

**DONCASTER METROPOLITAN BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**THURSDAY, 6TH APRIL, 2017**

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 6TH APRIL, 2017, at 10.00 am.

**PRESENT:**

Chair - Councillor Austen White  
Vice-Chair - Councillor Richard A Jones

Councillors Iris Beech, Susan Durant, John Healy and Co-Opted Member Kathryn Smart

**Also in Attendance:**

Colin Earl – Head of Internal Audit  
Steve Mawson – Assistant Director of Financial Services  
Peter Jackson – Internal Audit Manager  
Karen Johnson – Assistant Director, Adult Social Care  
Leanne Hornsby – Commissioning and Business Development  
Damian Allen – Director of People, Learning and Opportunities; Children and Young People / Adults, Health and Well-Being  
Denise Bann – Head of Strategic Procurement  
Scott Fawcus – Assistant Director of Legal Services and Monitoring Officer  
Patrick Birch – Programme Manager, Commissioning and Contracts  
Matthew Ackroyd - KPMG

47 **Order of Business**

The Chair proposed that the Committee agree to a variation to the order of business by considering Agenda Items 14, 15, 16 and 17, after items 1-7 before returning to the order of business as specified on the agenda. This was in order to facilitate the attendance of officers at the meeting.

**RESOLVED** that in accordance with Council Procedure Rule 4, the Order of Business be varied as specified above before returning to the order of business specified on the agenda.

48 **Declarations of Interest, if any**

Kathryn Smart declared a non-pecuniary interest in Agenda Items 15 and 16, and a pecuniary interest in Agenda Item 17 by virtue of being an employee of RDASH.

**RESOLVED** that during consideration of Agenda Item 17, Kathryn Smart leave the meeting and take no part in the discussion thereof.

49 **Minutes of the meeting held on 25th January, 2017**

RESOLVED that the minutes of the meeting of the Audit Committee held on Wednesday, 25th January, 2017, be approved as a true record and signed by the Chair.

50 Audit Committee Action Log

The Committee considered a report which included the Audit Action Log. The Log, was updated for each Committee, and provided an up to date report of all work carried out between meetings. The Log included any actions agreed at meetings, and of all these identified, all except one were classified as 'green', meaning that they had either been completed and would now be removed, or were on course to be completed as planned. The action currently identified as 'red', related to the Solar Centre contract breach. This was being considered by Members as an individual item by the Committee and actions for this would be considered at this point on the agenda.

RESOLVED that

- 1) Progress against the actions agreed at the previous Committee meetings be noted; and
- 2) Any further updates be received.

51 Public Sector Internal Audit Standards - Peer Review 2017.

The Chair outlined to Members that an external Peer Review of the Internal Audit Service had been carried out in order to fulfil the requirements of the Public Sector Internal Audit Standards. This had been carried out by the Head of Audit and Risk at Kirklees Council, Martin Dearnley, who was in attendance at the meeting to present his findings. The Chair welcomed Mr Dearnley to the meeting and thanked him for his work on this.

Members noted that the conclusion of the review was that Doncaster's Internal Audit Service complied with prescribed Audit Standards, and had achieved the highest level of compliance 'general conformance'. Mr Dearnley informed the Committee that in undertaking the review a great deal of work had been carried out, and a number of senior officers interviewed from both DMBC and St Leger Homes, as well as the Chair of the Audit Committee, Councillor Austen White, in order to obtain a clear and truthful picture. Internal Audit held a key role within the Local Authority in providing advice and insight to all departments and were required to be objective and competent, work carefully and with integrity and trust. A number of pieces of work had been looked at in undertaking the review, and strong, positive feedback was provided on the service who were deemed to be a team of high quality and good work.

Members noted that there were several areas of good practice highlighted within the report, as well as a number of observations. The observations were not however areas of compliance, but simply points that the reviewers felt that Doncaster could consider adopting to make further improvements and benefit from the comments.

The Head of Internal Audit, Colin Earl, thanked Mr Dearnley for undertaking the review, and added that it provided a good base on which the Team could move forward. In response to a question from Kathryn Smart to skills mapping and where the Council was with this, he reported that a skills assessment was currently in place and a priority now would be to look at how the service would need to change and adapt in the medium to long term if the way in which the Council worked and the services it provided changed. This was something that would be factored into the Team Development Plan.

