

**Minutes of the Audit and Standards Committee
Monday 7th February, 2022 at 6.00pm
in Committee Room 3, the Council House, Dudley**

Present:

Councillor A Taylor (Chair)
Councillors S Ali, P Atkins, D Borley, R Collins, J Cowell, P Dobb, M Evans and B Gentle

Officers:

I Newman (Director of Finance and Legal), G Harrison (Head of Audit Services), B Heran (Deputy Chief Executive), L Fulci (Director of Digital, Customer and Commercial Services), H Martin (Director of Regeneration and Enterprise), E Bradford (Head of Street, Green Care and Amenity Services), and L Jury (Democratic Services Officer).

Also in attendance on MS Teams:

R Bowdler (Waste, Fleet and Licensing – Transport Manager), J Deakin (Acting Head of Fleet and Waste Care), S Denyer (Senior Systems Auditor), M Landy (Principal Auditor), C Ludwig (Finance Manager - Finance and Legal Services), E Newman (Principal Auditor), F Parrett (Head of Commercial), and A Taylor (Senior Principal Auditor)

28 **Chair's Announcement**

The Chair referred to the recent death of the Deputy Leader of the Council, Councillor D Vickers, and the meeting observed a period of silence as a token of respect to his memory.

29 **Apologies for Absence**

Apologies for absence were submitted on behalf of Councillors P Dobbs and J Roberts.

30 **Appointment of Substitute Member**

Councillor R Collins had been appointed as a substitute Member for Councillor J Roberts for this meeting of the Committee only.

31 **Declarations of Interest**

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

32 **Minutes**

Resolved

That the minutes of the meeting held on, 6th December, 2021 be approved as a correct record and signed.

33 **Invitation to Become an Opted-in Authority - Public Sector Audit Appointments**

A joint report of the Chief Executive and the Director of Finance and Legal was submitted to the Committee on proposals to opt-in to the national scheme for auditor appointments.

The Director of Finance and Legal presented the report, and in doing so, advised that Grant Thornton had been the External Auditors for the Authority since the financial year 2012/2013 when they had been appointed under compulsory arrangements following the abolition of the Audit Commission, and then from 2018/2019 when a decision had been taken by the Council to opt-in to a national agreement through the Public Sector Audit Appointments Limited (PSAA). It was advised that from the accounting year 2023/2024, the Council had the option to either opt back into the PSAA arrangements at a national level or decide to appoint its own external auditors.

Reference was made to paragraph 4 of the report which detailed the administrative measures the Council would have to make if the decision was made to appoint its own external auditors.

The advantages of opting into the PSSA arrangements were presented, as set out in paragraph 6 of the report submitted, specifically noting that the PSAA would be able to appoint the same auditors for the seven West Midlands Authorities and the Combined Authority, and the advantages of the scheme for Authorities that already shared many features such as shareholders in an airport and the pensions fund.

In conclusion, the Director of Finance and Legal advised that this matter would be considered by the Cabinet at its meeting on 17th February 2022 in order to make a recommendation to Full Council on 28th February 2022, to opt-in to the national scheme for auditor appointments. The deadline for opting in was 11th March 2022.

Resolved



- (1) That the information contained in the report and appendix to the report submitted on a proposal to opt-in to the national scheme for auditor appointments, be received and noted.
- (2) That the report, and Appendices to the report submitted, be referred to full Council for approval at its meeting on 28th February 2022.

34 **Treasury Management**

The Committee received a report of the Director of Finance and Legal outlining the treasury activity in the year 2021/2022 up to the end of December 2021 and seeking the Committee's approval of the Treasury Strategy Statement 2022/2023, attached as Appendix two to the report.

The Director of Finance and Legal introduced the report, and in doing so, stated that this was one of two reports on treasury management that were submitted to this Committee and full Council for consideration. The report outlined updated activities in the current year to date and set out the strategy for the following year.

Specific reference was made to the authority's money borrowing activities, and it was noted that money was only borrowed when necessary to meet cash-flow needs and only invested when there were short term cash flow surpluses, with the safest institutions.

