

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

22ND NOVEMBER, 2013

A MEETING of the AUDIT COMMITTEE was held at the CIVIC OFFICE, DONCASTER on FRIDAY, 22ND NOVEMBER, 2013 at 10.00 a.m.

PRESENT:

Chair – Councillor Austen White
Vice-Chair – Councillor R. Allan Jones

Councillors Andrew Bosmans and John McHale

APOLOGIES:

An apology for absence was received from Councillor Craig Sahman.

Also in attendance:

John Prentice, Director, KPMG
Simon Dennis, Senior Manager, KPMG
Simon Wiles, Director of Finance and Corporate Services
Colin Earl, Head of Internal Audit
Pauline Kenyon, Head of Procurement

1. DECLARATIONS OF INTEREST, IF ANY

No declarations were made at the meeting

2. MINUTES OF THE MEETING HELD ON 30TH SEPTEMBER, 2013

RESOLVED that the minutes of the meeting held on 30th September, 2013, be approved as a correct record and signed by the Chair.

3. FINANCIAL AND PURCHASING AND CONTRACT PROCEDURE RULES

The Committee considered a report that detailed the Waivers and Breaches to Contract Procedure Rules and instances where Financial Procedure Rules had not been followed. The Head of Procurement was in attendance at the meeting in order to provide any further information that Members may need and endeavoured to answer the queries raised.

The report provided a breakdown of how each Directorate was working, and identified the new breaches and waivers since the last

ACTION

All to note

All to note

report considered by the Audit Committee in April 2013. It was reported that progress had been made since the last report, but identified a number of new breaches that had been made which required rectification. Additionally the waivers agreed since the last report, were attached which had been reviewed and agreed. It was noted that these were presented to the Audit Committee in order to ensure open and transparent governance was undertaken and additionally, to inform the Committee of the level of investigation that had been undertaken by the Procurement Service.

Members were provided with an update on any relevant information that they needed to be aware of, following which a robust and challenging discussion ensued regarding the issues contained within the report. Comments were raised in terms of procurement as Members wanted reassurance that the Council was moving forward effectively and that agencies and partners were being challenged regularly in order to ensure that tendering exercises were carried out and ensuring the Council received value for money in terms of procurement.

It was noted that a great deal of progress had been made in the last three years, and although there were still a number of improvements to make, it was important that Members put it into context in terms of the changes that had been implemented and the good work that had and was being carried out. There was a great deal of work being undertaken by the Procurement Team in order to bring about improvements, and Members were assured that risks were being challenged and that breaches were not simply accepted.

In terms of the report itself, it was noted that in future it was requested that the report format was amended slightly in order to display the indication of risks associated with breaches and waivers and the levels of such risks.

RESOLVED that:-

- (1) The Committee note the information contained within the report, in particular the reporting of Waivers to Contract Procedure Rules and note the actions to be taken to identify and rectify these breached; and
- (2) The Committee note the update compliance with suppliers with a spend of over £30,000 per annum.

4. DONCASTER COUNCIL GOVERNANCE PLAN

Members were presented with the Doncaster Council Governance Plan which combined the actions and initiatives that were being undertaken by the Authority in order to improve the Council and enable it to achieve its priorities. Members were informed that they would receive an update of this report on a quarterly basis in order

that the Committee were kept abreast of progress, and additionally in line with corporate priorities.

There were 30 recommendations within the 2013 Governance Plan, of which 23 have been completed to date, with 1 further in progress which was on target for completion, and the remaining 6 on-going and had no firm date for completion due to the nature of the activity. This was seen to be a huge achievement and was testament to the work of the Chief Executive, the Head of Performance and their teams.

Members welcomed the report, and the work carried out in producing the plan, but still asked for clarity and information on a number of issues.

