

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

4TH FEBRUARY, 2015

A MEETING of the AUDIT COMMITTEE was held at the CIVIC OFFICE, DONCASTER on WEDNESDAY, 4TH FEBRUARY, 2015.

PRESENT:

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

Councillors Craig Sahman and Andrew Bosmans

Kathryn Smart – Co-Opted Member

Also in attendance:

Colin Earl, Head of internal Audit  
Peter Jackson, Internal Audit Manager  
Simon Dennis, Senior Manager, KPMG  
Sarah Marshall, Customer Information Manager  
Helen Potts, Principal Legal Officer  
Simon Wiles, Director of Finance and Corporate Services

APOLOGIES

An apology for absence was received from Councillor Frank Jackson.

33. DECLARATIONS OF INTEREST, IF ANY

Kathryn Smart declared a non-pecuniary interest in relation to 'Section 3, Progress on the implementation of audit recommendations, of Agenda Item No. 8, 'Internal Audit Report for the Period September 2014 to December, 2014', (page 250 of the agenda papers), by virtue of working for RDaSH (Rotherham Doncaster and South Humber NHS Foundation Trust).

34. MINUTES OF THE MEETING HELD ON 20TH NOVEMBER, 2014

In referring to the second paragraph of bullet point 2, 'Health and Safety Audits', of Minute No. 32, the Vice-Chair, Councillor Richard Alan Jones asked whether there was an action plan in place for each premise that had not reached the required level. The Head of internal Audit advised that he did not have the

ACTION

Head of

information to hand, however undertook to provide Members with this information by email following the meeting.

Internal Audit

Arising from a query as to whether the actions to be taken by Officers at the last meeting, as highlighted in Minute No.'s 28, and 31, had been implemented, the Director of Finance and Corporate Services confirmed that a more detailed account of breaches to contract procedure rules would be included in future reports. Furthermore, in relation to the Strategic Risks Update, Members were assured that a report in respect of Health and Safety risks would be brought back to a future meeting of the Committee.

Director of Finance and Corporate Services

Head of Policy and Performance

RESOLVED that the minutes of the meeting held on 20th November, 2014, be approved as a correct record.

All to note

35. COVERT SURVEILLANCE - REGULATIONS OF INVESTIGATORY POWERS ACT – UPDATE (Minute No. 4, 17th July, 2014)

Further to the above Minute, Helen Potts, Principal Legal Officer presented a report, which reviewed the use of the Regulation of Investigatory Powers Act and its Policy during the past year and proposed revisions to the RIPA procedure to reflect the use of social media.

Members noted that since the last update report two applications had been made to the magistrates to use surveillance, both of which were approved. Details on surveillance activity were attached at Appendix 1 to the report. It was also noted that the last external inspection was carried out in October, 2012, following which an action plan had been put in place and implemented to strengthen the procedure, which had now been completed.

The Committee sought clarity on a number of aspects of the report, in particular in relation to paragraph 22.2, the gathering of evidence by Officers to assist in enforcement activities with regard to investigations involving social media and paragraph 27.3 with regard to the frequency of reports to the Audit Committee, as set out at Appendix 3, of the report.

In response to further questions and concerns relating to the use of social media and application to the RIPA Policy, in terms of protecting the Council from inappropriate use, Members were informed that it was important to distinguish between information gathering and surveillance. Specific training on the proposed revisions had been provided to Trading Standards staff who were most affected due to the nature of their work. However, it was recognised that all staff should have an awareness and

knowledge of the Policy. Arrangements would be put in place to address this via the Communications team, to raise awareness amongst staff, possibly via the Council's Intranet news page, spotlight on managers, via the Chief Executives column or an Intranet news story, as an opportunity to inform staff of the revised policy when using social media. The Committee was supportive of this.

Senior Legal  
Officer

RESOLVED that

- (1) the RIPA applications that have been completed since the July 2014 report, as attached at Appendix 1, be noted.
- (2) the RIPA policy and procedure at Appendices 3 and 4, be approved and endorse the revisions set out at Appendix 3, at paragraph 22 relating to the use of social media and at paragraph 27.3 on the frequency of reports to Audit Committee, be approved;
- (3) the two new statutory codes of practice that became law on the 10th December 2014; be noted; and
- (4) arrangements be put in place to raise staff awareness with regard to the use of social media and application to the RIPA Policy.