Following presentation of his findings, Mr Dearnley invited any questions Members of the Committee in relation to his review. Members raised concerns regarding the reduction of

resources and how this would affect the Council and what risk this would cause. Members were reassured that this would be dealt with case by case and where necessary resources could and would be found in order to provide the necessary level of assurance to the Council in order to ensure that there were sound Governance controls in place.

The Head of Internal Audit passed on his personal thanks to Mr Dearnley, adding that Doncaster Council was grateful for the rigorous review and they were extremely pleased with the judgement they had received. The observations that had been made would be included within Doncaster Council's Audit Action Plan in order to make further improvements and adaptations in the future.

RESOLVED that:-

- 1) The content of the assessment and the Action Plan be noted by the Audit Committee; and
- 2) Further information and updates be provided when required.

52 Strategic Risk Management in Learning and Opportunities.

Members considered a report that detailed the way in which Learning and Opportunities, Children and Young People (LOCYP) managed strategic risks further to a request at the Audit Committee in August 2016.

It was noted that the strategic risks were now managed more rigorously and transparently than ever and there was robust management in place that was challenged using a number of processes that were in place. Internal leadership meetings were held on a regular basis which helped to maintain control and ensure that improvements were ongoing. Additionally, the directorate reported to the Extended Leadership Team, the Council's relevant Overview and Scrutiny Panel as well as other public meetings and boards, and most significantly, to Ofsted and other Government Inspectorates.

The Director of Learning and Opportunities, Children and Young People, Damian Allen, was in attendance at the meeting in order to response to any questions by Members along with other members of his senior management team. The Chair invited Members to raise any queries in order to allow for a good discussion on the item and alleviate any concerns.

One of the main issues that Members raised was with regard to academic achievement and what strategies were in place to deal with these risks. Members were informed that the School Improvement Strategy had been revised and had been reintroduced, and was now split into three areas; Intensive, targeted and Self-supporting. A lot of work was being done and data was being reviewed on a half termly basis to ensure that this was managed effectively. Further to this, the Chair questioned how this was being managed in terms of academies and what the Council's relationship was with them. Members were advised that whilst first and foremost the authority mainly targeted maintained schools, their relationship with academies was improving and actions were in place to address any issues. Damian Allen informed the Committee that in terms of academies that were not performing, letters were sent out to them, and even though the Council had no direct control, the Directorate raised the concerns to the Chief Executive of the relevant Academy Trust. All parties however were committed to improving the outcomes for children and young people, and schools were in a much improved position to 18 months ago.

Within the report, there was a lot of detailed information, which Members touched upon through the course of the debate. The Doncaster Childrens Services Trust (DCST), was noted as a risk, both financially, and from a governance perspective but officers reassured the Committee that this was being monitored effectively, and whilst it was not a route that the

Authority would have chosen to undertake, they had to ensure that it was well managed and ensured a successful outcome. Ofsted would be due to undertake a further inspection in the Autumn, which it was hoped would result in a 'good' outcome as continuing improvements were being made. The budget however remained one of the largest risks, and despite a number of savings being made this year, the budget was well exceeded and costs needed to be brought down further, whilst still maintaining a sustainable model was delivered and the needs of children and young people in the Borough were met. The Committee felt that this needed expanding on further and requested further evidence on the risk management of the Directorate in relation to the Trust, which the officers present endeavoured to provide. Members were informed that the work undertaken from January onwards could be presented, and would provide clear evidence of the work done. Finally, further to concerns raised, whilst officers acknowledged that there was always more work that could be done in terms of risk management, it was important that due systems were in place and that concerns and risks were managed effectively within the resources available.

RESOLVED that the management of risks within the Learning and Opportunities, Children and Young People Directorate be noted.

### 53 Safeguarding Adults Personal Assets Team - Responsive Review.

Members considered a report that summarised issues uncovered and any progress made as a result of the review carried out of the Safeguarding Adults Personal Assets Team (SAPAT). The report was the second provided to the Committee as Members needed regular updates on the progress made with such a substantial project.

Members noted that SAPAT was in a much better position than had been previously reported and a significant amount of work had gone into improving systems, processes and there had been the provision of extensive training to ensure that SAPAT was able to fulfil the Teams aims and objectives. Members noted that progress had been made in the following areas:-

- System configuration and usage;
- Data quality had been significantly improved;
- Performance monitoring information was routinely produced;
- Client management activities have successfully reduced
- Client inflow changes were embedding;
- Team workloads have been redistributed to balance out workloads;
- All financial transactions were now reflected accurately within the CASPAR system;
- Transport issues had been addressed;
- Training had been delivered; and
- Public health funeral responsibility had been transferred to Bereavement Services.