It was acknowledged that over the last two years, the Covid 19 pandemic had affected finances, specifically the Government making advance payments to Local Authorities, such as advance payments of business grants and hardship benefits, which had resulted in the Authority's investments running higher than ideally desired until the money had been paid out. Subsequently, the authority had not undertaken any long-term borrowing.

Reference was made to the Government's recent announcement to provide a Council Tax energy rebate. It was advised that the Authority were confident that the money would be received by the new financial year and anticipated that it would be paid out as soon as possible, acknowledging the significant work that needed to be undertaken in relation to paying out the rebate due to the Authority only holding details of residents who paid their Council Tax by direct debit.

In conclusion, reference was made to the rise in the base rate to half a percent, and it was anticipated that further rises would occur during the year to try to address the inflationary pressures in the economy.

Referring to the recommendations set out in the report, the Director of Finance and Legal referred to a typographical error in relation to the fourth bullet point that should read '... the prudential indicators in paragraphs 3.2' and not 3.4 as stated in the report.



In response to Councillor J Cowell's question with regard to the energy rebate being credited to resident's Council Tax accounts, the Director of Finance and Legal replied that current indications pointed towards this being a cash sum that needed to be paid out and would not go through the Council Tax system, however final guidance was still awaited.

Resolved

- (1) That the Treasury Management activities for 2021/2022 as outlined in the report submitted, be noted.
- (2) That the Treasury Management Strategy for 2022/2023, attached as Appendix 2 to the report, be approved.
- (3) That the Director of Finance and Legal be authorised to affect such borrowings, repayments, and investments as are appropriate and consistent with the approved Treasury Strategy and relevant guidance.
- (4) That the Director of Finance and Legal be authorised to update the prudential indicators detailed in paragraph 3.2 of the report prior to the submission of the report to full Council for approval.
- (5) That the report, and Appendices to the report submitted, be referred to full Council for approval at its meeting on 28th February 2022.

35 **Exclusion of the Public**

Resolved

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) or any action taken, or to be taken in connection with the prevention, investigation, or prosecution of crime, as defined under Part I of Schedule 12A to the Local Government Act 1972.

36 **Annual Audit Report for the Deputy Chief Executive**

A report of the Director of Finance and Legal was submitted summarising the audit work undertaken for those Directors (Public Realm, Regeneration and Enterprise, Housing and Community Services, and Digital, Customer and Commercial Services) who reported directly to the Deputy Chief Executive for the financial year 2020/2021.



In presenting the report, the Head of Audit Services advised that the Covid 19 pandemic had affected Audit Services performance as Audit staff had been seconded for part of the year to support Council teams in providing services to Borough residents and businesses.

Reference was made to paragraph 6 of the report submitted, which detailed the number of audits that had been undertaken during the year and the assurance ratings that had been given, and it was noted that the ratings had been given due to either a critical action having been raised or a number of high priority actions. Critical actions were detailed in Appendix 2 and high priority actions were detailed in Appendix 3.

It was noted that in addition to the assurance audits, two other areas of audit activity had been undertaken and the number of actions raised were presented. A full list of the audits undertaken, and the number of actions raised, and priority and assurance ratings, were included in Appendix 1.

Paragraph 8 of the report detailed the priority categories the actions raised had been split into and the number of unimplemented actions from previous reviews. It was noted that unimplemented actions not classified as 'critical' or 'high priority' were detailed in Appendix 4.

The Head of Audit Services advised that the information included in Appendices 2, 3 and 4 had previously been agreed with the Directorate Management, and the implementation update included on the bottom of the appendices, was the Management's comment on the current status of the actions, being either implemented, in progress or not implemented. It was noted that this had not currently been verified by Audit Services, but work would be undertaken on all critical and high priority actions, and the outcomes would be reported to the Committee.

Reference was made to the targets set by the Committee for the receipt of the initial Management's responses and the issue of the final audit report, and it was noted that 62% of initial Management responses had been received within the 4 week target and 46% of final reports had been issued within the 6 week target. It was acknowledged that performance against targets had been understandably affected by the pandemic due to the extra pressure placed on the Directorate Management.

The number of post-audit questionnaires issued on completion of an audit were presented, and it was noted that the vast majority had stated that they had received either a good or very good service.

