

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 7TH APRIL, 2016

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE, DONCASTER on THURSDAY, 7TH APRIL, 2016 at 10.30 AM

PRESENT:

Chair - Councillor Austen White
Vice-Chair - Councillor Richard A Jones

Councillors Susan Durant and Alan Jones

Co-opted Members

Kathryn Smart

Also in attendance:

Simon Wiles, Director of Finance and Corporate Services
Damian Allen, Director of Learning and Opportunities (CYP)
Leanne Hornsby, Head of Business Transformation and Management Support (CYP)
Denise Bann, Head of Procurement
Colin Earl, Head of Internal Audit
Peter Jackson, Internal Audit Manager
Jillian Burrows, KPMG
Claire Partridge, KPMG

46 DECLARATIONS OF INTEREST, IF ANY

In accordance with the Members' Code of Conduct, Kathryn Smart declared a non-pecuniary interest in relation to Agenda Item No.7 by virtue of her being an employee of RDaSH.

47 MINUTES OF THE MEETING HELD ON 27TH JANUARY, 2016

RESOLVED that the minutes of the meeting held on 27th January, 2016 be approved as a correct record and signed by the Chair subject to the following:-

Deletion of Smart within the attendees; and

Item 41, paragraph 5 to read 'that managers would put estimates in that were realistic'.

Action

All to note

All to note

48 ORDER OF BUSINESS

In accordance with Council Procedure Rule 4, the Committee agreed to the variation of the order of business that Agenda Item 7 be considered as the first item on the agenda.

All to note

49 FINANCIAL AND PURCHASING AND CONTRACT PROCEDURE RULES.

The Committee received a report which provided details of Waivers and Breaches to Contract Procedure Rules (CPRs) for the period 1st October, 2015 to the end of March 2016.

The table at Paragraph 2 of the report identified the number of new waivers and breaches recorded by each Directorate since the last audit report presented in November 2015. Details of each waiver and breach were summarised in the appendices to the report.

Members noted that four breaches to CPR's had been reported for this period, details of which were set out at Appendix 1.

There were two new breaches of CPR's reported to the Audit Committee in November, 2015, as well as updates to five existing unresolved breaches. Since that time, two of these breaches had been remedied and contracts were in the process of being awarded in respect of Mortuary Services and CCTV services. However, the five remaining unresolved breaches were detailed within Paragraph 14 of the report for Members' information.

It was further reported that 28 waivers to CPR's had been approved during this period, details of each waiver were set out at Appendix 2 of the report.

Following the brief introduction of the report, members raised the following comments/concerns:-

Councillor Susan Durant asked what the justification was in providing an extension to the New Horizons contract as the former grant had not been fully utilised. Councillor Durant asked for a response to be provided.

Denise
Bann

A number of other concerns were raised with regard to the current waivers and breaches within Learning and Opportunities (Children and Young People) Directorate and whether the practices now in place would ensure procurement was done in a timely manner and whether the Director was comfortable with the action plan produced. It was advised that those concerns were shared and new arrangements were being put in place to ensure CPR's were complied with. Audit was being carried out in relation to breaches. Mandatory manager training was being provided to ensure managers understood their

responsibilities in relation to compliance with the CPR's. Damian Allen, Director, assured members that he felt comfortable with the actions taken so far and an update report would be brought back to the next meeting of the Audit Committee.

Damian Allen

The Chair requested an update in relation to the 5 remaining unresolved breaches set out within paragraph 14 of the report. Members were provided with the following details:-

Doncaster Mind & Changing Lives – It was advised that an extension had been given as this matter would now be dealt with as part of a wider review for transforming the service and it would be concluded within the next 6 months.

Older Peoples alarm scheme – It was reported that a report was being produced which outlined a number of options. The report would be processed through Directors and Leadership Team and a further update be provided in the next report.

Denise Bann

Springwell Lane and Lanark Drive – It was noted that Springwell Lane had now been transferred to Clinical Commissioning Group (CCG) from the 1st April, 2016. Discussions were still ongoing with regard to Lanark Drive, Members would be informed once an update was available.

Denise Bann

Solar Centre – Members were advised that the current situation remains the same as before. There were individual reviews taking place and the team were keeping a close eye on the situation. An update would be provided within the next report.

Denise Bann

Autism Family Practitioners – This breach had now concluded.

The Chair asked that it be made clear to Managers that the breaches were being looked at by the Audit Committee and an update would be sought with regard to all breaches.

All to note

The Chair asked what the current position was with regard to DIAL Doncaster and whether market testing had been carried out. It was advised that the contract was out to tender at present and the service area had been involved in the market exercise. Further details would be made available in due course.

