

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

29TH JANUARY, 2014

A MEETING of the AUDIT COMMITTEE was held at the CIVIC OFFICE, DONCASTER on WEDNESDAY, 29TH JANUARY, 2014 at 2.15 p.m.

PRESENT:

Chair – Councillor Austen White

Councillors Andrew Bosmans, John McHale and Craig Sahman.

APOLOGIES:

An apology for absence was received from the Vice-Chair, Councillor R. Allan Jones.

Also in attendance

John Prentice, Director KPMG
Simon Dennis, Senior Manager, KPMG
Simon Wiles, Director of Finance and Corporate Services
Eleanor Brazil, Director of Children and Young People's Services
Colin Earl, Head of Internal Audit
Peter Jackson, Internal Audit Manager
Howard Monk, Head of Corporate Policy and Performance
Helen Potts, Principal Legal Officer

	<u>ACTION</u>
1. <u>DECLARATION OF INTEREST, IF ANY</u> No declarations were made at the meeting.	All to note
2. <u>MINUTES OF THE MEETING HELD ON 22ND NOVEMBER, 2013</u> <u>RESOLVED</u> that the minutes of the meeting held on 22nd November, 2013, be approved as a correct record and signed by the Chair. Further to the approval of the minutes, Councillor John McHale stated that he remembered a discussion at the last meeting in relation to costings for Agency Staff, Consultants and sickness which were not reflected in the minutes. He also requested information with regard to how under performance was being measured. Simon Wiles, Director of Finance and Corporate Services indicated that he would	All to note

report back to Members with regard to Agency Staff and stated that the information would be provided on a departmental split. In relation to consultants, Simon reported that the end of March deadline was proving difficult. A further meeting would be taking place on Monday and he was hopeful the information would be made available to Members within a few weeks.

Members were advised that the 3 actions highlighted in the minutes for the Head of Internal Audit were all on track and in relation to Members concern regarding the Risk Champion, it was noted that at present the risk champion was Councillor Barry Johnson. It was noted that discussion had taken place with the Mayor regarding the new appointment for the 2014/15 Municipal Year.

All to note

3. COVERT SURVEILLANCE – REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE

The Committee received an update report on Covert Surveillance, Regulation of Investigatory Powers Act 2000 (RIPA). The Act was introduced in response to the Human Rights Act 1998 to ensure that Local Authorities could continue lawfully to carry out covert surveillance. The Government also set up the Office of Surveillance Commissioners who regularly inspects Local Authorities. It was reported that the Council had had four inspections in 2003, 2004, 2009 and most recently in October 2012. A copy of the updated Action Plan was attached at Appendix 3 to the report. Members were advised that there was an outstanding matter that the Council were awaiting confirmation from South Yorkshire Police that the document detailing the protocol for the police use of CCTV had been signed by all parties.

The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 came into force on 1st November 2012. This stated that directed surveillance could only be authorised under RIPA where the criminal offence sought to be prevented or detected was punishable by a maximum of at least 6 months imprisonment or would constitute an offence involving sale of tobacco and alcohol to underage children.

Following the introduction of the 2012 legislation, DMBC's Policy and Procedure was updated, details of which were identified within paragraph 7 and Appendix 2 of the report.

In relation Item 7 'Directed Surveillance' Councillor Andrew Bosmans enquired as to who the people were who were making the authorisations and where the surveillance equipment was held and whether this was secure.

It was advised that there were 5 authorising Officers, one of which was Jo Miller, Chief Executive. Members were also advised that authorisations had to be renewed every 3 months, which had been completed recently. With regard to equipment, the Council were required to keep an equipment register and those areas who still had surveillance equipment had been asked to add them to the register. It was advised that a significant amount of training had been provided to officers and those working out in the community and officers were fully aware of the obligations. Any matters had been brought to Legal attention and Heads of Service had been made aware of any concerns and these had been rectified.

