

Minutes of Audit and Standards Committee

Wednesday 15th April, 2015 at 6.00 p.m.
in Committee Room 3, The Council House, Dudley

Present:-

Councillor J Cowell (Chair)
Councillor M Roberts (Vice-Chair)
Councillors A Aston, P Brothwood, D Russell, A Taylor and D Tyler

Officers:-

I Newman (Chief Officer – Finance and Legal Services); L Bradshaw (Head of Audit Services); R Cooper (Head of Financial Services); M Farooq (Assistant Director – Law and Governance); M Granger (Corporate Fraud Manager); G Harrison (Audit Manager - Central Services); T Reilly (Assistant Director – HR and Organisational Development); P Sharratt (Interim Director of Children’s Services); E Smith (Principal Auditor); A Taylor (Principal Auditor), and K Taylor (Democratic Services Officer).

Also in Attendance:-

S. Joberns (Grant Thornton)

54. **Declarations of Interest**

No Member made a declaration of interest in accordance with Members’ Code of Conduct in respect of any matter to be considered at this meeting.

55. **Minutes**

Resolved

That the minutes of the meeting held on 10th February, 2015, be approved as a correct record and signed.

56. **Change in Order of Business**

Pursuant to Council Procedure Rule 13(c) it was:-

Resolved

That the remaining items of business be considered in the following order :-

Agenda Item Nos. 12, 8, 5, 6, 7, 9, 13 and 14

57. **Exclusion of the Public**

That the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information relating to any individual(s) as defined under Part I of Schedule 12A to the Local Government Act 1972.

58. **Additional Information on the December 2014 Report – Suspensions under the Provisions of the Employee Improvement and Disciplinary Procedure**

A report of the Strategic Director, Resources and Transformation was submitted on the background and key details of four cases selected by the Chair of the Committee for review, following a request made at the December, 2014 meeting of the Committee. A chronology for each case was attached as Appendix 1 of the report submitted.

Arising from consideration of the report submitted, reference was made to the delays caused by employees that were suspended which impacted on the duration of the suspension period such as changing Solicitor's and Doctor appointments. It was noted that the number of organisations for Occupational Health consultations had increased from two to three.

Members asked a number of questions and made comments which were responded to, in particular, in respect of reasons given when employees were unable to attend a scheduled hearing, and the detrimental impact suspensions could have on employee's mental health.

Resolved

That the information contained in the report submitted be noted.

59. **Whistleblowing Policy**

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

The Assistant Director (Law and Governance) in his presentation of the content of the report and Appendix 1 to the report submitted, which was a copy of the Policy, commented that there had been a number of significant developments in relation to whistle blowing in the public sector which resulted in the Council's existing Policy being reviewed according to the developments and recommended good practice guidelines.

It was noted that there had been two recorded incidents of use of the Policy by staff during 2014/15, which were currently being investigated however no final conclusions had been reached.

Arising from the presentation given Members asked a number of questions and made comments that were responded too, in particular in respect of procedures for employees at voluntary aided and foundation schools; the changing of the name of the Policy, and whether there was sufficient awareness of the policy by staff.

Resolved

That the information contained in the report, and Appendix to the report, submitted on the outcome of the recent monitoring of the Council's Whistleblowing Policy, be noted.

60. **Grant Thornton Audit Plan 2014/15**

A report of the Chief Officer, Finance and Legal Services was submitted on the External Auditor's Audit Plan for 2014/15 attached as Appendix 1 to the report submitted.

Ms Joberns commented on the content of the Appendix, which set out plans to assess the Council's financial statements and the arrangements for achieving value for money, making particular reference to the good management responses received in relation to the communication of audit matters with those charged with governance.

Resolved

That the information contained in the report, and Appendix 1 to the report, submitted on the External Auditor's Audit Plan for 2014/15, be noted.

61. **Audit Plan for the period 2015/16**

A report of the Chief Officer, Finance and Legal Services was submitted on the work that the Audit Services Division planned to undertake during the period from 1st April, 2015 to 31st March, 2016, further details of which were appended to the report submitted.

The Head of Audit Services reported that there had been a reduction in members of staff, however following the creation of the new position of Corporate Fraud Manager, additional days were available for the planned audit than was originally anticipated.

It was noted that following the independent assessment of Audit Services a number of recommendations were raised, including advising management of identifying various sources of assurance that were available to management and utilising it as part of an integrated assurance assessment within the process. In responding to the recommendations, the Head of Audit Services reported that detailed maps would be developed during each audit and an assurance map of Key Council objectives and risks based on traditional mapping models would be produced.

The Head of Audit Services further report that although the total number of audits had decreased, the Audit Team would be looking at a consolidated approach in areas such as Leisure Management.

In responding to a question by a member in respect of Audit Services undertaking external contracts in order to gain income, the Head of Audit Services confirmed that Audit Services had previously undertaken assignments externally, including Academy Schools, however following the departure of an Audit Manager there were no resources available to commit to the previous quantity.

Resolved

That the information contained in the report, and Appendices to the report, submitted be noted and that the Audit Plan for the period 2015/2016, as set out in Appendix A to the report submitted be approved.

62. **Review of the Code of Corporate Governance**

A report of the Chief Officer, Finance and Legal Services was submitted on the results of a review of the Code of Corporate Governance. A copy of the revised Code of Corporate Governance was appended to the report submitted, for approval.

