

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 16TH JULY, 2015

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 16TH JULY, 2015, at 2.00 pm.

PRESENT:

Chair - Austen White
Vice-Chair - Richard A Jones

Councillors Susan Durant, John Healy, Alan Jones and Smart.

ALSO IN ATTENDANCE

Mr Philip Beavers, Mr David Harle, Ms Monica Clarke and Parish Councillor Richard Johnson.

Scott Cardwell, Assistant Director of Development
Colin Earl, Head of Internal Audit
Peter Harrison, Corporate Health and Safety Manager
Roger Harvey, Assistant Director of Legal & Democratic Services & Monitoring Officer
Tracey Harwood, Head of Asset Management and Client Rationalisation
Howard Monk, Head of Policy and Performance
Faye Tyas, Head of Financial Management
Mick Wildman, Technical Accounting Manager
Clare Edgar, KPMG
Louise Booth, KPMG

1 **Declarations of Interest, if any**

There were no declarations made at the meeting.

2 **Minutes of the meeting held on 22nd April, 2015**

RESOLVED that the minutes of the meeting held on 22nd April, 2015, be approved as a correct record.

Following approval of the minutes and further to a request from the Chair, the Head of Internal Audit updated Members and provided assurances regarding implementation of the actions highlighted in the minutes from the last meeting.

3 **Order of Business**

At this point of the meeting the Committee agreed to the variation of the order of business by considering Agenda Items 12, 13, 14, 6 and 15 before returning to the order of business as specified on the agenda.

RESOLVED that in accordance with Council Procedure Rule 4, the Order of Business be varied as specified above before returning to the order of business specified on the agenda.

4 Statement of Accounts 2014/15.

Members were presented with a report that detailed the Council's unaudited Statement of Accounts for the 2014/15 Financial Year and outlined the overall financial position for the year. The Committee was informed that this year, the Council were looking to finalise and publish their accounts by 16 September, two weeks earlier than the statutory deadline of 30 September, 2015.

In line with IFRS accounting standards, the accounts had been signed off by the Chief Financial Officer on 30th June, 2015 and would now be presented to KPMG for auditing. The Committee was informed that the result of the external audit by KPMG would be presented at their next meeting on 16 September, 2015. Prior to this, the accounts would be placed on 'public deposit' for a 4 week period from 20 July 2015 and were published on the Council's Website on 26 June, which aimed to increase transparency and openness.

Further to consideration of the report, Members had a brief discussion where they were given the opportunity to raise any concerns and clarity was provided on a number of issues including the following issues:-

- Revaluations
- Business Rates
- Pensions and the transfer of NHS Pension Schemes
- HRA Deficit
- The Councils Insurance Fund
- Waste Management PFI
- The increase in debtors in this year from last and what was being done to reduce this figure
- Assurances on the ERP system
- The Net figures for non-current assets
- Valuations of works of art
- Assurances on the provisions in the accounts
- Income and Expenditure and the current overspend in Children's Services

A thorough debate was held on this report, and Members raised points with which they had concern. Officers endeavoured to answer the issues and questions raised but where they didn't have the information, to hand, assured Members that they would provide them with this information at a later date. Additionally, any issues that had been raised at the informal training session prior to the commencement of the meeting were included and would be responded to by the appropriate officer.

RESOLVED that the Audit Committee note the 2014/15 Statement of Accounts.

5 2014/15 Annual Governance Statement.

Members were informed that it was a statutory requirement by virtue of the Accounts and Audit Regulations (England) 2011, that an annual review of Governance arrangements was carried out and the subsequent publication of an Annual Governance Statement be undertaken. The governance arrangements that had been held in place for 2014/15, had been reviewed and a new Annual Governance Statement had been drafted.

The Council was responsible for ensuring that its business was conducted in accordance with the law and proper standards, and that public money, was safeguarded, properly accounted for and used effectively. Members noted that Governance arrangements have improved each year since 2010, and were now more robust than ever, something of which the Council should be justifiably proud. There had been a great deal of input from Directors and Senior Officers, Staff within Audit, and the Mayor and Cabinet. However, there were still areas that needed further work, with the ultimate aim of moving from 'good' to 'great'.

