

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 1ST FEBRUARY, 2018

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 1ST FEBRUARY, 2018, at 10.00 am.

PRESENT:

Chair - Councillor Austen White

Councillors Iris Beech, Susan Durant and David Nevett.

Co-opted Member

Kathryn Smart.

APOLOGIES:

An apology for absence was received from the Vice-Chair, Councillor Richard A Jones.

101 DECLARATIONS OF INTEREST, IF ANY

Kathryn Smart declared an interest in Agenda Items 5,7 and 10 by virtue of being a Director for RDash.

102 MINUTES OF THE MEETING HELD ON 26TH OCTOBER, 2017.

RESOLVED that the minutes of the meeting held on 26th October, 2017 be approved as a correct record and signed by the Chair.

103 AUDIT COMMITTEE ACTION LOG.

The Committee considered the Audit Committee Actions Log which updated Members on any actions agreed by Members at previous meetings and that satisfactory progress was being made.

Members noted that good progress was being made, and out of the 14 actions detailed, 6 had been completed and would be removed, 5 had yet to reach the agreed action date, but were on track and 3 were in progress but behind original timelines, details of which were highlighted at paragraph 7 of the report.

Following the introduction of the report, Damian Allen, Director of People gave Members the assurance that in relation to the 3 actions which were behind time progress was being made against the outstanding actions and asked officers in attendance at the meeting to provide Committee with details.

Members were invited to make comments and ask questions. In relation to Deprivation of Liberty Safeguards (DoLS) assessment, it was asked whether the number of outstanding assessments had been reduced and what would be seen as an acceptable level. It was reported that the numbers were reducing. However, it would

be difficult to quantify what would be an acceptable amount and it was felt that a zero position wouldn't be achieved without a change in legislation. It was suggested that an update on this issue be brought to the April Committee meeting.

Following a request, Members were provided with an update with regard to the progression made on the Solar Centre. It was reported that progress was going well and the complex needs of the users of the centre were under review. Conversations had taken place with almost all families of the users of the centre on the future provision and for those without family, independent advocates had been involved throughout the process. It was hoped that those conversations would be completed next week. It was highlighted that for around 30 users, a building based provision would be required and it was envisaged provision to meet their needs would be located within existing communities. It was stated that it has proved difficult to allay anxieties as the new provision has yet to be commissioned. However, the Council need to consult prior to commissioning new services to ensure all needs were met.

With regard to the new commissioning provision, it was queried whether the Council were receiving good value for money. It was advised that following the full analysis, some of the services can be clustered together which will enable the team to compare costs. It was stated that 50% of the people were using the centre 24/7 for residential care. Once analysis is recorded for an overall care package there was optimism that savings can be made.

In relation to the reconciliation of Business Waste and the first audit carried out, it was asked what the financial risk was associated with this matter. Whilst it was acknowledged that the reconciliation had not been completed, some progress had been made. It was noted that the team had suffered some capacity issues, with posts being deleted. However, 2 posts had now been reinstated. It was estimated that the annual cost in relation to risk would be £200,000. Members were advised that the lack of reconciliation means there is a risk of an unknown value of unbilled income. The automated reconciliation process was currently being tested. If the test is successful, it was envisaged that it would be possible for the reconciliation to be completed by the end of February. However, if the automated reconciliation was not successful and the process has to be carried out manually, it would take up to the end of March to be completed. It was also noted that, it was envisaged that some of the unbilled income would be recovered. However, there is a risk that income billed late may be irrecoverable. Members were advised that Internal Audit would continue to work with the team further work was being done throughout the Council around its income management arrangements.

Discussion took place in relation to IT Systems within the Council. It was reported that whilst the Council have the ERP System in place, there are other programmes within various departments. It was highlighted that there are inconsistencies across the Council and there was a project currently being undertaken to map out the details and deal with any inconsistencies that may arise.

RESOLVED that:-

- (1) progress being made against the actions agreed at the previous committee meeting, be noted,
- (2) the reconciliation of business waste be monitored and further update report be brought back to the next meeting.