With regard to Appendix 2 and URN 87 and 88, Councillor Andrew Bosmans queried why there wasn't any further information identified. Members were advised that as these matters were on-going, officers were unable to provide further details as this may prejudice the outcome. This information would be available once complete and would be provided in the next report to the Committee.

Helen Potts

RESOLVED that:-

- (1) the Committee noted the RIPA applications that had been completed since the July, 2013 report. There had only been 1 matter that had been completed since the last report, and 2 matters were on-going (Appendix 1). To avoid prejudicing the on-going cases no details are shown. The magistrates had not refused any RIPA applications; and
- (2) the Committee noted the action plan following the Inspection carried out by the Surveillance Commissioner HH Norman Jones QC on 18th October, 2012 had been substantially completed (Appendix 3). This included updating the policy and procedures which were attached at Appendix 2

All to note

All to note

4. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2012/13

The Committee received a report on KPMG's Certification of Claims and Returns for 2012/13. Members noted that through close liaison with KPMG, efforts had been made to improve the preparation of grant claims, taking improvement opportunities highlighted by KPMG into account. This was done to minimise the external audit work required to certify the claims and minimise the respective audit fees.

It was reported that the main area of improvement remains the independent review of claims after compilation and before submission to the auditor. Members were advised that processes would be enhanced to ensure that claims and returns comply with conditions set by the grant paying body and that the claims and returns were fully completed and accurate.

With regard to Housing Benefit claims it was noted that the DWP's procedures were very prescriptive and the changes put upon the Council would have impact on the work to be carried out. It was also noted that there were new system changes in relation to Teachers Pensions return which would also have an impact, but it was hopeful that with the introduction the new operating system supported at Rotherham, improvements would continue to be made.

In reference to the Housing Benefit fees and the timescale in which the work was to be done, it was suggested that the deadline for completion of the 31st March would be considered unrealistic. It was reported that officers had set their own deadline and work had been on-going since November 2013. With regard to back dated expenditure, Members asked how much this was worth as this wasn't clear within the budget process. Members were advised that at present there was no figure to hand but back dated expenditure would accommodate those cases where a claim hadn't been received on time but there would be a good reason for this i.e. illness. It was also advised that these wouldn't have an impact on the subsidiary the Council receives.

RESOLVED that the report be noted and support be given to Officers on the actions taken.

All to note

5. ARRANGEMENTS AND TIMETABLE FOR THE PREPARATION OF THE ACCOUNTS – 2013/14

The Committee received a report providing details of the plan and timetable for producing the Statement of Accounts for 2013-14. The deadlines for producing the draft accounts and the signed off audited accounts were set out in statute.

Following the completion of the 2012/13 accounts a Final Accounts Review Group was created to improve the quality of the Statement of Accounts. The remit of the Group was identified within Paragraph 6 of the report.

It was reported that the Group had met several times and good progress had been made against all the objectives. All duplication had been removed which had reduced the size of the Accounts. A comprehensive draft timetable had been developed which would allow the closedown process to be more closely monitored. A copy of the timetable was attached at Appendix A to the report.

RESOLVED that the arrangements put in place to close-down the 2013/14 accounts and the timetable designed to meet the deadlines, be noted.

All to note

6. INTERNAL AUDIT REPORT FOR THE PERIOD: SEPTEMBER 2013 TO DECEMBER 2013.

The Committee considered a report updating Members on the work done by Internal Audit for the period 1 September to 31 December 2013. The report also included performance information and details on the implementation of major internal audit recommendations.

Members were advised that the Plan had been broken down into four sections which were as follows:-

Section 1: Planned audit work

Section 2: Unplanned responsive work carried out in the period

Section 3: Progress on the implementation of audit recommendations

Section 4: Performance Information

Members were provided with an update for each section and were pleased that good progress was being made.

RESOLVED that:-

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| (1) the internal audit work completed in the period be noted; | All to note |
| (2) progress made by officer implementing previous audit recommendations be noted; and | All to note |
| (3) Information relating to Internal Audit's performance in the period be noted. | All to note |

7. RECOVERY PLAN PROGRESS REPORT 2013 ANNUAL STOCKTAKE.

The Committee received a report on the Annual Stocktake of the 2013 Recovery Plan which had been presented at Recovery Board on 11th December 2013.