Within the report, the Committee was informed that it detailed the Key areas of Improvement that had been highlighted for 2013/14, and raised areas of concern for 2014/15. These areas for concern included:-

- Procure to Pay
- The management of risks associated with Doncaster Children's Trust
- External Funding
- Doncaster Market

Members had a brief discussion regarding the information contained within the report, and were invited to put any questions to Officers. A query was raised by Kathryn Smart, regarding the claw back with regard to the White Rose Way Scheme as detailed on page 301 of the report, and Officers stated that they would provide that information. A brief discussion ensued on this issue, as it raised a number other additional issues and areas of concern. The Committee were assured that a report would be brought back to a future meeting in order to provide further information on this.

RESOLVED THAT:-

1. The Audit Committee note the report; and
2. The Audit Committee note that the Annual Governance Statement had been approved by the Executive Board, and the Mayor and Chief Executive would be asked to sign the Statement prior to its publication along with the Statement of Accounts in September, 2015.

6 Annual report of Monitoring Officer.

The Audit Committee were presented with the Annual Report of the Monitoring Officer, which provided information on ethical governance. It was essential to have robust ethical governance procedures in place in order to maintain openness, transparency and probity in the way in which the Council conducted its business. The report detailed all complaint handling over the last 12 months, in relation to both allegations of

Member misconduct and also details of any disclosures made by staff members under the Council's Whistleblowing Policy.

The Monitoring Officer, Roger Harvey, was in attendance at the meeting and introduced Mr Philip Beavers, Mr David Harle, Ms Norma McCarron and Parish Councillor Richard Johnson who had sat as Independent Members and the Parish Council Representative respectively on the Audit Committee's Hearings Sub-Committee. The Monitoring Officer expressed his thanks to these members for their input and hard work over the past years, formerly as members of the Standards Committee, and latterly as member of the Audit Committee Hearings Sub Committee following changes brought about as a result of the Localism Act.

The report provided detailed that 2 complaints had been made against Borough Councillors in the last 12 months. One had been made by a member of the public with regard to the Councillors handling of a Planning application and their lack of communication, whilst the second related to a Councillors involvement in a private law case. Both cases were dealt with by the Monitoring Officer and Phil Beavers, the designated Independent Person (IP). In respect of Parish Councillors, The Committee noted that the Monitoring Officer and the IP had been heavily involved with one Parish council and its ongoing tensions. Work had been done to resolve these, with a lot of time dedicated to this by the IP and it was hoped that this had gone a long way to resolving the problems.

In terms of the Parish Council representation on the Hearings Sub-Committee, Members were informed that this would cease to continue in the future once their Term of Office had ended as there was no longer a statutory requirement for this. In response to this issue, Councillor R. Allan Jones queried if this was a good move, and felt that some areas of connectivity would be taken away with this. However, the Parish Councillor representative, Richard Johnson confirmed that he felt this was the right decision, and had no concerns as the feeling of independence was retained with the Independent Members.

With regard to the Whistleblowing Returns for 2014/15, the Monitoring Officer informed Members that there had been none for this year. Whilst it was a good thing, there is the possibility of this resulting from general unawareness of the Policy, its procedures and the protection offered within the procedures, to potential whistleblowers.

Members were informed that the Whistleblowing Policy was included as a separate item on the agenda and further discussion could be held on this issue at this point.

Some discussion on the issues raised within the report ensued, but Members were largely happy with the content and details provided to the Committee and felt that the report reflected the journey the Council had been on and demonstrated the positive changes that had been brought about in recent years.

Following conclusion of the discussion, the Chair and Committee wished to place on record their gratitude and thanks to Phil Beavers for all his hard work and effort over the past year.

RESOLVED that the Audit Committee:-

- 1) note the Monitoring Officer's report on complaint handling activity for the period 1st April, 2014 to 31st March, 2015;
- 2) recommends to Full Council that Parish Council representation on the Audit Committee's Hearings Sub Committee should cease with immediate effect for the reasons outlined in Paragraph 7 of the report; and
- 3) note the whistleblowing returns for 2014/15.