The Committee received an update report on Covert Surveillance, Regulation of Investigatory Powers Act 2000 (RIPA). It was reported that in 2017 there were five authorised applications for covert surveillance. Members noted that the majority of covert surveillance applications currently made by Trading Standards relate to work to counter-illicit tobacco sales, which began in 2015 with the formation of specialist posts in this area. Prior to this most applications were related to under-age sales work. In the intervening three years there had been a move to intelligence-led operations, i.e. responding to complaints. However, for reasons not fully understood, the number of complaints about under-age sales had dramatically reduced and the team had not had the intelligence to support applications for under-age sales work.

Members were advised that these surveillance operations had generated a substantial amount of work which had required follow up actions including, inspections, interviews, premises licence reviews and prosecutions along with inter-agency and inter-authority work. It was noted that work load issues would obviously limit the amount of effective surveillance the team can do. This year this had been compounded by resource issues. It was advised that work generated by the surveillance in January to April was covered by other Trading Services Officers. It was reported that the team were now back to capacity and further surveillance, including a successful operation throughout November and December and the team were about to apply for another authorisation.

Following the introduction of the report, Members were afforded the opportunity to make comments and ask questions which were as follows:-

- It was highlighted that there had been an number of Licensing meetings scheduled where there were still court cases pending, it was asked why the licencing meetings were being held prior to the court hearing. Members were advised that the Council were restricted because of court timings. Unfortunately in recent cases the Licensing deadlines had been earlier and licensing procedures needed to be followed.
- In relation to the non-RIPA authorisations, it was asked whether these would be taken into consideration during an inspection and whether there were any lessons to be learnt if not used very often. It was reported that this was the first time this process had been undertaken and it would only be used in exceptional circumstances. As the surveillance was carried out with children liaison with lawyers at the Children's Trust had been undertaken. Details of how evidence was gathered through covert surveillance was highlighted to members and it was noted that video evidence was considered sufficient for a conviction. It was also noted that at present it was unknown whether the inspector would carry out inspections on non-RIPA cases.
- It was asked whether it was intended for non-RIPA procedure would become a Council Policy. Members were advised that it would be possible for the existing Policy could be amended to add an additional paragraph regarding non-RIPA applications and could form part of the Annual report update.

- The Chair wished to point out that it was pleasing to see that all RIPA training had now been completed.

RESOLVED to note that:-

- (1) 1 RIPA application had been authorised since the last report in June 2017, details attached at Appendix 1 to the report;
- (2) No RIPA applications had been refused by the Magistrates;
- (3) All those who were required to do on-line RIPA training had done so following the recommendation of the Audit Committee in November, 2016. A refresher internal half day course took place on 20<sup>th</sup> July 2017 for those officers regularly involved in covert surveillance; and
- (4) The Council had carried out its first Non-RIPA covert surveillance and a process for this was attached at Appendix 2 of the report.

105 UPDATE REPORT ON CONTRACTS AND COMMISSIONING IN ADULTS, HEALTH AND WELLBEING.

The Committee considered a report updating Members on the progress within the Adult Commissioning and Contract function.

The report highlighted that since October 2017, the Commissioning and Contracts Team had continued to make progress across a number of areas as identified in paragraph 12 of the report.

Following the introduction of the report, the Committee were given the opportunity to make comments and ask questions as follows:-

- In relation to the activity identified within the report, it was felt that the report was a little operational and didn't give many assurances. It was stated that officers were giving partial assurances and although that further work was required, there was now a strategy and plan in place in order to provide further improvements and assurances.
- It was identified that there were 31 members of staff within the Team, it was asked how did Doncaster compare with other authorities. It was reported that comparatively Doncaster were around the same as neighbouring authorities. However the vacant posts have had an impact. Additionally with regard to capacity issues, it was asked how key priorities would be progressed. It was advised that this had been the 3<sup>rd</sup> recruiting exercise which had taken place and the lack of capacity had impacted upon the senior management level within the team which had required the deployment of work throughout existing members of staff. It was emphasised that whilst this presented a challenge to the service, it was noted that following the introduction of the Doncaster Growing Together Scheme and the Place Plan, improvements continued to be made. It was also noted that weekly meetings with colleagues within Public Health continue to take place and a report would be considered by Cabinet in April on a (Section 75) agreement between Doncaster Council and Doncaster

CCG which will ensure better alignment of budgets. Members were advised that paragraph 12 of the report showed a significant amount of activity which was considered to be a major step forward for the Transformation Plan.