All to note

All to note

All to note

Senior Legal  
Officer

36. INFORMATION GOVERNANCE PROGRESS REPORT

The Committee received a report setting out the arrangements the Council now had in place for dealing with Information Governance. The report highlighted the Council's position prior to the appointment of the current Senior Information Risk Owner and the establishment of the Information Governance Team that was responsible for:

Data Protection;  
Freedom of Information;  
Information Management;  
Records Management; and  
Local Government Ombudsman enquiries and complaints.

Whilst significant progress had been made since 2011 and a corporate framework was now in place for Information Governance, it was noted that further work needed to be done. The consensual audit undertaken late in 2012, assessed the Council overall as having 'Limited Assurance' and made 34 recommendations for improvement. The Council had now implemented these recommendations which were on-going. As a

consequence of this, the Information Commissioner in December 2013, increased the overall assessment of the Council to 'reasonable assurance'. The report highlighted a number of key actions still to be progressed including, the rationalisation of paper records and the introduction of automated and efficient data archiving, retention and disposal.

Specific areas of concern were raised by Members regarding data being used inappropriately, not being removed in a timely manner or being inadequately destroyed.

Assurances were given that arrangements in place for administering the use of information should prevent these occurrences. Members were also provided with details of the costs of storing data, retrieval of documents held in storage and arrangements for dealing with data protection breaches.

Members were pleased with the progress to date and noted further work to be undertaken. However, Members requested that a progress report on the electronic and physical storage of records, including the options considered, reasons for the recommended option and associated costs, be presented to the Committee's meeting in November.

Director of Finance and Corporate Services

RESOLVED

- (1) the contents of the report, be noted; and
- (2) a report on the electronic and physical storage of records, including the options considered, reasons for the recommended option and associated costs, be presented to the Committee's meeting in November.

All to Note

Director of Finance and Corporate Services

37. 2013/14 ANNUAL GOVERNANCE STATEMENT – PROGRESS UPDATE (Minute No. 13, Audit Committee – 17th July, 2014)

Further to the above Minute, the Committee was updated on the progress being made in implementing the improvement plan arising from the 2013/14 Annual Governance Statement.

In considering the report, Members sought assurances on the sustainability of actions identified in the Plan. In particular, reference was made to Improvement Issue 3, 'Direct Payments' and Improvement Action 10, 'Safeguarding Personal Assets' within the Adults, Health and Wellbeing Area. The Director of Finance and Corporate Services indicated that he did not have the information to hand, however undertook to speak to the relevant Director to provide this information.

Director of Finance and Corporate Services

Further to clarity being sought in respect of Improvement Action 12, in relation to 'the Interim Head of Corporate Accounts overseeing the final accounts process', it was reported that this was now a more sustainable situation. The accounts were now closed two months earlier than before which was an enormous undertaking. It was reported that the second phase of the financial system was soon to be implemented and it was anticipated that an interim person was to be employed on a six month contract to assist with this. It was envisaged that a more permanent structure would be put in place thereafter.

Following further questions from Members in relation to Improvement Issue 2, 'Respite Care Overpayments', Members requested that it would be helpful to include in future reports, an indication of when work was completed. The Head of Internal Audit confirmed that he would provide this information in future update reports.

Arising from a query in relation to data capture across the authority in respect of Improvement Action 13, 'Data Quality Arrangements', the Director of Finance and Corporate Services advised that a report in respect of this issue would be submitted to the Committee's meeting in November.

During discussion in relation to Improvement Action 13, 'Data Quality arrangements', the Committee felt that it would be beneficial to appoint a Member Information champion and that this responsibility should fall under the Mayor's remit, therefore the Director of Finance and Corporate Services agreed to speak to the Mayor in this regard.

RESOLVED that the update report on the progress that had been made against the improved issues identified in the Council's 2013/14 Annual Governance Statement, be noted.

38. INTERNAL AUDIT REPORT FOR THE PERIOD: SEPTEMBER 2014 TO DECEMBER 2014

Colin Earl, Head of Internal Audit presented a report, which provided an update on the work carried out by Internal Audit for the period 1st September 2014 to 31st December 2014 and showed this in the context of the Audit Plan for the year. The report also included performance information and information on the implementation of major internal audit recommendations.

In relation to Section 2, 'Unplanned responsive work carried out in the period', Members were informed that there had been an increase in this area of work during the reporting period and that

The Head of Internal Audit

Director of Finance and Corporate Services

Director of Finance and Corporate Services

All to Note

this would reduce contingency capacity for this type of work in the coming months. Members noted that arising from this work, a report would be presented on financial management arrangements in the Markets Service to a future meeting.