Denise Bann

Clarification was sought in relation to the 4 items which were over the European procurement limit and what the risks were for the Council and how these were mitigated. It was advised that although there were risks these were minimal. The Council would prepare a Voluntary Ex-Antae Transparency (VEAT) notice which ensures openness and transparency within the market. It was noted that the time limit for any challenge would commence once the VEAT notice had been published.

A query was made in relation to 24 month contract for RDaSH to provide 0-5 Public Health Services and whether this was sufficient time for such a complex contract. It was advised that the matter had been discussed with the Director for Public Health at length and 2 years had been agreed. It was advised that there was still a great deal of work to be carried out.

A suggestion was made to add a column to the table which identifies the name of the responsible Director. It was noted that this would be added for future reports.

Denise
Bann

RESOLVED that the information and actions contained in the report, regarding waivers and breaches of C.P.R's, be noted.

All to note

50 STATEMENT OF ACCOUNTS 2015/16 UPDATE.

The Committee was provided with an update on the Statement of Accounts for 2015/16.

Members were informed that process was underway with no major issues reported to date. Weekly final accounts meetings were taking place within Financial Management to monitor progress against the agreed timetable.

A summary of tasks to date together with a summary of approaching key deadlines from the timetable was detailed in the table at Paragraphs 5 and 6 of the report.

Following the update, Members were given the opportunity to raise any comments and questions. A query was made in relation to the changing of banks and whether anything had come to light from the change. It was advised that although there had been nothing relating to the closing of the accounts there had been some issues particularly in relation to bank card restrictions which were now being resolved.

In relation to the table shown at paragraph 6 it was reported that the first two activities were now complete and although there was an impact of the virus threat this week the activities generally all remained on track.

Jillian Burrows from KPMG stated that the majority of the interim work was complete and the team were expecting to commence work on the financial statements in July and there were no issues to bring to Members attention.

All to note

RESOLVED that the report and its findings, be noted.

All to note

51 COVERT SURVEILLANCE - REGULATION OF INVESTIGATORY

POWERS ACT 2000 (RIPA) UPDATE.

Further to the above Minute, the Committee considered a report which provided an update of RIPA applications completed since April, 2015 and the outcome of such matters. The report also set out the action plan following the inspection carried out by the Assistant Surveillance Commissioner H. H. Norman Jones QC on 19 January, 2016.

It was reported that although there was nothing to add to the report, members were advised that a new authorisation process highlighted at Appendix 3 was now operating. It was also noted that an external trainer was providing officers with training on Trading Standards issues.

All to note

Members expressed disappointment in relation to the recommendations made by the Commissioner. It was reported that there was conflict with the magistrates as when the applications go to court they were not challenged.

With regard to training, it was asked whether the training being provided was to supplement the e-training which can be accessed via the intranet/website. It was advised that the training being provided was geared towards those staff that carry out surveillance, the e-learning training was more general.

A query was made seeking clarity on whether the use of the procedure was worthwhile and providing value for money. It was advised that there were many forms of enforcement that can be used, covert surveillance was just one of those tools. It was suggested that to not have the procedure at the Councils disposal would limit opportunities to prevent illegal activities. It was suggested that for future reports more detail be added in relation to the number of premises visited as it stood didn't provide Members with the true picture.

Helen Potts

It was stated that in past years other methods of obtaining intelligence had been used and through better training, other ways of getting information have been devised. Members were advised that the forms completed state why no other options were available other than covert surveillance. It was suggested that Members of the Committee carry out a visit to the Trading Standards office which had proved useful in the past.

Helen Potts

Further discussion took place with regard to the inspection report from the Commissioner. Members' expressed disappointment to not having an overall conclusion from the inspection. It was also suggested that refresher training be provided every 12 months.

With regard to the Policy, it was asked what changes had been made so far. It was reported that with regard to the covert surveillance forms, these are checked by Helen Potts, Principal Legal Officer and a copy is kept for the central records, the form would then go to the Magistrate for decision. With regard to refresher training, this would be altered to every 12 months and further changes to the procedure were

Helen Potts

highlighted within the Action Plan at Appendix 2 of the report. It was also advised that all changes would also be made available via the Councils Intranet/Website.

Helen Potts

It was asked how much notice was given to the Council prior to the Inspector's arrival. Members were advised that a period of 6 weeks would be given. It was suggested that Members be advised of future inspection prior to their arrival.

Helen Potts

RESOLVED

(1) that the inspection report at Appendix 1 and the Council's action plan at Appendix 2, (the inspection was carried out by the Surveillance Commissioner HH Norman Jones QC on 5th January 2016), be noted;

All to note

(2) to note the 6 RIPA applications that have been completed in the year from April 2015 and the update of the outcome of these matters shown at Appendix 3. Five matters have been authorised since the last report on RIPA was brought to the Audit Committee in September 2015 and two of these have been concluded, the details of the outcome of these are only briefly mentioned to avoid prejudicing the on-going cases. No RIPA applications have been refused by the Magistrates during the period to which this report relates;

All to note

(3) the Council's RIPA procedure is reviewed as part of the yearly report and this has been amended in response to the inspection which is detailed in the action plan at Appendix 2. The current amended procedure is attached at Appendix 4.

