

Appendix A



Audit and Standards Committee

Annual Report 2021/2022



Welcome from the Chair of Audit and Standards Committee Councillor Alan Taylor



This annual report gives a summary of the work completed by Audit and Standards Committee during the 2021/2022 municipal year.

The overarching purpose of this Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes.

To fulfil this responsibility the Committee oversees the work of Internal and External Audit, the Risk Management Framework, Fraud, Governance including approving the Code of Corporate Governance, Whistleblowing Policy and Annual Governance Statement (including assurance framework), Treasury Management, approval of the annual Statement of Accounts, approving Contract Standing Orders, Financial Regulations and Codes of Conduct and dealing with the misconduct of Members.

As you can see the Committee has wide ranging responsibility covering many aspects of the Council's work. If the Council is to achieve its priorities it must have effective systems of governance, risk management and internal control. The Committee plays a pivotal role in ensuring that this is the case.

I commend this annual report to the Council. I would like to place on record my appreciation of all the hard work and support given by Councillors, Officers, and External Audit who have contributed to our work during 2021/2022.

Full details of Audit and Standards Committee meetings, including agendas, minutes and reports, can be viewed online by accessing the [Committee Management Information System](#).

Alternatively, please contact Democratic Services on 01384 815238 or e-mail democratic.services@dudley.gov.uk.

Audit and Standards Committee Annual Report



Chair: Councillor Alan Taylor

Vice-Chair: Councillor Joe Roberts

The Committee meets 5 times a year in June, September, December, February and April. This report has been split into the main areas of our responsibility and details the outcomes that have been achieved during the year.

Internal Audit

Outcomes:

- Approved the Internal Audit Plan for 2021/22 and ensured that it was based on the Council's key risks.
- Monitored the performance of Audit Services and the achievement of key performance indicators. Recognised that performance had been affected due to the Covid-19 pandemic.
- Approved the Annual Audit Report for 2020/21 and acknowledged the Head of Audit Services' annual opinion on the effectiveness of governance, risk management and internal control.
- Discussed progress in addressing the recommendations that came out of the external quality assessment on Audit Services.
- Challenged the Chief Executive, Deputy Chief Executive, Directors and Senior Managers on the Chief Executive and Deputy Chief Executive's annual reports and emphasised the importance of matters raised being addressed on a timely basis. Also, supported Audit Services by challenging why Actions raised in previous audit reports were still outstanding. The Committee made it clear that Audit Services must be taken seriously, and Audit Actions should be addressed as soon as possible. The Chief Executive and Deputy Chief Executive agreed to implement processes to

ensure Directors are held to account if Audit Actions are not addressed on a timely basis.

- Members supported the follow up work undertaken by Audit Services on Minimal opinion audits and Critical and High priority Audit Actions and recognised that resources were not available to follow up Medium priority Actions on the same frequency.

External Audit

Outcome:

- Discussed the Audit Findings report presented by the External Auditors and acknowledged that some work still needed to be undertaken before final conclusions were reached.
- Approved the letter of representation.
- Approved the Annual Statement of Accounts.
- Members asked why the audit of the Statement of Accounts had been delayed. One reason was that a valuation had not been provided on the Council's land and buildings. This was the second year running where this was the case and processes had not been improved following it being raised by External Audit last year. The matter was raised with the Deputy Chief Executive who assured Committee that the information required by the External Auditors had now been provided, and that this would no longer be an issue going forward.
- External Audit raised a concern that journals were not being approved which subsequently could increase the risk of error and fraud. Following the matter being raised by Members, the Director of Finance and Legal agreed for all journals to be approved in future.

Risk Management

Outcome:

- Received three risk management reports during the year and reviewed the action being taken to address the key risks.
- Acknowledged the action undertaken to embed the new Risk Management Framework and supported the work currently being undertaken on this by the Head of Audit Services.
- Committee suggested that Procurement/Contract Management should be included in the risks reported to Strategic Executive Board and Audit and Standards Committee. These risks have now been included.
- Selected three risks (Children's Social Care, Health and Safety and Cyber Security) for detailed scrutiny and questioned the appropriate Director/Senior Manager on the management of the risks.

Fraud

Outcomes:

- Discussed and commented on the Annual Fraud Report, which is a report of fraud work completed by Audit Services in relation to prevention, detection, investigation and resolution. It also lists fraud work undertaken by other Council teams.

Governance

Outcome:

- Approved the re-appointment of the Standards Sub-Committee for 2021/22 with its existing terms of reference and membership to deal with complaints against Members.
- Approved the updated Members' Code of Conduct. Members raised concerns in relation to the limited sanctions available to Members who had breached the Members' Code of Conduct. The Monitoring Officer had previously written to the appropriate Government Minister and the Local Government Association, but no change had been made to the standards regime.
- Discussed and approved a revised Local Code of Corporate Governance.
- Discussed and approved the Annual Governance Statement for signing by the Chief Executive and Leader of the Council. Members raised questions on Payroll Transactions, Special Educational Needs and Disabilities (SEND) and Dudley Integrated Healthcare Trust (DIHC).

Whistleblowing

Outcome:

- Discussed and commented on the annual report on whistleblowing and the whistleblowing referrals received during the year.
- Approved the updated Whistleblowing Policy.
- Members wanted assurance that the Whistleblowing Policy is well publicised and whether consideration could be given to having Freedom to Speak Up Guardians, that are common place within the NHS. The Monitoring Officer agreed to give this further consideration.

Treasury Management

Outcome:

- Discussed and commented on treasury management activities undertaken during the year.
- Members raised questions on the governance arrangements over short and long-term borrowing.

Suspensions

Outcome:

- Discussed and provided comments on employees who were suspended pending an investigation into an allegation(s) of gross misconduct during the period 1 October 2020 to 30 September 2021 inclusive. Also, reviewed medical suspensions.
- Members asked if the salary costs of those employees carrying out an investigation could be calculated and included within the report.
- Members were pleased that the average length of a suspension had fallen since reporting started to Audit and Standards Committee

Financial Regulations

Outcome:

- Members discussed and agreed an update to the Council's Financial Regulations.