

**Minutes of the Audit Committee  
Monday 8<sup>th</sup> December at 6.00pm  
In Committee Room 3, The Council House, Dudley**

**Present:**

Councillor B Collins (Chair)

A Green (Independent Co-Chair)

Councillor A Qayyum (Vice-Chair)

Councillors S Ali, K Archer, H Bills, J Cowell, T Creed, K Denning, P Dobb, S Keasey and L Johnson

**Dudley MBC Officers:**

B Heron (Chief Executive – via MS Teams), K Jesson (Acting Senior Manager HR Delivery and Intelligence), A Razzaq (Director of Legal, Compliance and Assurance/Council Monitoring Officer – via MS Teams), G Singh Aulakh (Associate Director Technology, Innovation, Business Intelligence and Insight), A Taylor (Senior Principal Auditor), T Senior (Associate Director Law and Governance) and K Buckle (Democratic Services Officer).

**Also in Attendance:**

E Lawrence (Cabinet Member for Transformation – Via MS Teams), A Smith (Engagement Lead – External Auditors Grant Thornton) – via MS Teams), and M Smith – Local Democracy Reporter.

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34. **Introductions**

At the invitation of the Chair Members and Officers present introduced themselves.

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35. **Apologies for Absence**

Councillors P Dobb, K Razzaq and T Beirne (Independent Member) for this meeting of the Committee.

36. **Appointment of Substitute Member**

There was no substitute Member appointed for this meeting of the Committee.

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37. **Declarations of Interest**

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

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38. **Minutes**

Councillor K Denning referred to Minute No. 31 – Questions under Council Procedure Rule 11 regarding the sale of the Wellington Road Leisure Centre. He expressed concern about the delayed report on the sale and the substantial time that had elapsed since the report was first requested. Councillor K Denning reiterated his previous request that the report be submitted to the Committee in a timely manner.

The Chair agreed with the comments made and the request of Councillor K Denning.

**Resolved**

That the minutes of the meeting held on 29th September 2025 be approved as a correct record and signed.

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39. **Audit Committee Progress Tracker and Future Business**

A report on the Progress Tracker and Future Business was received by the Committee.

Councillor B Collins referred to the request of Councillor S Ali on the Porterfield development, and it was confirmed by the Acting Lead for Audit that the response would be provided shortly following the meeting.

Councillor B Collins also referred to the further request from Councillor S Ali in relation to the rationale behind the decision of the Authority entering into a Lender Option Borrower Option (LOBO) loan. It was noted that the Interim Finance Director and Section 151 Officer was addressing the request, and the Acting Lead for Audit undertook to follow up to ensure a response was received.

A Smith (External Auditor - Grant Thornton) provided the Committee with an update regarding the external audit advising that in relation to the value for money work for 2024/25, the field work was now complete and the draft report was currently with Council Officers for review. Due to issues identified, additional time had been requested to allow for a thorough response. It was anticipated that the report would be finalised in readiness for the next meeting on 16<sup>th</sup> February 2026, and apologies were offered for the delay.

Reference was made to the previous meeting of the Audit Committee, where it had been expected that a revised draft of the accounts would be received by the end of September 2025 to enable the audit to recommence in October. A Smith reported that the revised accounts were received on 6<sup>th</sup> November 2025, resulting in a five-week delay and that the audit would recommence shortly after; however, A Smith noted that progress was not at the expected pace and had escalated this matter to the Interim Finance Director and Section 151 Officer. A further meeting had been scheduled during the current week to review all outstanding audit requests. This concluded the update on the 2024/25 accounts.

Following further discussion, it was confirmed by A Smith that upon the basis that all outstanding audit requests were received the audit should be complete in order for a report to be submitted to the next meeting of the Committee on 16<sup>th</sup> February 2025.

Councillor S Ali referred to the report concerning the sale of Wellington Road regarding the response provided under Council Procedure Rule 11 which indicated that work relating to the Committee's request was ongoing and expected to be finalised before the next Audit Committee meeting in December. Officers assured Members that the report would be made available to the Committee as soon as practicably possible. Councillor S Ali sought clarification on the status of the investigation, noting that the delay raised concerns regarding governance and transparency.

Councillor S Ali further requested assurance from the Chair that Officers would not delay the report indefinitely citing Members' legal entitlement to review the report.

Additionally, Councillor S Ali asked the external auditors, Grant Thornton, to confirm whether they had undertaken any work on the Wellington Road sale and, if so, whether that work had concluded.

