authority with overall assurance on how risks are being managed. They also identify any gaps in assurance. In Dudley, Audit Services has a target to undertake assurance mapping in relation to audit planning, and this will include assurance mapping against significant risks.
8. In Dudley, attendance of Directors and/or Assistant Directors is usually restricted to the Annual Directorate Report which covers all audit coverage in any one Directorate. It was noted from research that some of the other councils also request attendance but in a different way. In Wolverhampton, attendance is requested to discuss specific risks. In Walsall, attendance is requested to discuss reports where there is limited or no assurance. This could be introduced in Dudley if, after a follow up visit, audit recommendations do not appear to be being implemented and the overall assurance remains poor. These follow up visits are always scheduled for six months after any final audit report has been issued and the overall assurance rating in the report was either “Nil” or “Minimal”.
9. Three of the five councils receive the Local Government Ombudsman Report. However, in Dudley this is presented to Cabinet.
10. Three of the five councils produce an annual report to full Council on the work of the Audit Committee. We have considered this several times at Committee during the self assessment of the Committee and it was always considered unnecessary.
11. Four of the five councils present an annual work plan to the Committee. This could be built into the Audit Plan report for the next Municipal year.
12. Practice appears to be largely similar in terms of the types of report that are presented in private session.

### **Finance**

13. There are no direct financial implications in this report.

### **Law**

14. The Accounts and Audit Regulations [date] require the Council to have an adequate and effective system of internal audit which includes all elements of the audit framework including the Audit Committee.

## **Equality Impact**

15. This report does not raise any equal opportunities issues.

## **Recommendations**

16. That the Committee notes the contents of this report.

17. That the Committee agrees to:

- (a) Receive information on assurance mapping.
- (b) Require Directors or their nominated Assistant Director representatives to attend to give explanations if and when “minimal” or “nil” assurance reports have not improved, i.e. if the rating has not improved at follow up visit[s].
- (c) Introduce a work plan report setting out scheduled agenda items for the Committee at the first meeting in the 2013/14 Municipal year.
- (d) That the Committee receives regular reports on the Corporate Risk Register at three meetings per year and identifies a specific risk in each report to focus on.

18. That, in view of the other recommendations set out above, the Committee agrees to increase the frequency of meetings from four per year to five per year.



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**Iain Newman**  
**Treasurer**

**Contact Officer: Les Bradshaw (ext. 4853)**

## Appendix 1 : Audit Committee Practices – Analysis 2011/12 to end July 2012/13

	Dudley	Sandwell	Wolverhampton	Walsall	Birmingham
<b>Committee Structure</b>					
No. of Members 2012/13	9	6	8	8	8
Political split 2012/13	5 Labour 4 Conservative	5 Labour	6 Labour 2 Conservative	3 Labour 3 Conservative 1 Lib Dem	5 Labour 2 Conservative 1 Lib Dem 1 Observer
Independent Members 2012/13	0	1	0	1	0
No. of meetings 2011/12	4	5	8	8	6
<b>Internal Audit</b>					
Annual Plan	Yes	Yes	Yes	Yes NB6	Yes
Annual Performance	Yes	Yes	Yes	Yes	Yes
Interim Performance	Yes Six monthly	Yes Quarterly	Yes Each Mtg	Yes Six monthly	Yes Six monthly
Annual Governance Statement	Yes	Yes	Yes	Yes	Yes
Annual Review of System of Audit	Yes	Yes	Yes	Yes	Yes
Directorate Annual Reports	Yes	No See NB 2	No See NB 2	No NB 4	No
Exceptions to Standing Orders	Yes	No	No	No	No
Annual Fraud Report	Yes	Yes	No	No	Yes
Fraud Policy[ies]	In Annual Report	Yes	Yes	Yes	Yes
Code of Corp Governance	Yes	No	No	Yes	No
Reviews of Standing Orders	Yes	Yes	No	No	No
Reviews of Financial Regulations	Yes	Yes	No	Yes	No
Selected Accounts	No	Yes	Yes	No	No
CIPFA Updates	Not separate report NB 3	Yes	Yes	Not separate report	Not separate report
<b>Treasurer</b>					
Treasury Management	Yes	No	No	Yes	Yes
Annual Accounts	Yes	Yes	Yes	Yes	Yes
<b>Other Regular Items</b>					
Corporate Risk Management NB1	Yes 1 Report during year	Yes 5 Reports during year	Yes 1 Report during year	Yes 3 Reports during year	Yes 3 Reports during year
Specific Risk Reports NB1	No	Yes 5 Reports	Yes 6 Reports	No	No
Local Gov't Ombudsman Report	No	Yes	Yes	No	Yes
Audit Committee Annual Report to Council	No	Yes	Yes	Yes	No
Audit Committee Annual Work Plan	No	Yes	Yes	Yes	Yes
Other Agenda items	<a href="#">Note A</a>	<a href="#">Note B</a>	<a href="#">Note C</a>	<a href="#">Note D</a>	<a href="#">Note E</a>

### **General Notes [NB]**

1. In some Authorities the Audit Department has responsibility for Risk so they rather than Head of Finance submits reports. In one Authority the Chief Executive submits the report.
2. Instead of Directorate Reports the details of audits covered in each quarter are presented to Audit Committee in the Interim Performance Reports. Summary details are provided similar to the tables presented in the Dudley Directorate Reports. A narrative is also provided but not details of recommendations as we do.
3. Covered in Interim Performance Reports
4. Periodic submission of "Limited and no assurance reports for scrutiny"
5. Items highlighted in yellow show reports submitted to private session of Committee meetings.
6. The reports are discussed in private session but are available to download.

### **Note A [Dudley]**

Localism Act 2011 – The New Standards Arrangements  
Suspensions under the Provisions of the Employee Improvement and Disciplinary Procedure

### **Note B [Sandwell]**

Audit Committee Self Assessment & Action Sheet  
Partnership Governance  
"Protecting the Public Purse" Action Plan  
Expenditure Transparency Assurance

### **Note C [Wolverhampton]**

Scheme for Financing Schools  
HR Improvement Plan  
Minutes of Joint Audit / Standards Committee meetings [separate Committees]  
W'ton still operate Audit Sub Committees ; "Final Accounts Monitoring & Review" & "Monitoring of Audit Investigations" . The latter was previously the "Examination of Paid Accounts & Monitoring of Audit Investigations" but External Audit recommended stopping the detailed review of individual invoices at Committee level.  
Benefit Fraud Sanctions  
Review of Emergency Planning

### **Note D [Walsall]**

Financial Health Indicators for treasury, bank, collection  
Review of effectiveness of Audit Committee  
Statement of Accounting Policies  
RIPA usage reports  
Business Continuity arrangements  
Exercise of delegated powers – detailed lists of Directors use of delegated powers  
Role & responsibilities of Audit Committee  
Scrutiny of expenditure over £500 – reports seem to cover use of purchase cards in terms of providing details

### **Note E [Birmingham]**

Business transformation updates  
Equal pay updates  
Management of residential debt  
Risk based verification in Benefits  
Pooled budgets report  
Data protection audit  
Internet security  
Safer recruitment