Whilst improvements had been made, there was still further work to be done, as it was a huge area to cover, and the relationship with health partners was critical for change. Additionally, the Interim Strategic Director for Adults, Health and Well-Being informed Members that strong leadership was required in order to drive the Service forward, and a huge recruitment drive was currently underway in order to address this, with a view to filling the specialist post of SAPAT Manager.

Members put forward any questions to officers arising from the report, and were provided with reassurance that progress was being made. It was recognised that there was still a great deal of work to be done but that the momentum needed to be driven forwards to make further improvements. On the back of this, it was requested by Members that a further report be brought to the Committee at its October meeting in order that a further update was received.

RESOLVED that the Audit Committee note the progress of the Audit Review, summary issues within SAPAT and the progress made.

54 Breaches and Waivers to the Council Financial and Contract Procedure Rules.

The Committee received a report that contained details of the breaches and waivers to the financial and contract procedure rules for the period 1 November, 2016 to 17 March, 2017. The report detailed that there had been a total of nine breaches, and twenty two waivers during the period, and further updates were provided on the ten breaches reported at the previous meeting, of which eight remained outstanding, and two had been resolved.

Following consideration of the report, officers provided further explanations on the breaches referred to and endeavoured to answer Members questions and provide assurance to any concerns.

RESOLVED that the information and actions contained within the report regarding waivers and breaches of Financial Procedure Rules and Contract Procedure Rules be noted by the Audit Committee.

55 Adult Social Care Commissioning Review Programme 2017-2021.

Members received a report which detailed proposals for the Adult Social Care Commissioning Programme that it was anticipated would be considered by Cabinet later in the year. Members were advised that this would be a two stage process that would comprise of the following:-

- A four year strategic review programme of adult social care commissioning activity; and
- A corporately agreed and regularly updated procurement plan which would be updated once the review had received official political sign off.

Members were informed that the proposed programme had been produced with a large number of factors in mind, and would take into account all new planned developments, including the Thorne Extra Care Scheme, implementation and mobilisation of the Commissioned Care at Home (CCaSH), the comprehensive money management service, a new Dementia Pathway and the urgent re-commissioning of RDASH supported living as these would all impact of the work of commissioning, legal and procurement staff as they moved forward.

Whilst it was a huge plan to implement, it would be closely monitored and developed in order to ensure that a successful programme was delivered.

Concerns were raised in terms of the level of information provided within appendix 1 of the report, as it did not provide enough depth and background to the financial picture. However, Members were assured that once more information became readily available for publication within the public domain, this would be vastly improved.

Members requested assurance from officers that this would be well thought out and developed and that sufficient staff were in place to facilitate what was planned. However, the Committee were assured that at this stage, the Review Programme was simply an initial proposal of what it intended to implement and there was still a substantial amount of work to be done.

RESOLVED the Audit Committee note the contents of the report and the draft initial phasing of the Review Programme prior to its presentation to Cabinet.

56 Exclusion of Public and Press

RESOLVED that the public and press be excluded from the meeting during consideration of Agenda Item 17, in accordance with Section 100(A)(4) of the Local Government Act 1972, as amended, on the grounds that exempt information as defined in Paragraph 3 of Schedule 12A to the Act, is likely to be disclosed

57 Solar Centre Update (Exclusion paragraph 3)

Members considered a report that provided information on the current position with regard to the Solar Centre, which offered a service to people with learning disabilities, along with their parents and carers. There was an assurance given by officers to Members present that there was commitment to resolving the issues involved as soon as possible. It was a high priority project, and a clear plan had now been developed to move this forward.

RESOLVED that the Audit Committee note the update received on the current situation with regard to the Solar Centre, and agreed to decommission and re-commission the services currently provided in line with the draft timeline attached at Appendix 1 to the report.

Following consideration of the exempt report, the meeting re-opened to the public and press in order to consider the remaining items of business on the agenda.

58 Quarter 3 - Strategic Risk Update

Members considered the Quarter 3 2016/17 Strategic Risk Update, which provided an overview of the Strategic Risk profiles of the Authority. Members noted that there were 19 strategic risks, all of which had been updated as part of the reporting process and the heat map gave a summary of these to the Committee.