Howard Monk, Head of Policy and Performance informed Members that the Commissioners had commented on the progress that had been made and were impressed with the New Mayor and Cabinet. It was noted that further improvements need to be made particularly in relation to Children's Services. It was reported that the Commissioners had outlined 4 issues to be looked at which were as follows:-

1. Budget Review – The key test was to agree and deliver
2. Boundary Review – Councillors work together amicably and well
3. Industrial Relations – It was recognised that Unions felt devalued by the process and this needed to be changed.
4. Children's Services – The Commissioners had advised that they were keeping a close eye on the progress being made as it was clear there were a number of red indicators.

It had been stated by Jo Miller, that following the first year of intervention a remarkable amount of work and progress had been made. It was the intention for a peer review to be carried out in June 2014 and there was still a lot of work to be done but the Council now need to show that they can stand on their own two feet.

Discussion took place with regard to an exit strategy from the intervention and what the purpose of the Recovery Board would be following the introduction of the Children's Trust. It was reported that discussion had taken place with the Board regarding the significant progress made but as there were still red indicators the Board will have a role to play.

Concern was raised in relation to the introduction of the trust and whether this would be a distraction for Children's Services and whether delays would occur from this. It was reported that there were two sides to be considered, Governance and Children's Services. The two reports would be pulled together.

Discussion also took place with regard to the budget and the concern that Children's Services would not deliver within the budget it had. It was reported that there were clear steps to be taken in order to make sure it was delivered. Members were advised that there were sufficient money within the budget, it was the way in which management take decisions to reduce the spending that needed to be improved.

RESOLVED that the report be noted.

All to note

8. UPDATE ON INFORMATION GOVERNANCE ISSUES

The Committee received an update report on the Council's arrangements for managing and controlling information, following a revisit of the Council's arrangements by the Information Commissioner's Office in December 2013.

The report showed that significant progress had been made since the original audit was completed in December 2012. It was noted that the Council can now show that it provided 'reasonable assurance' that controls and processes were in operation to minimise the risks of non-compliance with the Data Protection Act.

It was reported that some areas had not been agreed with the commissioners but these were under discussion. Updates on the progress made would be emailed to Members in due course.

Simon Wiles

Members were advised that a 1000 staff had been be given the training which should help raise awareness regarding breaches. Although the numbers of breaches had reduced they was still the need for staff to be more vigilant.

RESOLVED that:-

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|---|-------------|
| (1) the outcome of the information Commissioner's be noted; and | All to note |
| (2) support be given to the actions being taken to further strengthen the Council's arrangements. | All to note |

9. KPMG EXTERNAL AUDIT PLAN 2013/14

The Committee considered a report on the work that KPMG would undertake in order to deliver their Code of Audit Practice audit which would cover work on the financial statements and the value for money conclusion for the 2013/14 financial year. A copy of KPMG's plan was attached at Appendix 1 to the report.

Members were advised that the overall audit plan was unchanged from last year. The audit strategy and plan remains flexible as risks and issues change throughout the year. If any new risks emerge then these would be evaluated and a response will be provided accordingly. It was noted that ERP was highlighted at present as a significant risk as this was a new system and it takes time to transfer information from old to new systems. It was also noted that there was now a refreshed Audit Team, with John Prentice taking over as Director.

With regard to the Savings Plans, it was asked whether this would still be a risk after the budget was set. Members were advised that although there wasn't a concern regarding this, it was still identified as a risk to be aware of and following the impact of the government financial settlement, this would need to be assessed once we know where we are in terms of the programme. With regard to Digital Region, it was advised that negotiations were still on-going with regard to Legal/Financial matters.

Discussion took place with regard to timescales and the need for them to be realistic in order to deliver the budget.