In response, the Director of Legal, Compliance and Assurance (Council Monitoring Officer) explained that the external auditors required additional information to finalise their report. Although it had been intended to submit the report to the December meeting, this timeline was not met. The Director assured Members that efforts were being made to expedite completion.

The Director of Legal, Compliance and Assurance emphasised that it was in everyone's interest to resolve the matter of the Wellington Road sale as quickly as possible.

Councillor S Keasey expressed concern regarding the continued delay in submitting the requested report, originally sought when he chaired the Overview and Scrutiny Management Board and Councillor K Denning chaired the Audit and Standards Committee. He stressed the importance of finalising the report to ensure transparency and dispel any suspicions surrounding the sale.

Councillor S Ali requested that the external auditors confirmed:

- What specific information remained outstanding.
- The length of time since the information was first requested.
- The number of requests made; and
- Which Officers were responsible for not providing the required responses.

In response, A Smith advised that he could not disclose the details of the information requested, as doing so might raise further questions. He confirmed that the questions were set out in writing to the former Section 151 Officer in January 2025, following work conducted in 2024 which concluded in December 2024. While some progress had been made, further discussions had taken place with the Interim Finance Director, Section 151 Officer, and the Director of Legal, Compliance and Assurance, who had responded positively to Grant Thornton's requests.

A Smith acknowledged Members' frustrations regarding delays and confirmed that the 2023/24 Audit could not be signed off until satisfactory responses were received.

In response to a query from Councillor B Collins, A Smith stated that he was satisfied with the recent responses and next steps, and no additional support was required from the Committee at present. However, should responses not be forthcoming, the Committee's assistance may be needed to expedite matters.

A Smith further explained that, due to the sensitive nature of the investigation, the specific questions could not be disclosed. He requested that the Committee ensured progress continued, while recognising that details of the investigation must remain confidential.

L Johnson queried why Members could not be informed of the questions raised with Officers. In response the Director of Legal, Compliance and Assurance referred to previous Monitoring Officers and in effect incomplete information being provided. He assured Members that the Authority were working to resolve the matter promptly. Given the complexity of the issue and the recent arrival of both himself and the Interim Finance Director and Section 151 Officer during the summer, they were still familiarising themselves with the details. However, they were committed to addressing the matter as quickly as possible.

The Director stated that the Committee had requested a clear scope of the matter to be presented. It would not be appropriate for the Committee to review individual questions or the scope already addressed. Once the report was issued, Members would have the opportunity to raise questions and request further information if necessary.

Members' frustrations were fully appreciated however the Director was seeking to bring the matter to a close and would be seeking to do so as quickly as possible.

Councillor S Ali asked for confirmation of timescales and sought assurance from the external auditor that the report would be finalised and published by the auditors, not internally by the Authority, and that Members would receive the full report. A Smith confirmed that once the investigation was completed, the 2023/24 Auditors' Report would be updated to include the findings. He noted that an interim version was presented to the Committee in 2024 and confirmed the final report would incorporate the investigation findings and be presented to Members.

A Green asked whether the issues relating to Wellington Road could prevent the external auditors or the Committee from signing off the accounts by the backstop date. If that were the case, he sought assurance that the Authority would meet the deadlines set by the external auditors so that the work could be completed and the accounts presented to the Audit Committee for sign-off before the backstop date.

A Smith confirmed that there would a risk that the backstop date would be missed if the 2023/24 Auditors report could not be signed off.

In response to a further query from A Green, A Smith confirmed that all outstanding questions must be answered by the end of the first week of January 2026 at the latest. If responses were not provided by this deadline, the matter would be escalated initially to the Interim Finance Director and Section 151 Officer, the Director of Legal, Compliance and Assurance and if necessary to the Chair of the Audit Committee.

In response to a suggestion that the deadline be included on the Committee's Progress Tracker, A Smith confirmed that the latest possible date for receiving the information was 9th January 2026, whilst noting that this assumed the responses fully addressed the outstanding questions; otherwise, a further delay may occur.

A Smith confirmed that once the above information had been received it would be reviewed within 24 to 48 hours to ascertain whether the information provided comprehensively addressed all of those questions.

In response to a question of Councillor T Creed, A Smith confirmed that the accounts for 2023/24 would need to be signed off by 27<sup>th</sup> February 2026.