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 B to the report submitted, be approved.
- (3) That the Strategic Director, Resources and Transformation be authorised to take the necessary action to incorporate the revised Code into the Constitution.

63. **Risk Management**

A report of the Chief Officer, Finance and Legal Services was submitted on current corporate risks and other matters relating to risk management, and to seek approval of the Risk Management Strategy for 2015/16. A list of the current corporate risks was circulated at the meeting.

During his presentation of the content of the report, and Appendix 1 to the report submitted, the Chief Officer Finance and Legal Services referred, in particular, to the Committee giving consideration to identifying and scrutinising a specific risk from those shown in the Appendix for consideration when the Committee next considered the issue of corporate risks. It was noted that risk R.21 Corporate Fraud would be considered at the next agenda item, namely, Audit Services Annual Fraud Report.

Following a brief discussion, Members of the Committee suggested that risk R.19 Better Care Fund should be the next risk to be scrutinised, and that risk R22 Vulnerable People should be looked at, at a future date.

Resolved

- (1) That the information contained in the report, and Appendix 1 to the report, submitted on current corporate risks and other matters relating to risk management, be noted.
- (2) That the risk R.19 Better Care Fund, be the particular risk identified for closer scrutiny the next time a risk report was referred for consideration by the Committee.
- (3) That the Risk Management Strategy and Guidance, attached as Appendix 2 to the report submitted, be approved.

64. **Exclusion of the Public**

That the public and press be excluded from the meeting for the following two items of business on the grounds that they involve the likely disclosure of exempt information relating to any individual(s) as defined under Part I of Schedule 12A to the Local Government Act 1972.

65. **Report Required Under Standing Orders (July to December, 2014)**

A report of the Chief Officer Finance and Legal Services was submitted on any cases arising under Standing Order 1.9 during the period July to December, 2014 inclusive.

Resolved

That the information contained in the report submitted be noted.

66. **Audit Services Annual Fraud Report**

A report of the Chief Officer Finance and Legal Services was submitted on an update of the work that Audit Services Division had undertaken, and was planning to undertake to manage the risk of fraud, also to provide information on the work and transfer of the Benefit Fraud Team, and of the Housing Tenancy Fraud Team. Information on the Corporate Risk (R.21 Corporate Fraud) which was identified for consideration by the Committee at a previous meeting was included in the report submitted, together with the approval of the Fraud Action Plan and updated Anti Fraud and Corruption Strategy, which were appended to the report submitted.

In presenting the report, the Head of Audit Services referred to the number of mitigating actions to manage the fraud risk, including, a detailed fraud risk register; data matching exercises; a detailed work programme and the implementation of a fraud strategy action plan which was monitored on a quarterly basis by the Divisional Management Team. He also noted the recent appointment of Martin Granger as Corporate Fraud Manager as an example of how the Council was determined to prevent, detect and investigate fraud.

The Head of Audit Services further reported that the CIPFA Counter Fraud Team and the Home Office had viewed Dudley's suppliers Code of Practice and it was indicated that the document would be highlighted as a best practice resource on CIPFA's website. He also stated that he believed Dudley was managing the risk of fraud effectively.

Reference was made to the report produced by the Audit Commission "Protecting the Public Purse" concerning local government fraud based on survey data collected on a yearly basis of all Local Authorities to obtain more information on frauds that had occurred. The Head of Audit Services reported on the recommendations suggested by the Audit Commission based on the results from the survey, which were highlighted in the report submitted and that Dudley Council had already implemented a number of them and some were ongoing or planned.

It was noted that the Dudley MBC Housing Benefit Fraud Team had transferred to the Single Fraud Investigation Service on 1st February, 2015 with responsibility for the investigation of Housing Benefit fraud and former Council Tax Benefit fraud. It was reported that the Chief Officer Corporate and Customer Resources would retain responsibility for investigating Council Tax Reduction Scheme fraud.

The Head of Audit Services reported that the Housing Tenancy Fraud Team had investigated 452 referrals, of which 127 were not found to involve fraud; the cases included abandonment of property; sub letting, dual tenancy and unlawful succession of tenancy.

Reference was made to the success of the Fraud Hotline which had received over 600 calls in total, since its introduction in October, 2011, and that the majority of referrals had been passed to other departments, mainly Housing Benefit Fraud or Housing Tenancy Fraud Teams for investigation.

Members asked a number of questions and made comments which were responded too in particular in relation to the use of the suppliers Code of Practice during negotiating of contracts and the decrease in members of staff undertaking online fraud training.

Following further discussion it was

Resolved

- (1) That the information contained in the report, and Appendices to the report, submitted, be noted.
- (2) That the Fraud Action Plan be approved.
- (3) That the risk R.21 Corporate Fraud be noted.
- (4) That the Anti Fraud and Corruption Strategy, be approved, and that the Strategic Director, Resources and Transformation be authorised to take the necessary action to incorporate the revised Strategy into the Constitution.

67. **Comments of the Chair**

This being the last scheduled meeting of the Committee in the current municipal year, the Chair thanked Members and Officers for their help and support throughout the municipal year.

The meeting ended at 7.30 p.m.

CHAIR