

AUDIT AND STANDARDS COMMITTEE

Thursday 19th September, 2013 at 6.00 p.m.
in Committee Room 3, The Council House, Dudley

PRESENT:-

Councillor Cowell (Chair)
Councillor Arshad (Vice-Chair)
Councillors Harris, Hill, Russell, Taylor, K. Turner, Tyler and Vickers

Officers

Treasurer, Head of Audit Services, Director of the Urban Environment, Assistant Director, HR and Organisational Development, Executive Support Manager, Directorate of the Urban Environment, Group Accountant, Audit Managers, Principal Auditor and Mr J Jablonski (Directorate of Corporate Resources).

Also in Attendance

Ms. K. Bellingall (Director) (Grant Thornton)
Mr. S. Turner (Manager) (Grant Thornton)

13. **APOLOGIES FOR ABSENCE**

Apologies for absence from the meeting were submitted on behalf of Councillors Mrs Martin and C Wilson.

14. **APPOINTMENT OF SUBSTITUTE MEMBERS**

It was reported that Councillors K Turner and Vickers had been appointed as substitute members for Councillors C Wilson and Mrs Martin for this meeting of the Committee only.

15. **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.

16. MINUTES

Councillor Taylor referred to the preamble to Minute 4 and reported that he had now received a response from the Director of Adult, Community and Housing Services in relation to the introduction of a policy for deceased client's balances.

RESOLVED

That the minutes of the meeting held on 9th July, 2013, be approved as a correct record and signed.

17. CHANGE IN ORDER OF BUSINESS

That, pursuant to Council Procedure Rule 13(c) it was

RESOLVED

That agenda item number 12 – Annual Audit Report in relation to the Directorate of the Urban Environment - be considered as the next item of business.

18. EXCLUSION OF THE PUBLIC

That the public be excluded from the meeting for the following item of business on the grounds that it involves likely disclosure of exempt information as defined in Part I of Schedule 12A to 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.

Description of Item

Relevant Paragraphs
of Part I of Schedule
12A

Annual Audit Report in relation to the 2 and 7
Directorate of the Urban Environment

19. 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 2012/13 and incorporating details of the more important findings.

Arising from comments and queries made on the report, and Appendices to the report, submitted it was noted that, in relation to post audit questionnaires that arrangements had been put in place to ensure that such questionnaires were completed and that a higher rate of completion would be reported for the financial year 2013/14.

RESOLVED

That the findings of the 2012/13 audit work, be accepted.

20. EXTERNAL AUDIT FINDINGS REPORT 2012/13 AND REVIEW OF THE COUNCIL'S ARRANGEMENTS FOR SECURING FINANCIAL RESILIENCE

A report of the Treasurer was submitted presenting to the Committee two reports from the Council's external auditors, Grant Thornton UK LLP in relation to Audit Findings Report 2012/13 and Review of the Council's Arrangements for Securing Financial Resilience.

The Committee were also presented with the Letter of Representation from the Council to the external auditors for approval and signing.

In his introduction of the report, the Treasurer referred to the Council's Letter of Representation, attached as Appendix 3 to the report, and reported that the first sentence of paragraph ix should be deleted as there were no material misstatements requiring adjustment.

Ms K Bellingall then commented on the content of Appendix 1 in relation to the Audit Findings Report 2012/13 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. As indicated previously it was also commented that there were no outstanding misstatements. 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 2012/13 a number of questions were asked to which responses were given.

Simon Turner then presented the content of Appendix 2 –Review of the Council's Arrangements for Securing Financial Resilience. Overall, the external auditors were satisfied that adequate arrangements were in place. The executive summary to the report set out areas of review and the management response to them in each case.