It was reported that no new risks had been proposed, and of the 19 risks, 16 had remained the same, 3 had been reduced, and none had increased. It was noted that effective mitigating actions had reduced the following three profiles:-

- Health and Social Care services do not change fast enough, impacting on quality, accessibility and affordability of services for people who need them most;
- Failure to set robust assumptions on pensions deficit recovery and future contribution rate for 2016 valuation; and
- Failure to achieve the budget targets for 2016/17 and 17/18.

A discussion was held on a number of points that the Committee picked up on in their consideration of the report and officers provided clarity where needed. Members queried the possibility of showing timescales on the register in order to show how long they had been on there. However, there was uncertainty as to whether this would be of any benefit as they risks were reviewed quarterly as it was, and many dropped off once no longer deemed a concern.

The Chair asked the Assistant Director of Finance, and Chief Finance Officer to ensure that 'Adults, Health and Well-Being Commissioning and Procurement Arrangements', be considered for inclusion in the Strategic Risk Register, in view of the various issues relating to this included on the Audit Committee's agenda for this meeting.

RESOLVED that:-

- 1) The Committee note the content of the report;

- 2) The Committee note the proposed demotion of the Strategic Risk around Health and Social Care Services; and
- 3) The Assistant Director of Finance, and Chief Finance Officer, to ensure 'Adults, Health and Well-Being Commissioning and Procurement Arrangements', be considered for inclusion in the Strategic Risk Register, in view of the various issues relating to this included on the Audit Committee's Agenda for this meeting.

59 Head of Internal Audit Annual Report 2016/17.

The Committee received the Annual report of the Head of Internal Audit for 2016/17, which provided information on the work of Internal Audit for the 2016/17 financial year, including its overall opinion on the Council's governance, risk management and internal control arrangements. The report informed Members that based upon the work undertaken during the year, it could be confirmed that the Council's arrangements were adequate and had operated satisfactorily and an unqualified opinion was given. Three significant weaknesses were highlighted for inclusion in the Council's Annual Governance Statement as detailed below:-

- DOLS (Deprivation of Liberty Safeguards) – Best Interest Assessments
- Adult, Health and Wellbeing Contract and Commissioning Arrangements; and
- Supporting Adults Personal Assets Team.

Following consideration of the report, Members of the Committee were afforded the opportunity to comment on its content and ask any questions of the officers.

RESOLVED that:-

- 1) The Internal Audit Annual Report for 2016/17 be noted, including confirmation that the Council's governance, risk management and control arrangements were adequate and operated satisfactorily during the year;
- 2) The Committee note the Head of Internal Audit's Self-Assessment and the confirmation from the external peer assessment that the service is compliant with the Public Sector Internal Audit Standards.

60 Internal Audit Plan 2017/18.

Colin Earl, Head of Internal Audit presented a report that detailed the Internal Audit Plan for 2017/18 which had been produced following an assessment of risk management, control and governance risks across the Council (including partnership activities) and consultation with Directors and Assistant Directors.

The Plan detailed the work that was proposed to be undertaken during the 2017/18 year, and focussed on the areas that it was felt the most value could be added to improving the Council's governance, risk and control arrangements, as required by the professional auditing standards. Therefore, it was felt that corporate priorities, corporate and service changes and governance, financial fraud, ICT and information governance risk continued to feature strongly. The Plan detailed how much work would be spent by the service on each type of work.

Members were invited to raise any queries following the consideration of the report, which Officers provided more detailed information on. The Chair commented that there was a lot of work to be done over the coming year, and the Committee asked how it was decided on which items were of the highest priority and considered in what order. The Head of Internal Audit explained this would be done by assessing the level of risk, the changes to systems and process and what skills were available to take on the work.

RESOLVED that the 2017/18 Internal Audit Plan be approved by the Audit Committee.