In response to a question from Councillor K Denning, A Smith confirmed that missing the deadline would not have financial repercussions for the Authority. However, it could result in reputational issues and potentially lead to further intervention. Members requested that it be recorded that L Kitto (Interim Finance Director and Section 151 Officer) and A Razzaq (Director of Legal, Compliance and Assurance/Council Monitoring Officer) joined the Authority in summer 2025, a significant time after the Wellington Road issue first arose.

Councillor B Collins emphasised the need to reflect on the above points, noting the Authority's ongoing transformational process and the associated recruitment of new Directors and Associate Directors. She highlighted that this process had caused certain ramifications that required recognition, while ensuring both financial and reputational obligations were protected.

## **Resolved**

- (1) That the information contained in the progress tracker and future business and reported on at the meeting, be noted.
- (2) That the following action be included in the Committee's Progress Tracker: -

That the outstanding information in relation to the questions raised with the Authority in relation to the sale of Wellington Road be received by Grant Thornton no later than 9<sup>th</sup> January 2026.

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40. **Treasury Management Outturn Report 2024/25**

A report of the Interim Director of Resources (Section 151 Officer) was submitted to provide an update on Treasury activity in relation to the Council's borrowing, investments and cash flow for 2024/25 Outturn.

The report provided updates on both the borrowing and investment decisions made by the Interim Director of Resources under delegated authority in the context of prevailing economic conditions and considered the Council's Treasury Management performance.

Appended to the report submitted was the Economic Commentary as at 31<sup>st</sup> March 2025, the Debt and Investment Balances as at 31<sup>st</sup> March 2025 and the 2024/25 Outturn Prudential Indicators.

Arising from the presentation of the report and Appendices to the report submitted, Members made comments and asked questions and Officers responded where appropriate to do so as follows: -

- (a) Councillor S Ali asked a question in relation to the Council's reliance upon internal borrowing requesting details of any contingencies should internal borrowing be unable to be sustained.

In response, it was confirmed that, at any given time, the Authority was permitted to borrow up to £86m which represented the absolute borrowing cap established for the Council's capital programme..

- (b) In response to a question from Council S Ali in relation to the impact on the revenue budget should interest rates increase, the Interim Head of Finance explained that the Authority aimed to secure favourable borrowing rates which were reviewed regularly. Whilst acknowledging that new borrowing would attract higher interest rates, she stated that for long-term loans, the Authority may initially borrow short-term and then fix interest rates over a longer period to achieve better terms. The Council's advisors provided forecasts for expected rates over the next 12 months to avoid locking into higher rates prematurely. Debt rescheduling was also examined on a regular basis.
- (c) In response to a question from Councillor K Denning regarding cashflow retention the Interim Head of Finance explained that the Council's Policy had been to maintain low cash balances to avoid borrowing at higher interest rates. However, that position was under

review as current cashflows were low. The ideal position would be to hold a minimum of £10m in cash balances, but this figure may change following a cashflow forecast being incorporated into the Medium-Term Financial Strategy (MTFS), which would provide insight into what level of cash reserves were manageable in the future.

Councillor K Denning referred to the debt maturity profile for 2024/25 contained in Table 6 to the report submitted, enquiring whether there was an intention to take out further borrowing at present. In response, the Interim Head of Finance advised that the Medium-Term Cash Forecast would indicate when borrowing would be required to repay the loans.

In responding to a further question from Councillor K Denning in relation to the West Midlands Debt Administration Fund, the Interim Head of Finance stated that it was her understanding that this debt was coming to an end.

- (d) In response to a question from Councillor J Cowell in relation to the Housing Revenue Account (HRA) Item 8 recharge contained in Table 11 – Financing Costs, the Interim Head of Finance explained that all cash for managing the Housing Revenue Account (HRA) and the Council's General Fund was held in a single bank account. Borrowing and deposits were managed to secure the best possible rates for the Council. The HRA was charged for any borrowing and received interest on its investments.

## **Resolved**

- (1) That the Treasury Management Outturn Report 2024/25 and Appendices to the report submitted, be noted.
- (2) That the outturn performance of the treasury management function against the Council's approved strategy for the 2024/25 financial year, be noted.
- (3) That the approved Prudential Indicators for 2024/25 had not been breached, be noted.