RESOLVED

1. That the information contained in the report ,and Appendices 1 and 2 to the report submitted on the Audit Findings Report 2012/13 and Review of the Council's Arrangements for Securing Financial Resilience, reports from the Council's external auditors, Grant Thornton UK LLP, be received and noted.
 2. That the Letter of Representation, as amended at the meeting, attached as Appendix 3 to the report submitted, be approved and signed by the Treasurer and the Chair of this Committee.
-

21. CODE OF CONDUCT FOR EMPLOYEES

A report of the Director of Corporate Resources was submitted on the Code of Conduct for Employees which, following an annual review had resulted in minor amendments to the Code as indicated in paragraph 4 of the report submitted.

During the consideration of this matter the Assistant Director HR and Organisational Development undertook to inform Councillor K Turner direct regarding his queries as to whether there had been any instances of confidential reporting i.e. whistle blowing and if so how many there had been.

RESOLVED

That the information contained in the report, and Appendix 1 to the report, submitted on proposed amendments to the Code of Conduct for Employees, be noted and that the Council be recommended to adopt the revised Code of Conduct for Employees as set out in Appendix 1 to the report submitted.

22. STATEMENT OF ACCOUNTS 2012/13

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 2013 had been circulated separately to members and was considered 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 £7.196 million from £12.204 million to £19.400 million. This was consistent with the outturn reported to Cabinet.

Arising from the consideration given to this matter and the asking of questions the Treasurer agreed to respond direct to all Members of the Committee on the question raised regarding the reasons why expenditure on the Housing Revenue Account in relation to supervision and management had increased from 2011/12 to 2012/13.

RESOLVED

That the information contained in the report, and Appendix 1 to the report, on the Statement of Accounts 2012/13, be noted and that the Statement of Accounts be approved and signed by the Chair of this Committee.

23. ANNUAL GOVERNANCE STATEMENT

A report of the Treasurer was submitted on the Annual Governance Statement to accompany the accounts for the financial year 2012/2013.

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.

24. TREASURY MANAGEMENT

A report of the Treasurer outlining treasury activity during the financial year 2012/13 and in the current financial year up to August, was submitted.

RESOLVED

That the information contained in the report submitted, on Treasury Management Activity during the financial year 2012/13 and in the current financial year up to August, 2013, be noted and referred to full Council at its meeting to be held on 7th October, 2013.

EXCLUSION OF THE PUBLIC

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 I of Schedule 12A to 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 exception from disclosure.

<u>Description of Item</u>	<u>Relevant Paragraphs of Part I of Schedule 12A</u>
Audit Services Interim Performance Report	2 and 7
Report required under Standing Orders	2 and 7

AUDIT SERVICES INTERIM PERFORMANCE REPORT

A report of the Treasurer was submitted updating the Committee on Audit Services Performance and other related information.

Following a presentation of the content of the report and related Appendices to the report submitted, lettered A to E, particular comments were made in relation to paragraph 12 of the report in respect of training and in relation to Appendix E – Audit and Standards Committee Skills Questionnaire – 2013.

In addition to the comments made in paragraph 12 of the report as regards training it was also noted that information arising from a separate survey referred to would be contained in the next report on Audit Services Interim Performance to be submitted to the Committee.

Regarding Appendix E it was considered that the questionnaire, as possibly updated, could be used and that further consideration should be given to this matter at the next meeting of the Committee when the latest guidance for Members of Audit Committees would be available from CIPFA and would be made available to members of the Committee with the intention of having a discussion at the meeting as to the training that members would like to see provided.

RESOLVED

That the information contained in the report, and Appendices to the report, submitted on an update on Audit Services Interim Performance and other related information, be noted and that further consideration be given to Appendix E to the report and related issues as to the training for members of this Committee at the next meeting of the Committee to be held in December, 2013.

27

REPORT REQUIRED UNDER STANDING ORDERS

A report of the Treasurer was submitted on any cases arising under Standing Orders 3.2 and 9.8 requiring a report to this Committee.

RESOLVED

That the information contained in the report, and Appendix A to the report, submitted on two cases reported under Standing Order 3.2.4, be noted.

The meeting ended at 8 p.m.

CHAIR