61 Audit Committee Annual Report 2016/17.

The Head of Internal Audit presented a report to the Committee that detailed all the Audit activity for the 2016/17 year. The report allowed the Audit Committee to demonstrate how it has fulfilled its Terms of Reference and complies with current Best Practice for Audit Committees. The report highlighted a number of ways in which the Audit Committee had contributed, which included the following:-

- Reviewing internal and external audit work;
- Ensuring appropriate action is taken to implement audit recommendations;
- Reviewing, and ensuring action is taken in response to weaknesses found;
- Critically assessing the Council's Governance arrangements and supporting the production of an Annual Governance Statement;
- Strengthening the Strategic Risk Register;
- Strengthening the management of risks through the review;
- Supporting the maintenance of good standards achieved in producing the Council's Statement of Accounts, whilst meeting the shorter timescales required;
- Supporting the development of anti-fraud and corruption arrangements; and
- Ensuring the Council's surveillance policies were kept up to date.

Members noted that the report reflected all the positive work that had been carried out by them as the Audit Committee and pleased that the Committee contributed to achieving a positive impact on Governance arrangements within the Council.

The Chair referred to a small change in wording in the Chair's foreword, to emphasise the Committee's role in challenging arrangements.

RESOLVED that the Audit Committee Annual Report 2016/17, incorporating a minor change made by the Chair, be approved by the Audit Committee.

62 Duration of Meeting

In accordance with Council Procedure Rule 12.2, upon reaching 3 hours in session the Chair proposed that the meeting continue in order to allow for consideration of the remaining items of business on the agenda.

RESOLVED that the meeting continue past 3 hours to allow the Committee to consider all remaining items of business on the agenda.

63 External Auditors (KPMG) Certification of Claims and Annual Returns - Annual Report 2015/16.

The Committee considered a report that detailed the external auditor's findings in relation to claims for the 2015/16 period. Under Section 28 of the Audit Commission Act 1998, KPMG were required to make arrangements for certifying claims and returns in respect of grants or subsidies paid by the Government to local authorities. Members noted that there were four claims and grants that required audit certification for 2015/16, which were detailed as follows:-

- a) Housing benefit subsidy;
- b) Pooling of Housing Capital Receipts Return;
- c) Employment Based Initial Teacher Training Grant; and
- d) Teachers' Pension Authority Return.



The document would contribute towards the Council receiving an unqualified opinion on their 2016/17 accounts and secure good governance and value for money in its use of resources.

The Committee thanked the representative from KPMG for their report, and were invited to put forward any questions. One concern raised, was in relation to payments to war veterans. It was noted that in the report provided by KPMG, it made reference to 9 cases where the incorrect figures had been used in the calculation of benefit. Members were assured that whilst this may be perceived as a weakness, the Council were aware of it, and it was largely a result of the process in place to deal with the payments. This was very manually intensive process, which had to be undertaken annually, and involved writing manually to all individuals to ensure the correct information was held and permission given to write to the war veterans' society on their behalf to access the data in order to provide the benefit.

RESOLVED that the report be noted by the Committee.

64 Independent Person appointed under Section 28 of the Localism Act 2011.

The Monitoring Officer presented a report to the Audit Committee that sought agreement to recommend the re-appointment of Mr Phil Beavers as the Council's Independent Person under Section 28 of the Localism Act 2011. The Independent Person was appointed in order to assist the Monitoring Officer with any allegations of Member misconduct. Mr Beavers had previously been in the post for the past five years, and the Monitoring Officer informed the Committee that he had built up a good knowledge of the process and a wealth of experience. In the past, this role had been undertaken on a purely voluntary basis, but it was now felt appropriate to pay an annual allowance of £1000 per annum to cover expenses and time. This was felt to be a reasonable amount in return for the time and vast knowledge offered to the Authority by Mr Beavers.

A further point highlighted in the report that Members were required to note, was the sharing of Independent Persons arrangements with the other South Yorkshire Authorities. In the past there had been an informal understanding that other authorities can use each other's Independent Persons if and when required. This was a useful standby arrangement, if, for whatever reason, Mr Beavers was unable to assist the Monitoring Officer wither due to a conflict of interest or if unavailable, and therefore it was considered appropriate that Full Council formally ratify this arrangement.

RESOLVED that the Audit Committee recommend to Council-

- 1) The re-appointment of Mr Philip Beavers as the Council's Independent Person to assist the Monitoring Officer for a further 4 year period to 31 May, 2021;
- 2) The payment of an annual allowance of £1000 to the Independent Person for the undertaking of the role; and
- 3) The ratification of the proposed arrangement outlined in paragraph 7 of the report to enable Doncaster MBC to participate in the sharing of reserve Independent Persons across the four South Yorkshire Authorities.

CHAIR: \_\_\_\_\_

DATE: \_\_\_\_\_