- With regard to the supported living tender, Members were advised that whilst there had been a delay in the process, it was reported that due diligence had been carried out and it was envisaged that the tender would be ready to be advertised at the end of next week.
- In relation to Waivers and Breaches detailed at paragraph 13 of the report, it was asked why the 1 breach could not be a waiver if the issue had been through the process. It was advised that the team had looked into the issues. However, there wasn't sufficient time for delivery through the normal contractual arrangement.

RESOLVED that the information contained within the report and the actions and progress made by the Commissioning and Contracts function in Adults Health and Wellbeing be noted and a further update be provided in 6 months time.

#### 106 2016-17 ANNUAL GOVERNANCE STATEMENT - PROGRESS UPDATE.

The Committee received an update report advising Members on the progress made against the improvements identified in the 2016/17 Annual Governance Statement. A copy of the actions taken were identified at Appendix A of the report.

Following a brief introduction, Members raised the following comments:-

- In relation to the pace of improvement, if anything new was to be identified would the issue have to be dealt with within that financial year. It was advised that this wouldn't necessarily be the case. It was advised that the pace of improvement was not consistent and the Directors would like to see speedier progress. Members were advised that there were a number of more complex issues to be dealt with that take more time to be resolved. It was noted that capacity was an issue but this continued to be tackled through the Management Team.
- With regard to Direct Payments, it was asked whether the amount identified was an annual figure or cumulative. It was advised that this was an annual amount
- A suggestion was made for progress to be made monitored by the Governance Group. It was reported that this can be done, however officers wished to reassure Members that all Heads of Service were involved in the process and the team do monitor progress made and go back to the Head of Service if the matter has not been dealt with. It was also stated that the Governance Group meet on a quarterly basis and if anything was to arise, Members would be kept informed.

RESOLVED that the report and Appendix be noted.

#### 107 QUARTER 2 2017/18 STRATEGIC RISK UPDATE.

Members considered the Q2 2017/18 Strategic Risk Update that provided information on strategic risks across the Authority.

Members noted that 2 new strategic risks had been identified for inclusion within the risk register and would be profiled within Q3 update report:-

- DTOC – Doncaster systems do not integrate effectively to enable the rapid discharge of hospital patients, resulting in increased delayed transfers of care and risks to better care funding.
- Financial savings – Savings from the Adults Health and Wellbeing Transformation Programme are not delivered as quickly as anticipated or are not achievable. Therefore alternative savings plans will be required in order to achieve the Medium Term Financial forecast.

Further to the addition of the two risks identified above, Members noted that 18 risk profiles had remained the same and mitigating actions had reduced 1 profile, and only 1 profile had increased during this quarter.

The Chair invited Members of the Committee to put any questions forward to officers, with queries raised on the following issues:-

- Members asked that a glossary be developed to make the report easier to read. It was also suggested that full titles be listed followed by the acronym.
- It was suggested that further narrative was needed as it wasn't clear and consistent. It was stated that whilst there was a target risk it wasn't set out clearly how that was going to be achieved. Further discussion was required at Directors meeting to establish a clear understanding over risk appetite as at the moment it wasn't explicit.
- Data Quality – It was noted that this issue had been on the register for a long time and whilst work had continued there was still some way to go to reach the target of 8. With the introduction of the new GDPR regulations in April 2018, the Council need to ensure that they were prepared for its introduction. It was advised that there had been the creation of a team of 7 Officers who are fully aware of GDPR requirements and have been introduced to the Management Teams. It was emphasised that there was a collective responsibility to ensure that reporting mechanisms were in place and systems properly followed. An update would be provided to Members on the GDPR at a future training session.
- Adults, Health and Wellbeing – Discussion took place with regard to the monitoring of progress against the transformation plan. Members were advised that a number of mechanisms were in place such as Directorates Leadership Teams, Portfolio Holder/Chief Executive quarterly challenge meetings. The directorate work closely with the Audit Team. It was suggested that a update report be brought back to Audit in 6 months detailing the progress made against the Transformation Programme.

RESOLVED that:-

- (1) Members noted the report;
- (2) Approved the inclusion of 2 new Strategic risks as detailed within the report; and
- (3) A report be submitted to Committee in 6 months on the progress made on the Adults Health and Wellbeing Transformation Programme.

