

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

10TH APRIL, 2013

A MEETING of the AUDIT COMMITTEE was held at the MANSION HOUSE, DONCASTER on WEDNESDAY, 10TH APRIL, 2013 at 2.00 p.m.

PRESENT:

Chair – Councillor Ros Jones
Vice-Chair – Councillor Bob Johnson

Councillors Andrew Bosmans and Austen White.

APOLOGIES:

An apology for absence was received from Councillor Richard A. Jones.

Also in attendance:

Paul Lundy, District Auditor KPMG
Simon Dennis, Senior Audit Manager KPMG
Colin Earl, Head of Internal Audit
Peter Jackson, Internal Audit Manager
Pauline Kenyon, Head of Procurement
Sennette Wroot, Corporate Policy and Performance Manager
Tracey Harwood, Interim Assistant Director of Strategic Housing
Adam Midgley, Head of Construction Services
Dave Hill, Interim Head of Corporate Accounts

	<u>ACTION</u>
40. <u>DECLARATIONS OF INTEREST, IF ANY</u> No declarations were made at the meeting	All to note
41. <u>MINUTES OF THE MEETING HELD ON 30TH JANUARY, 2013</u> <u>RESOLVED</u> that the minutes of the meeting held on 30th January, 2013 be approved as a correct record and signed by the Chair.	All to note
42. <u>AUDIT COMMITTEE – REVIEW OF STRATEGIC HOUSING PROGRESS ON RECOMMENDATIONS.</u> The Committee considered a report presented by the Interim Assistant Director of Strategic Housing, which provided an update on the implementation of the recommendations arising from the review of Strategic Housing completed by the Council's	

external auditors, the Audit Commission.

A Housing Improvement Board had been established in order to respond to the recommendations and address the issues raised and a Quality Impact Assessment was in place.

The issues the Housing Improvement Board aimed to address, was ways to ensure that the needs of the tenants were being met, and that any gaps in the service were addressed, with access for customers strengthened.

Members were informed that although a lot of work had been undertaken, there were two outstanding areas that were still being worked upon:-

- Improve telephone access to customers – Improvements had been made but the transfer of the ‘golden number’ was yet to be made.
- Improve Value for Money – progress had been made in this area through benchmarking and resources had been redirected in order to deliver services more effectively.

Additionally, Members were informed that DMBC had been invited to sit on the newly configured Northern Sounding Board. This was a Board on which key partners were asked to sit, sharing their own Best Practice, and looking at the Housing Options Service going forward.

Whilst Members were appreciative of the work being done within Strategic Housing to address the issues raised as a result of the Audit, it was felt that they were not being provided with enough detailed information and the Chair requested that future reports contained more detailed evidence of the achievements made within the service.

RESOLVED that the Audit Committee note the progress made in implementing the recommendations arising from the review of Strategic Housing.

All to Note

43. FINANCIAL AND PURCHASING AND CONTRACT PROCEDURE RULES

Members received a report that detailed the waivers and breaches to Contract Procedure Rules, together with instances where Financial Procedure Rules have not been followed.

The report stated that since the last report in November 2012, good progress had been made with regard to reviewing the arrangements for the procurement of contracts, and although breaches had been made these would be rectified.

Following consideration of the report, Members debated the issues contained within the report, particularly surrounding the issue of verbal quotes for amounts under £30,000. Opinions were voiced that all quotes, regardless of its size should be written, as it raised the question that there could as a result be a lot of information not recorded. However Members were assured that these were always followed up in writing.

The Head of Procurement aimed to provide reassurance to the queries raised by the Committee, particularly in relation to tenders, breaches and quotes and assured Members that a good system was now in place and everything was track-able ensuring all breaches would be picked up swiftly and dealt with accordingly.

RESOLVED that:

- 1) The information contained within the report be noted, in particular the reporting of Waivers of Council Procedure Rules, and note the actions taken to identify and rectify the breaches of Council Procedure Rules; and
- 2) A further update be presented at the November 2013 meeting on Council Procedure Rule Compliance with suppliers with a spend of over £30,000 per annum and to receive a report on compliance with CPRs relating to new suppliers.

All to note

44. STRATEGIC RISK UPDATE FOR QUARTER 3 2012/13

A report was considered that gave an update to Members on the strategic risks for quarter 3 2012/13. Members were informed that there were currently 19 strategic risks linked to the Corporate Plan for 2012/13 which had all been profiled for quarter 3.

The current status of each of these risks was detailed in Appendix A and were reported in order of risk score, highest to lowest as had been requested at a previous meeting of the Audit Committee.

Whilst Members were largely pleased with the reporting of risks, and felt that the report was clear and concise, it was however requested that the report was amended slightly in order to show clearly the direction of travel of each of the risks in order to see what progress had been made.

It was proposed that a statement be included under each of the risks within the appendix to indicate what actions were in place and how they had changed since its last consideration.

RESOLVED that:-

- 1) the contents of the report were noted; and
- 2) Future reports be amended to detail the direction of travel of each of the strategic risks.

All to note

Corporate
Policy and
Performance
Manager.