In conclusion, the Head of Audit Services referred Members to the recommendation, as set out in paragraph 2 of the report, and advised that the Deputy Chief Executive and a number of Directors were present at the meeting and Officers from within the Directorate were attending virtually on Teams to answer any questions that Members may wish to raise.



Arising from the presentation, Councillor S Ali stated that he was disappointed to see that recommendations made by Audit Services back in 2016, when the audit had been undertaken, had not been implemented. It was acknowledged that implementation from 2020 onwards may have been affected by the pandemic, but it appeared that Officers did not understand the importance of implementing recommendations made by Audit Services and questioned how this would be addressed going forward to ensure that these recommendations were actioned. In response, the Deputy Chief Executive acknowledged the disappointment felt by Members and advised that as part of her fortnightly Management Team meetings, projects were tracked, all queries submitted by Members and actions raised by Audit, were discussed to ensure that a regular update was received. The importance of audits and any recommendations made as a result was acknowledged, as audits highlighted areas that needed to be improved and identified any gaps in systems, and assurance was given to Members that all the Directors within the Directorate were committed to making improvements to enhance performance.

Officers responded to Member's questions as follows:

- In response to a question raised by Councillor M Evans in relation to the current position with regard to the Northgate upgrade, the Director of Digital, Customer and Commercial Services advised that the upgrade had not been implemented successfully and the Directorate were currently working with Northgate to identify how to proceed going forward. It was noted that there were other plans in place to deploy some of the changes regardless of the upgrade and they were confident that most of the recommendations raised by Audit Services would be implemented by the timeframes indicated.

In response to Councillor M Evans request for a copy of the Councils Driver's Handbook, the Waste Fleet and Licensing – Transport Manager undertook to supply a copy to the Member.

- In response to a question raised by Councillor J Cowell with regard to the follow-up process on audits, the Head of Audit Services advised that all critical and high priority actions were followed up six months after the audit had been issued but acknowledged that medium priority actions are not followed up until the next audit due to the resources available in Audit Services. Reference was made to the newly implemented SPECTRUM Risk Management System where all actions that had been raised would be recorded and Managers would be required to provide an update on each action. It was anticipated that all actions would be added to the system by the end of February 2022. It was noted that going forward, reports would be produced highlighting actions that were still outstanding.



- Councillor D Borley and Councillor M Evans requested an update on the situation with regard to staff returning to the workplace as a result of new Covid guidance and any advantages or disadvantages that had arisen as a result of home working.

In response, it was advised that the work styles that each Officer adopted would be based on needs of the business and not on the individual's needs, and there had been many cases where it had been identified that performance had increased as a result of working from home, due to the lack of distractions and no travelling time. It was noted that there were very few staff designated as home workers (staff that never came into the office) within the Directorates that reported to the Deputy Chief Executive. It was noted that the majority of the staff worked out of offices within the Borough, for example, Social Workers, planners/surveyors and staff within Green Care, or were classed as agile workers and attended the office when necessary. Work was being undertaken to implement more technology to reduce paper processing therefore increasing capacity, reviewing all business processes to ensure no duplication, and identifying digital solutions. It was noted that each Director would be responsible for their Team's performance and ensuring that their staff were working appropriately for the needs of the service.

Reference was made to the Agile Working Policy that had been in place in the Council for over 10 years. The advantages of agile working were presented in relation to sickness where staff who had tested positive for Covid, and were asymptomatic, had been able to continue to work from home. It was noted that the ability to offer flexible/agile working was also necessary to recruit and retain staff due to the competitive marketplace that had evolved in the Midlands since the pandemic, which had resulted in the Council now having to compete for staff alongside organisations such as HS₂ and other London South/East organisations that had relocated, and it was also noted that many organisations had been offering flexible/agile working in excess of fifteen years. In conclusion, reference was made to the Future Council programme, putting the customer at the heart of everything the Council did, measuring performance to demonstrate productivity, and increasing individual accountability.

Resolved

- (1) That the information contained in the report and Appendices to the report submitted on audit work undertaken for those Directors who report directly to the Deputy Chief Executive for the financial year 2020/2021, be received and noted.
- (2) That Officer's provide Members with detailed responses to questions raised at the meeting.

The meeting ended at 7.30pm.



CHAIR



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the historic capital of the Black Country