108 INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD: OCTOBER 2017 TO JANUARY 2018.

The Committee were presented with a report, that detailed the work undertaken by the Internal Audit Team for the period October 2017 to January 2018 and provided information and incorporated an update on the Quality Assurance Improvement Plan (QAIP).

Members noted that there had been some revisions to the Plan, with two new items added, and the jobs being removed from the plan were no longer required.

The report informed Members that a very high level of responsive work had been carried out over the whole of the year this was further to requests from management which were important in order to address weaknesses and potential errors.

The six investigations that were currently ongoing or completed in the period were detailed within the report.

Some of the pieces of work were nearing conclusion, others will require ongoing resourcing for a while longer.

Members were invited to put any concerns to officers, or ask questions.

With regard to Section 2 and the high level responsive work, it was asked whether any planning for proactive work had been undertaken for the following year. It was reported that it would be difficult to predict as there were no common themes, albeit lessons can be learnt.

A question was raised with regard to the amount of resources within the team and whether it was adequate particularly in light of the level of responsive work undertaken. It was stated that the level was not uncomfortable and additional resources had been made available for the audit plan to be sufficiently delivered and for the Head of Audit to be able to give his annual opinion. However, if the level of coverage was to drop under 80% this would be difficult, but this was not likely to happen.

A request for more information was made around the Internal report on Risk Management as the progress report gave only summary information. It was agreed that the full report be circulated to members in light of this comment.

In relation to paragraph 9 of the report, it was noted that although the lower level audit recommendations had fallen, it was still quite high. It was asked what was being done to reduce the level further. It was reported that the number had reduced through the year and work was continuing with Directorate Leadership Teams to reduce the

outstanding recommendations and whilst there was some way to go, full commitment had been given by all involved.

The Committee were pleased to see the high % targets reached for final reports received within 5 days which was further highlighted within the table of performance indicators shown at page 80 of the report. Members were also pleased to see the comments from the Peer Review.

Following the comments above, the Chair and Members wished to point out that this was Colin Earl's last meeting and wanted to thank him for all his support and contributions provided to the Committee and wished him well for the future

RESOLVED that:-

- (1) The changes to the original audit plan be noted;
- (2) The internal audit work completed in the period be noted;
- (3) Progress made by officers in implementing previous audit recommendations be noted; and
- (4) Information relating the Internal Audit's performance in the period, the arrangements made to manage the demand for responsive work and progress in implementing actions set out in the Quality Assurance Improvement Plan be noted.

109 EXTERNAL AUDITOR'S (KPMG) AUDIT PLAN 2017/18 AND ARRANGEMENTS FOR THE PREPARATION OF THE 2017/18 ACCOUNTS.

The Committee received a report from the External Auditors (KPMG) Audit Plan 2017/18 and arrangements for the preparation of the 2017/18 accounts. Attached to the report at Appendix A was KPMG's plan for completing the review of the Council's financial statements and associated disclosure notes providing an audit opinion on the Council's 2017/18 Statement of Accounts.

Members were also provided with details of the audit plan and timetable for producing the 2017/18 Statement of Accounts. The statutory deadlines for producing the draft accounts and the approved audited accounts were set out in regulation and were currently 31st May and 31st July respectively.

It was reported that significant risks had been identified as below but were further explained as page 105 of the report:-

- Valuation of PPE; and
- Pension Liabilities

Risk assessments regarding arrangements to secure value for money had been identified two issues as follows:-

- Children's Services Trust Overspend and Adults Services Contracts.

Following the brief introduction of the report, Members were given the opportunity to make comments and ask questions as follows:-

- A query was raised in the relation to the diagram at page 109 of the report which stated that Provisions were not highlighted. It was reported that there was still some work to be carried out and it was not considered to be of high value and significant risk.
- In relation to risk identified at paragraph 13 (a) The Valuation of Property, Plant and Equipment of the report, Members were assured that Finance would supply KPMG with all the information that they require.

RESOLVED that:-

- (1) The content of KPMG's Audit Plan 2017/18 be noted; and
- (2) The arrangements, including the draft timetable, to produce the 2017/18 accounts be noted.

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

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