RESOLVED that the External Audit Plan 2013/14 be noted. All to note

10. REVIEW OF PROGRESS IN IMPLEMENTING INSPECTION RECOMMENDATIONS WITHIN CHILDRENS SERVICES.

Members were presented with an update regarding progress made in implementing inspection recommendations in Children's Services. The report provided a position statement on the outstanding recommendations which members requested a further update be given including a clear indication of completion dates.

Members were advised that the inspection framework had changed recently and the Council were now subject to 2 single inspections, 1 of which was for Safeguarding and Looked after Children Services, and the other on the LA work on school improvement.

A lengthy discussion took place with regard to the outstanding recommendations which were as follows:-

Members raised concerns with regard to the large number of red indicators and the length of time taken for completion of recommendations. It was reported that there was a need to look at the Improvement/Services Plans to ensure that the Council delivers the quality of service expected. It was suggested that there was a need to take a more holistic view to the service and assess the most important elements. In relation to the indicators, Members were advised that a revised set of indicators were being worked upon which would be more reflective with the improvement plan.

In relation to agency staffing, it was indicated that there was no reference to the reduction of agency staff within the report which highlighted the concern regarding the budget and whether it was realistic. Members were advised that officers were very aware of agency staff budget proposals and this was explicit in the improvement plan. Agency staff had reduced from 120 to 73 and a revised recruitment process had been put in place which had improved the length of time to recruit. It was stated that officers were reasonably confident this would be met within the proposed budget. Members were also advised that through the introduction of tighter decision making, reductions had been made in placements for children in care and the numbers of children being fostered had increased.

With regard to child protection, it was reported that there was no excuse for not visiting a child, but it was highlighted that there was too much reliance made on the electronic system. Members were advised that monthly performance clinics had been introduced for each service where each issue is debated and an update provided, this ensures that each team manager had more responsibility over their areas. It was suggested that Members could be invited to observe the meetings. This was welcomed by Members in their role as Corporate Parents.

Eleanor
Brazil

A question was raised with regard to quality assurance in relation to inspections whether reports were quality assured. It was stated that the introduction framework for inspections had changed for example Ofsted were now looking at the 'journey of the child' and not just in terms of social care. There were concerns with regard to the early intervention arrangements which were in the process of being improved. This will continue to improve through the monitoring process.

In relation to partnership working, it was noted that our key partnership board was the Safeguarding Children Board which had recently recruited a new Chair. It was advised that the new Chair, John Harris had a considerable amount of experience in children's services and the matter of monitoring the effectiveness of multi-agency working would be an urgent item that the board would address.

With regard to Appendix 1 (page 149) and the implementation dates, Members sought assurance that these dates would be met. In relation to the Adoption Service, it was reported that this area was of particular interest to the Secretary of State and a significant amount of resource had been provided to improve this service. It was reported that matters highlighted for completion on the 31st January, 2014 were now put in place.

All to note

Members were also advised that policy and procedures had also been strengthened for supporting social workers with supervision and training. It was also advised that the introduction of the 'Life Story Books' had been completed.

Concern was raised with regard to the child's electronic case record and why this was only 50% complete. It was stated that staff need to ensure that they write down what had happened with cases. It was advised that following the meeting discussion would take place with staff to ensure that this issue is challenged to ensure staff, are aware of the importance of recording.

Eleanor
Brazil

Members overall concern was that the report being considered today wasn't in-line with the contents of the Improvement Plan as there were differences in completion dates etc. It was reported that work had taken place with regard to validating completion dates and prior to the next meeting the Plan would be revised to ensure these anomalies were removed.

Eleanor
Brazil

RESOLVED that:-

- (1) the updated position in respect of progress on Children's Services inspection recommendations be noted;
- (2) any outstanding actions that were now embedded in the new Improvement Plan or within service plans as set out in paragraph 6 of the report be noted; and
- (3) the report for the next meeting be fully aligned with the Improvement Plan including any revised completion dates.

All to note

All to note

Eleanor
Brazil/Colin
Earl