The use of Agency staff, (Recommendation R12), was a particular area of concern, and Members felt it important that they received further information as to why and where agency staff and consultants were continuing to be used throughout the Authority. Members were assured that they would be provided with information on these issues, with the assurance from the Director of Corporate and Financial Services that a 6-monthly monitoring report on agency staff would be circulated to them as soon as possible to enable them to make informed comments. It was acknowledged that indeed the continued use of agency staff was concerning and was costing the authority in the region of £7-10M per annum; however, they were generally utilised in areas where there were continuous staffing problems or where time and cover was needed on a last minute, short-term basis, such as in care homes to cover sickness, or in areas where they were struggling to recruit, i.e. social workers. It was noted that none of the agency staff employed were for long term positions and were purely on an interim basis to cover gaps in the service. Consultants however, were employed purely for expertise and knowledge in specialised areas where the Council may be lacking in order to undertake a project in which the Council was involved.

Comments were also raised with regard to Performance Management, and assurance was sought that the information sourced by the Performance Management Team was being driven forward. It was noted that this was carried out by the Chief Executive through the Governance Board, Directors Group and Executive Board, with the quarterly performance reports produced in order to highlight particular areas of concern. It was acknowledged that indeed there were areas where improvements still needed to be made, and the Council could do better but largely, it was positive.

It was noted that from a Governance perspective, the Governance Plan, was a 'live document' and would be subject to continual review, and the Audit Committee commented that they would be monitoring progress made in order to monitor risks, failure and success in order to improve the performance of the Council.

Officers thanked the Committee for their comments and agreed that there was still a huge amount of work to be done, with an element of 'clearing up' to be done. It was important that they moved forward however in order to drive the improvements needed.

RESOLVED that

(1) the Committee note the progress made in relation to the activities and progress in taking forward the Governance Plan 2013; and

All to Note

(2) the Committee requested that an additional column be added to the Governance Plan, highlighting the risks involved

Head of Internal Audit

5. STRATEGIC RISK UPDATE FOR QUARTER 2 2013/14

Members considered a report that provided a progress update on strategic risks for Quarter 2, 2013/14. This was presented to the Committee as a quarterly update in order to ensure that the strategic risks were effectively managed in line with the Risk Management Policy.

Members held a brief discussion with regard to the issues highlighted within the report, particularly in relation to areas of concern, these being Children's Services and sickness absence. Members were assured that information would be fed through to them with more information being provided in the future. Members welcomed this as they felt that they needed to be kept fully informed of issues in order that they could carry out their role to the best of their ability in terms of effectively managing and monitoring risks,

RESOLVED that Members of the Audit Committee noted the content of the report.

All to Note

6. RISK MANAGEMENT FRAMEWORK REVIEW 2013

The Audit Committee were presented with the draft Risk Management Framework as part of their role 'to monitor the effect and operation of risk management in the Council'. It was reported that the Council's approach to risk management had been significantly reviewed and improved with the policy based around three key documents;

- Risk Management Policy
- Risk Management Process Guide
- Risk Management Toolkit

It was anticipated that the key improvements made would include a more transparent and focused approach, stronger links to governance initiatives across the Council, more detail about risk management and how to implement it and clearer levels of responsibility, as well as

alignment to Management of Risk principles and a more prescriptive approach that could be easily replicated.

Members had a brief discussion surrounding the points raised within the report and were given the opportunity to put any questions to Officers. It was noted that in terms of the implementation of actions, that the Risk Champion was an identified officer and Member in order that people were clear as to whom to go to with any issues or queries. The Head of Internal Audit acknowledged this point of concern and agreed to address this issue.

Head of
Internal
Audit

RESOLVED that the comments of the Audit Committee be noted.

All to Note

7. REVIEW OF PROGRESS IN IMPLEMENTING INTERNAL AUDIT RECOMMENDATIONS FOR GYPSY AND TRAVELLER RENTS FOLLOW UP AUDIT 2013

The Committee considered a report that provided them with information on the current position in terms of the implementation of recommendations for the collection of Gypsy and Traveller Rents. At its previous meeting in September, the Committee had asked for more detail on this issue, particularly looking at arrears, hence the consideration of this report.