7 Revised Whistle-Blowing Policy.

Members considered a report that detailed the revised Whistleblowing Policy which aimed to encourage employees, workers, service users, stakeholders and members of the public to report any concerns to the Council. The Policy aimed to encourage employees with serious concerns to voice these concerns without fear of reprisal. Members were asked to note the following amendments to the Policy:-

- The Policy applied to members of the public, stakeholders, and contractors as well as employees.
- Whistle blowers were asked to report their concerns to specific senior officers rather than to their managers. This ensured that senior management were aware of any matters and that the correct processes were followed and report to the Monitoring Officer for the annual report;
- The Policy gave clearer guidance as to what was considered to be the sort of matter that amounted to whistleblowing allegations;
- A factsheet and flow diagram had been drafted to assist people understand the policy;
- A number of good practice whistleblowing policies were considered when redrafting the Policy together with recent reports from Rotherham Metropolitan Borough Council and the NHS regarding whistleblowing.

Members noted that any concerns raised, would now be directed to the Head of Internal Audit, Director of Finance and Corporate Services, the Monitoring Officer or the Chief Executive. The Committee discussed the issues presented and hoped that the new policy would encourage people to come forward in the future, as although there had been a nil return for the previous year, they felt this wasn't necessarily a true reflection. The Committee were informed that the Policy would be taken to the Leadership Forum, and would be launched alongside the antifraud policy, and would be publicised on the Councils website to raise awareness of its existence and to encourage people to come forward with their concerns.

RESOLVED that the Audit Committee note the revised whistle-blowing policy.

8 Doncaster Market Review.

Members considered a report that summarised the findings of an audit of the financial and governance arrangements at Doncaster Markets, which also included some and elements of the Town Centre Management. Members were informed that the investigation had been undertaken following concerns raised by several market traders in reference to working practices within the Markets and Town Centre Management Team, with particular concerns raised on the following issues:-

- General administration;
- Allocation of pitches;
- Procurement; and
- Health and Safety.

Tracey Harwood, Head of Asset Management and Client Rationalisation, Peter Harrison, Corporate Health and Safety Manager, and Scott Cardwell, Assistant Director of Development were in attendance at the meeting in order to address Members concerns and answered any further queries they had on this matter.

Tracey Harwood reported that she had taken over the Markets Service in August 2014 and received a number of complaints. These matters were subsequently-addressed by colleagues in Health and Safety and Trading Services as there were a number of issues relating to their areas of expertise. Members were informed that a number of Action Plans have been put into place, with a number of recommendations being put forward as a result of the Audit. It is anticipated that all recommendations would be met by March 2016, and Members were advised that a dedicated Officer has been put in place with regard to Health and Safety matters, in order to provide on-going support to the Markets service.

At this point, in order to enable consideration of the contents of Appendices to the report which contained exempt information, it was:-

RESOLVED the public and press be excluded from the meeting in accordance with Section 100(A)(4) of the Local Government Act, 1972, as amended, on the grounds that exempt information within Paragraph 3 (Information relating to the financial or business affairs of any particular person, including the Authority holding that information) of Schedule 12 A to the Act may be disclosed upon consideration of Appendices 1 and 2 to the report.

A discussion was held with regard to the information contained within the appendices, and Officers endeavoured to provide assurance to Members that the issues and failings had been addressed and provided answers to any further questions.

[NOTE: Following consideration of the exempt appendices, the meeting re-opened to the public and press in order to consider the final outcome of the report].

Members acknowledged that improvements were now being made within Doncaster Markets. Actions have been put into place to ensure that rigorous checks were carried out. Processes have been tightened and were being monitored to ensure that problems of this nature-did not arise again in the future.

RESOLVED that the Audit Committee note the outcome of the Audit Review and the progress made to date to address the weaknesses identified.

9 External Audit progress report and technical update, June 2015.

A report was included on the agenda that gave a brief overview of the progress KPMG were making in delivering their responsibilities as the Council's external auditors. Members were informed that work would begin on the financial statements on 27th

July, 2015, and the finalised audited accounts would be presented to the Audit Committee at their September meeting.

RESOLVED that the Audit Committee note the content of the report.

10 Duration of Meeting

RESOLVED that in accordance with Council Procedure Rule 33.1, the Committee, having sat continuously for nearly three hours, agreed to adjourn the meeting, to be reconvened on Friday, 31st July, 2015, in order to consider the remaining items of business on the agenda.

CHAIR: _____

DATE: _____