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41. **Treasury Management 2025/26 Mid-Year Report (Quarter One and Quarter Two)**

A report of the Interim Director of Resources (Section 151 Officer) was submitted on Treasury activity in relation to the Council's borrowing, investments and cash flow for the first half of the financial year 2025/26 (quarters one and two).

Appended to the report submitted was the Economic Commentary as at 30<sup>th</sup> September 2025, Debt and Investment balances as at 30<sup>th</sup> September 2025 and the Quarter 2 2025/26 Prudential Indicators.

Arising from the presentation of the report and Appendices to the report submitted, Members made comments and asked questions and Officers responded where appropriate to do so as follows: -

- (a) A Green asked whether the daily cashflow balances met the £10m threshold required to maintain Professional Status under the UK Markets in Financial Instruments Directive (UK MIFID). In response, the Interim Head of Finance explained that this status enabled the Authority to access financial markets independently for debt and investment instruments without a third-party intermediary. To comply, a local authority must hold a minimum of £10m in cash balances. Due to internal borrowing, the Council's cash balances would increase to £96m, ensuring full compliance with MIFID regulations.
- (b) A Green referred to the pressures of the Dedicated Schools Grant (DSG) deficit, and the need for a clear plan of action, whilst appreciating this was a national problem, enquiring whether a national solution was awaited, and was the deficit a significant risk for the Authority going forward

In response, the Interim Head of Finance confirmed that this was a national issue, with a statutory override currently in place pending a national solution, which may form part of the forthcoming settlement. The deficit remained a significant concern, particularly if the Council were required to fund it directly. The deficit would be considered during budget setting and in relation to reserve balances; however, due to the statutory override, the Council was not currently at financial risk.

A Green enquired whether there were contingency plans should the funding not be forthcoming and the Interim Head of Finance confirmed that part of the Council's improvement plan would increase general fund reserves by £5m each year and it was hoped that central Government would have a plan to support the Authority.

- (c) In response to a question from Councillor J Cowell in relation to the Designated Schools Grant (DSG) Deficit, the Interim Head of Finance confirmed that Central Government were examining new SEND guidance, and it was hoped that further provision would be made.

Councillor B Collins requested the Interim Head of Finance to email Members details of any information from central Government in relation to the DSG deficit as soon as that became available.

Councillor K Denning wished to congratulate the Interim Head of Finance and her team for the recognition of their achievements, with Councillor B Collins echoing those congratulations.

- (d) Councillor S Ali requested background information on the key emerging points referred to in paragraph 4(iii) of the submitted report. In response, the Interim Head of Finance explained that the Council would have received grant funding but had not yet spent it. If 100% of the grant funding was received, it would be placed on deposit, and the fluctuation depended on the amount of grant funding received.
- (e) Councillor S Ali referred to the key emerging point set out in paragraph 4(vi). In response, the Interim Head of Finance explained that budgets were set for the capital programme and the HRA general fund, and those were monitored monthly. Projects were reviewed regularly and may be carried forward to the following year, while new projects, once approved through the governance process, were agreed by full Council. She confirmed that a list of these projects would be included in the Capital Budget Monitoring, which would form part of Quarter 2 reporting to be presented in February.

## **Resolved**

- (1) That the report submitted on Treasury Management 2025/26 Mid-Year Report (Quarter one and Quarter two) together with the Appendices to the report submitted, be noted.
- (2) That the performance of treasury management function against the Council's approved strategy for Quarter 2 of the 2025/26 financial year, be noted.
- (3) That the Interim Head of Finance be requested to email Members details of any information from central Government in relation to any settlement for the DSG deficit as soon as that became available.

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## 42. **Whistleblowing Policy**

Members considered a report of the Monitoring Officer providing information on Whistleblowing referrals. A copy of the current Policy was attached as Appendix A to the report submitted.

Arising from the presentation of the report and Appendices to the report submitted, Members made comments and asked questions and Officers responded where appropriate to do so as follows: -

In response to a request from Councillor B Collins, the Associate Director for Law and Governance confirmed that the list of Officers to contact as contained in Appendix 1 to the report submitted would be updated.

Councillor J Cowell referred to paragraph 2.2 to Appendix 1 of the report submitted requesting that the title Interim Chief Executive be updated to the Chief Executive and indicated that the prescribed persons list link contained on page 123 to the Appendix was inaccessible.

Members raised queries in relation to the effectiveness of the Whistleblowing Policy and whether there was any lack in confidence in reporting. In response the Associate Director for Law and Governance provided assurances that each report received was carefully considered and investigated with any follow up information being requested.

