

Minutes of Audit and Standards Committee
Thursday 18th September, 2014 at 6.00 p.m.
in Committee Room 3, The Council House, Dudley

Present:-

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

Officers:-

I Newman (Treasurer); L Bradshaw (Head of Audit Services); N Ford (Manager of Executive Support); G Harrison (Audit Manager - Central Services); J Millar (Director of the Urban Environment); J Szczechowski (Head of Accountancy); A Taylor (Principal Auditor); A Uppal (Group Accountant) and K Taylor (Democratic Services Officer).

Also in Attendance:-

S. Joberns (Grant Thornton)

14. **Apology for Absence**

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

15. **Appointment of Substitute Member**

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

16. **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.

17. **Minutes**

Resolved

That the minutes of the meeting held on 8th July, 2014, be approved as a correct record and signed.

18. **Change in Order of Business**

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

Resolved

That the next item of business to be considered be Agenda Item No. 11.

19. **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.

20. **Annual Audit Report in relation to the Directorate of the Urban Environment**

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

Arising from consideration of the report, and Appendix to the report, submitted reference was made to the significant improvement of the number of post audit questionnaires completed and returned and the percentage of final reports issued within six weeks of the draft report.

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

In responding to a question raised by Members in relation to the ground maintenance undertaken at Schools and those that had transferred to Academy status, the Director of the Urban Environment undertook to provide Councillor Brothwood with data in relation to the number of Schools that received a traded service from the Directorate.

In responding to a question in relation to the Castle Hill Development, the Director of the Urban Environment undertook to update Councillor Roberts of the agreement signed by all parties in respect of the Castle Hill Development Project.

In responding to a question, the Director of the Urban Environment undertook to provide the Chair with further information in relation to the reasons why the Contaminated Land Strategy had been in draft form for four years.

Resolved

- (1) That the findings of the 2013/14 audit work be accepted.
 - (2) The Director of the Urban Environment be requested to provide the following:
 - a) Councillor Brothwood with data in relation to the number of Schools that received a traded service from the Directorate.
 - b) Councillor Roberts with an update in relation to the agreement signed by all parties in respect of the Castle Hill Development Project.
 - c) Councillor Cowell with further information in relation to the reasons why the Contaminated Land Strategy had been in draft form for four years.
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21.

External Audit Findings Report 2013/14

A report of the Treasurer was submitted presenting to the Committee the Council's external auditors Audit Findings Report 2013/14, together with the Letter of Representation, circulated separately to members and considered as Appendix 1 to be submitted by the Council to the external auditors.

Ms S Joberns then commented on the content of Appendix 2 in relation to the Audit Findings Report 2013/14 and in so doing reported that it was anticipated that the external auditors would provide an unqualified opinion on the financial statements and propose to give an unqualified value for money conclusion.

Supplementary information was circulated at the meeting, in relation to the unadjusted misstatements such as the review of the Paragon Schools PFI model that had been completed. A number of differences between the financial model used by the Council and the external auditor's in house model were also identified. The action plan at Appendix A to the report raised no issues regarding compliance.

Arising from the presentation given of the content of the Audit Findings Report 2013/14 a number of questions were asked to which responses were given.

Resolved

- (1) That the information contained in the report, and Appendix 2 to the report submitted on the Council's external auditors, Audit Findings Report 2013/14 be received and noted.
 - (2) That the Letter of Representation, circulated at the meeting, be approved and signed by the Treasurer and the Chair of this Committee.
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22. **Annual Governance Statement**

A report of the Treasurer was submitted on the Annual Governance Statement to accompany the accounts for the financial year 2013/2014.

Resolved

That the information contained in the report, and Appendices to the report, submitted on the Annual Governance Statement be noted and that the Annual Governance Statement as set out at Appendix C be approved and referred to the Leader of the Council and Chief Executive for signature.

23. **Treasury Management**

A report of the Treasurer was submitted on treasury activity during the financial year 2013/14, up to August, 2014, together with the amendments to the Council's Investment Strategy, attached as Appendix 5 to the report, submitted.

Resolved

That, subject to the approval of Council:-

- (1) Treasury Management activities in 2013/14, as outlined in the report submitted be noted.
 - (2) The amendments to the Council's investment strategy, attached as Appendix 5 to the report submitted, be approved.
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24. **Statement of Accounts 2013/14**

A report of the Treasurer was submitted presenting the Statement of Accounts to the Committee for consideration and approval and to inform them of the outcome of the audit of the accounts. The Statement of Accounts, and the audit of them, are the main formal and public reports on the financial standing of the authority. A copy of the Statement of Accounts for the year ended 31st March 2014 had been attached as Appendix 1 to the report submitted.

The Treasurer gave a visual presentation on the Statement of Accounts with particular reference to the Movement in Reserves Statement referred to in paragraphs 9-12 of the report submitted and on pages 12 and 13 of Appendix 1. It was noted that after transfers to and from earmarked reserves, the year end balance on the General Fund had increased by £5.7 million from £19.4 million to £25.1 million. This was consistent with the outturn reported to Cabinet.

Arising from the presentation given, the Treasurer responded to questions asked by the Committee in relation to the budget earmarked to schools. The Treasurer undertook to provide Councillor Roberts with further information in relation to which schools in the borough had their own banking arrangements.

Following the presentation given the Treasurer thanked his staff for their hard work in producing the Accounts.

Resolved

- (1) That the information contained in the report, and Appendix 1 to the report, on the Statement of Accounts 2013/14, be noted and that the Statement of Accounts be approved, signed and dated by the Chair of this Committee.
- (2) The Treasurer be requested to provide Councillor Roberts with further information in relation to the Schools in the Borough that had their own banking arrangements.

25. **Exclusion of the Public**

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

26. **Report Required Under Standing Orders**

A report of the Treasurer was submitted on any cases arising under Standing Orders 1.9, during the period from January to July, 2014 inclusive.

Resolved

That the information contained in the report, and Appendix A to the report, submitted, be noted.

27. **Audit Services Interim Performance Report**

A report of the Treasurer was submitted on an update on Audit Services performance and other related information.

The Head of Audit Services stated that Audit Services had completed 31% of the audit plan against a target of 36%, however the time taken from the start of an audit to the issue of the draft audit reports had decreased resulting in 86% of draft reports being issued within seven weeks of the audit starting, against a performance of 97% the previous year. The performance was due to the work pressures experienced due to staff leaving.

The Head of Audit Services reported that results from the CIPFA Audit Benchmarking Club identified that Dudley continued to have lower than average costs.

It was further reported that Audit Services would be submitting a bid to the Counter Fraud Fund from The Department for Communities and Local Government to help strengthen resources to combat corporate fraud.

Arising from a discussion on the skills and knowledge questionnaire undertaken by Members of the Committee, the Treasurer and Head of Audit Services undertook to arrange training sessions on the areas raised, including a brief presentation in relation to counter fraud at the December meeting of the Committee.

Resolved

- (1) That the information contained in the report, and Appendices to the report, submitted, be noted.
- (2) The Head of Audit Services be requested to arrange a brief presentation, in relation to counter fraud, at the December meeting of the Committee.

The meeting ended at 7.45 p.m.

CHAIR