Members were informed that the collection of rents had been passed to St Leger Homes in 2010, and there was no definitive answer as to why the collection of rents arrears hadn't been transferred at the same time and had remained within the Councils Strategic Housing Service. The Strategic Housing Service had requested the original audit that had resulted in this report, as they were aware that the identification and collection of arrears were not being effectively managed and needed addressing as a matter of priority.

Members stated that they were well aware of the problems surrounding this issue, and certainly needed looking at in terms of formulating a solution. It was queried as to whether or not bonds or deposits could be taken in advance to in some way encourage the payment of rents, or if non-payments were being followed up quickly enough. Members commented that this was certainly an issue that remained of concern to them, as it begged the question, what records and systems were in place, and why things were not being followed up more quickly and efficiently. There was the possibility that this function would also transfer to St Leger Homes which was certainly an option that the Audit Committee favoured as it would ensure that collection of rents and arrears were more centralised. However, if this remained within the Strategic Housing Service it was certainly something that would need looking at in great depth in order to overcome the risks and problems currently faced.

RESOLVED that

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| (1) The Audit Committee note the details provided on the Gypsy and Traveller Rents Audit; | All to Note |
| (2) The Audit Committee note the progress made on the recommendations made as part of the Audit; and | All to Note |
| (3) The Audit Committee endorse the transfer of the collection of Gypsy and Traveller arrears to St Leger Homes in order to ensure this was managed more effectively. | All to Note |

8. REVIEW OF PROGRESS IN IMPLEMENTING EXTERNAL AUDIT AND INSPECTION RECOMMENDATIONS

The Head of Internal Audit presented a report to the Audit Committee which provided an update further to a report considered at the last Audit Committee Meeting in September with regard to implementing audit and inspection recommendations. Members were informed that further work had been done since the last meeting, and in terms of the External Audit Recommendations, from the original 8 made in 2010, now only 2 remained outstanding. These related to the completion of an Organisation Development Strategy, and the completion of an IT disaster recovery plan (both of which were due to be completed by the end of 2013). In terms of the inspection recommendations, 65 out of 129 recommendations had been implemented. There were still a number of recommendations that needed to be progressed. It was reported that the Governance Board were adopting the right approach in relation to managing this, and were committed to implementing the recommendations. Members were in agreement that this needed to be the approach, but also felt that likewise, the Audit Committee needed to be kept fully informed and provided with all the relevant information in order to understand where and how this was being addressed and developed.

RESOLVED that

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| 1) The Audit Committee note the updated position in respect of progress on external audit and inspection recommendations; | All to Note |
| 2) A further report be received by the Audit Committee in January, 2014. | Head of Internal Audit |

9. AUDIT COMMISSION – ANNUAL AUDIT LETTER 2012/13

Members considered a report that referred to KPMG's Annual Audit Letter for 2012/13 and signified the formal sign-off of the audit of the Council. It was reported that the Annual Audit Letter this year was in a slightly different format to that of previous years, as it was the first year that the Council had been audited by KPMG. The signing-off of the audit, confirmed to the Audit Committee that an unqualified

opinion had been issued with regard to the Council's core financial statements and associated disclosure notes included in the Council's 2012/13 Statement of Accounts. Additionally, it concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

It was noted however, within the report that although good progress had been made there were still risks that needed to be managed, particularly with regard to the following:-

- Children's Services
- Digital Region Limited
- Medium Term Financial Planning
- Preparation of the Financial Statements

In terms of these risks, recommendations had been made by KPMG with regard to managing them and had been included within the Annual Audit Letter, all of which had been accepted by the Council.

Members of the Committee welcomed the report, and it was felt to be a positive achievement for the Authority in terms of the improvements made and it was anticipated that further improvements would continue to be made.

RESOLVED that the Audit Committee note the Annual Audit Letter and the overall positive progress made.

All to Note