45. DONCASTER COUNCIL GOVERNANCE PLAN

Members were informed that in the interests of good Council management, a specific Governance Plan had been produced which combined the actions and initiatives undertaken in order to increase the Council's ability to meet its challenges.

The Governance Plan has been incorporated into the Council's Corporate Plan in order to improve efficiency and effectiveness of managing performance and assessing progress, and improvements made were reported to the Audit Committee on a quarterly basis in line with other corporate priorities.

The report outlined that 73 recommendations had been included within the Governance Plan 2012, and out of these, 46 had been implemented on time, 16 were on progress and remained on target, and 11 of the recommendations had missed the original target completion dates. Members were informed that this progress made, was outlined by the use of exception reporting as had been previously requested and this could be seen in the appendix to the report.

With regard to the Governance Plan 2013, the report detailed what would be included in it, including the following key points:-

- 2012 Governance Plan Activities that were either incomplete or had missed their target date;
- Any external inspection recommendations that needed to be monitored;
- An update on the Governance Strategy Action Plan;
- The three recommendations arising from the Annual Governance Report 2011/12.

Members had a brief discussion following consideration of the report, and discussed the use of consultants by the Authority as this was an issue that raised concerns with a number of Members on the Committee. However, the Committee was

assured that they had been contracted solely to complete a single piece of work due to a current lack of capacity within the procurement team but this was something that had now been stabilised for the future.

RESOLVED that Members note the progress made in relation to the activities contained within the Governance Plan 2012, and the progress made in taking forward the Governance Plan for 2013.

All to note

46. KPMG AUDIT OPINION PLAN 2012/13

The Committee considered a report that informed Members of the work undertaken by KPMG to deliver their Code of Audit Practice audit. The Council was subject to statutory external audit and performance evaluation by KPMG and the External Audit Plan produced would cover all aspects of how the Audit was carried out, including risks identified, key deliverables, timelines and fees for the audit.

KPMG were required to satisfy themselves that the Council's accounts complied with the statutory requirements and that the proper practices had been observed.

Within the plan, an up to date timetable was provided that detailed when the four stages of the plan, these being Planning, Controlled Evaluation, Substantive Procedures and Completion, would be carried out.

RESOLVED that the External Audit Plan 2012/13 be noted.

All to note

47. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT – 2012/13

The Head of Internal Audit presented the annual report which provided information on the role of Internal Audit and the work carried out by the department throughout 2012/13.

The report informed Members that it was a requirement of the CIPFA Code of Practice that an annual report was produced by the Head of Internal Audit.

Members were informed that the review was carried out in order to ensure the work carried out was effective and it had indicated that the Council's system of internal control was adequate and operated satisfactorily throughout 2012/13. The report detailed that a number of weaknesses had been identified; these being Managing Attendance and Fostering Overpayments and these would be included in the Council's Annual Governance

Statement. It was report that some further weaknesses had also been identified, and had been brought to Managements attention, but Internal Audit had been satisfied with their response and these weaknesses however, did not change the opinion on the control environment.

The Committee noted that a lot of work had been done over the last three years, and there had been focus on a number of key issues and big improvements had been made.

Members held a brief discussion surrounding the areas of concern and put forward their queries to Officers who endeavoured to provide reassurance on the issues, particular surrounding the issue of overpayments to Foster carers. It was reported that this was being monitored closely, and Members stated that until they were confident it had been resolved they would continue to do so.

RESOLVED that:-

- 1) The Audit Committee note the Internal Audit Annual Report for 2012/13, including confirmation that the Council's system of internal control was adequate and operated satisfactorily during the year; and
- 2) The Audit Committee support the conclusion from the report that there was an effective internal audit in place for 2012/13.

All to Note

48. INTERNAL AUDIT PLAN – 2013/14

Members were presented with the Internal Audit Plan for 2013/14 which had been prepared in line with the requirements of the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit.

It was reported that there were five 'types' of work in the plan:-

- Mandatory Work
- Must-do Work
- An allowance for follow-up work in areas where significant weaknesses were identified during the last audit
- An allowance for responsive work
- Key Council Priorities and Risks

Members were invited to pose any questions to Officers present on any issues they had relating to the report. Whilst Members were largely happy with the Internal Audit Plan, they sought reassurance that the work would still be carried out despite any

future staffing problems that would possibly arise.

RESOLVED that the Audit Committee support the 2013/14 Internal Audit Plan.

All to Note

49. AUDIT COMMITTEE ANNUAL REPORT

The Audit Committee were presented with their draft Annual Report which outlined how it had fulfilled its Terms of Reference and demonstrated their achievements throughout the 2012/13 Municipal Year.

The Audit Committee was a key part of the governance arrangements of the Council, and it was important that its work was shared with the rest of the Council and Key Stakeholders.

The report demonstrated how the Audit Committee oversaw the effective management of risks and internal controls and contributed to the achievement of Council objectives.

Members were invited to make any comments or revisions they wanted to the report, but the Committee were happy with its content and endorsed it for approval.

RESOLVED that the Audit Committee approved the draft Annual Report.

All to Note