Head of  
Internal Audit

Arising from a query from a Member requesting that the Committee receive an annual report on the work being carried out by the Internal Audit team in respect of the Children's Trust, it was reported that Internal Audit had been appointed as the Trust's internal auditor until March, 2016, to undertake work relating to Foster Care and Overpayments. The Director of Finance and Corporate Services advised that the Audit Committee did not have any jurisdiction over the Trust, and that the Children and Young People Overview and Scrutiny Panel would be monitoring the operation of the Trust.

In relation to Section 3, 'Progress on the implementation of audit recommendations, Members raised particular concerns with regard to the number of outstanding recommendations that had passed their original date for implementation, namely in relation to 'Section 117 After Care (Payments re. Mental Health Care, Adults and Communities), therefore, the Committee instructed that the relevant Assistant Director attend a future meeting of the Committee to explain why the recommendations they were responsible for had not been actioned within the agreed timescales.

Head of  
Internal Audit

Clarification was sought as to whether the Council had carried out an assessment in relation to the fraudulent use of Blue Badges. Members were informed that compliance in this area was currently being reviewed. In terms of planned work, Internal Audit had met with Managers to put together an Action Plan, which would be submitted to the Committee for comment at a future meeting.

All to note

The Committee sought an update on the outstanding work in respect of 'Debtors bill or records are inaccurate or incomplete' and 'Debtor income is not collectable or enforceable'. The Head of Internal Audit reported that both issues had related to the production of management reports. The original implementation date was for last year but there had been a slight slippage. It was explained that the problem had arisen when trying to extract exception reports which had not been available in the quarterly report last year however, this would be rolled out in the timescales as outlined in the report.

All to note

In response to a query from the Chair regarding the responsive work undertaken regarding the governance at Danum Drainage Board, Members were informed that a report was to be submitted

to the Committee at its next meeting in April.	All to Note
<u>RESOLVED</u> that	
(1) the internal audit work completed in the period, be noted;	All to Note
(2) the progress made by officers in implementing previous audit recommendations, be noted;	All to Note
(3) the information relating to Internal Audit's performance in the period, be noted;	All to Note
(4) the relevant Assistant Director responsible for S117 refunds be instructed to attend a future meeting of the Committee to explain why the recommendations they were responsible for had not been actioned within the agreed timescales, in relation to Section 3, 'Progress on the implementation of audit recommendations.	Head of Internal Audit
39. <u>ARRANGEMENTS AND TIMETABLE FOR THE PREPARATION OF THE ACCOUNTS 2014/15</u>	
The Committee received a report which provided details of the plan and timetable for producing the 2014/15 Statement of Accounts. The deadlines for producing the draft accounts and the approved audited accounts were set out in regulation and were currently 30th June and 30th September, respectively. It was noted that the Government was proposing to reduce the timescale for producing and auditing accounts from the 2017/18 financial year.	
In referring to the final accounts close down timetable 2014/15, as detailed within Appendix 1 of the report, a Member queried whether the 3 outstanding issues (for Assets and Property, Technical Accounting and Assets and Property), in terms of the Valuation Reports, were on track for completion. The Director of Finance and Corporate Services advised that he was not aware of any concerns with regard to the aforementioned issues not being on target, however, undertook to provide the Committee with an update in respect of these issues at the next meeting on 22nd April, 2015.	Director of Finance and Corporate Services
<u>RESOLVED</u> that	
(1) the arrangements being put in place to close down future years' accounts and the draft timetable designed to meet the revised deadlines for 2014/15,	All to Note

be noted; and

- (2) an update on the 3 outstanding issues, in terms of the Valuation Reports, as outlined in Appendix 1 of the report, be submitted at the next meeting of the Committee in April, 2015.

Director of  
Finance and  
Corporate  
Services

40. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2013/14

The Committee received a report on KMPG's Certification of Claims and Returns Annual Report for 2013/14, which set out KMPG's certification arrangements, the Councils responsibilities in this area and matters arising from the audit of claims for this period.

It was noted that whilst many claims were audited by the Council the report presented to Members focused on claims and subsidies paid to the local authority by Government. Three claims and returns required audit certification related to:

- BEN01 – Housing Benefit subsidy claim
- CFB06 – Pooling of Housing Capital Receipts
- TRA11 – Transport claim (White Rose Way)

and no significant issues had been identified. However, the Council were in communication with the Department for Works and Pensions seeking clarity on the definition of a financial year, as the Council's financial year differed from that of central Government.

Members were also informed that the time spent by Internal Audit reviewing claims, would be monitored to assess the impact on delivering the Audit work plan.

RESOLVED that KMPG's report on Certification of Claims and Returns Annual Report 2013/14, be noted.

All to note.