It was noted that the number of reported incidents had increased from eight to fourteen this year.

Councillor B Collins commented positively on increasing reporting which she believed evidenced confidence in the reporting systems.

A Green referred to the need to investigate any system failures, the learning from those failures and any system improvements made, rather than how the system of internal control was addressing those whistleblowing reports. The Associate Director for Law and Governance confirmed that those areas referred to above would be contained in future reports.

### **Resolved**

- (1) That the operation of the Whistleblowing Policy and information on Whistleblowing referrals, be noted.
- (2) That the operation of the Whistleblowing Policy to date, be noted.

- (3) That the Associate Director for Law and Governance be requested to update the Whistleblowing Policy in line with the requests above.
  - (4) That the Associate Director for Law and Governance be requested to include in any future reports details of any system failures, subsequent improvements and any learning from those system failures.
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#### 43. **Questions under Council Procedure Rule 11.8**

There were no questions to the Chair pursuant to Council Procedure Rule 11.

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#### 44. **Exclusion of the Public and Press**

##### **Resolved**

That the public and press be excluded from the meeting for the following items of business, on the grounds of the likely disclosure of exempt information likely to reveal the identity of any individual(s), information relating to the financial or business affairs of any particular person (including the authority holding that information), information relating to any individual(s) and information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of any crime as defined under Part I of Schedule 12A to the Local Government Act 1972, as amended.

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#### 45. **Cyber Security Update**

A report of the Group Director for Core Business was submitted to provide an essential update on the Council's current cyber posture and security roadmap, reviewing the progress made on key strategic cybersecurity recommendations. The report highlighted the current controls in place and ongoing activities.

The Associate Director Technology, Innovation, Business Intelligence and Insight updated the Committee on the status of the previously recommended actions designed to strengthen the Council's overall cyber posture and, on the work, conducted with partners including Microsoft to ensure systems were tested

Several Members raised concerns in relation to the accessibility of the Council's Thrive training platform and the Associate Director referred to

ongoing work with Human Resources colleagues in order to ensure that training was accessible and all-encompassing for those who needed to access it.

The Chair thanked Councillor H Bills for her cross-party support in relation to ensuring Members completed cyber security training and the Associate Director echoed that thanks to the Chair, Group Leaders and Elected Members for their continued support.

Arising from the presentation of the report submitted, Members made comments and asked questions and Officers responded where appropriate to do so.

### **Resolved**

- (1) That the report providing a Cyber Security update and the Appendix to the report submitted, be noted.
- (2) That the table tracking the status of the previously recommended actions designed to strengthen the Council's overall cyber posture, be noted.
- (3) That further recommendations agreed at the meeting were circulated to the appropriate Officer for action.

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## 46. **Suspensions Report**

Members considered a report of the Chief Executive on the number of employees who were suspended pending an investigation into an allegation(s) of gross misconduct during the period 1<sup>st</sup> October 2024 to 30<sup>th</sup> September 2025 inclusive.

Arising from the presentation of the report submitted, Members asked questions and made comments and Officers responded where appropriate to do so.

### **Resolved**

That the report submitted on Suspensions under the provisions of the Employee Disciplinary Procedure or relevant Schools Disciplinary Procedure, be noted.

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47. **Audit and Risk Management Services Interim Performance Report**

A report of the Director of Legal, Compliance and Assurance was submitted to provide Members with an update on the performance of Audit and Risk Management Services.

Arising from the presentation of the report submitted Members asked question and made comments and Officers responded where appropriate to do so.

**Resolved**

- (1) That the Audit and Risk Management Services Interim Performance Report, be noted.
  - (2) That the changes to the 2025/26 Audit Plan, be noted.
  - (3) That further recommendations agreed at the meeting were circulated to the appropriate Officers for action.
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48. **Whistleblowing Policy**

A report of the Monitoring Officer on the Whistleblowing Policy was considered by Members.

Arising from the presentation of the report submitted, Members made comments and asked questions and Officers responded where appropriate to do so.

**Resolved**

- (1) That the operation of the Whistleblowing Policy, be noted.
  - (2) That a further recommendation agreed at the meeting were circulated to the appropriate Officer for action.
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49. **Closing Remarks of the Chair**

The Chair thanked Members and Officers for their contributions and wished all a Happy Christmas and New Year.

The meeting ended at 8.00pm

CHAIR