All to note

52 QUARTER 3 2015/16 STRATEGIC RISK REGISTER UPDATE.

Members received a progress update on the strategic risks for Quarter 3 2015/16.

It was reported that a review of Strategic Risks had been undertaken as part of the challenge process to ensure that the strategic risks reflected the priorities in the Corporate Plan for 2015/16. Members noted that there were currently 18 strategic risks identified. As a result of the Q3 review no risks had been nominated for demotion and no new strategic risks had been identified.

Following the request from the Audit Committee, it was reported that there was now a clear definition between the current risk and target risk within the attached Appendix.

Further clarity was sought with regard to the process followed by officers to reach the required target risk scores and whether assurances can be given to Members that the correct procedures were being followed and monitored. It was noted that a meeting had been due to take place with the Vice-Chair but as yet this hadn't happened. Following the meeting, officers would investigate the matter and liaise with the Vice-Chair in due course to ensure the meeting goes ahead.

Simon Wiles

The Chair suggested that the Committee look at specific risks from a positive stance in more detail and ask Directors to attend future meetings in order to explain the risk management process within their responsibility. It was suggested that this could be accommodated through the construction of a timetable as to who would be attending when to take into account other reviews and reporting to the various risks.

Simon Wiles

An update was requested with regard to objectives in partnerships identified at the last risk on the appendix. It was reported that the item was still progressing albeit the schedule of partnerships and lead officer list being 99% complete. An assessment of the arrangements for partnerships would be carried out in due course and once this was completed an update would be forwarded to Members.

All to note

A query was made in relation to Public Health and whether there were further elements for example life expectancy which should be identified. It was noted that Public Health were currently having an Annual Review of their processes but this would be flagged up with the report author for future reference.

Sennette
Wroot

RESOLVED that the report and the strategic risk profiles as set out at Appendix A of the report, be noted.

All to note

53 ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2015/16.

The Committee considered a report which provided information on the work of Internal Audit during 2015/16 and its overall opinion on the Council's system of internal control. The report also referred to the formal review of the effectiveness of Internal Audit required to be completed in accordance with the Accounts and Audit Regulations 2015.

The key headlines from the annual report were attached at Appendix 1 to the report

The Head of Internal Audit confirmed that the Council's system of internal control for 2015/16 was adequate and operated satisfactorily during the year.

Members were informed that two new areas to be considered for

inclusion in the Council's 2015/16 Annual Governance Statement (AGS) had been identified as:

- Direct Payments
- Supporting Adults Personal Assets Team

Updates had been provided on three other Items which were included in the 2014/15 AGS:

- Core Financial Processes – Debtors
- Core Financial Processes – Creditors (Procure to Pay) System
- Doncaster Markets

Members were advised that following the completion of the recent self-assessment it was noted that a peer review on compliance was also due to be undertaken.

Concern and disappointment was expressed with regard to the lack of progression and explanation for delays on the recommendations made by Internal Audit and whether there were mechanisms in place to improve the position. It was reported that there was greater analysis now available through working closely with directorates. It was suggested that if there were any specific areas of concern these could be highlighted and the officer responsible be invited to the Audit Committee to provide an explanation.

An explanation was sought in relation to paragraph 13 of the report where 2 further areas for improvement had been identified. In respect of (1), it was stated that more thought with regard to value was needed along with more recording of decisions. In relation to (2), it was reported that not all assurance came from the audit function. Identifying management controls were a sizeable task to carry out so it was envisaged that further time was needed to be spent on identifying where assurances came from.

It was asked whether the team felt part of Team Doncaster. It was reported that good communication and conversations take place with departments and the team feel that the work they do was valued and there was no resistance from departments when issues were brought forward. This was also noted by the 100% satisfactory rate identified on page 93 of the report.

An update was requested with regard to Procure to Pay (P2P) and whether any progress had been made. Members were advised that the process was now close to conclusion. In relation to the SAPAT system there had been progress made, this remains an extensive piece of work. Further updates would be provided to Members in due course.

A further report would be presented to Committee once the work was complete. A query was made in relation to the financial risk to the

Colin Earl

Council. It was reported that the scale was unknown. It was envisaged that it would not be significant. A question was raised as to whether the Council charge a fee for the overseeing of assets. It was advised that this hadn't been taking place but in the future the Council would consider charging appropriately for this service.

RESOLVED

- (1) to note the Internal Audit Annual Report for 2015/16, including confirmation that the Council's system of internal control was adequate and operated satisfactorily during the year;
- (2) to support the conclusion that there was an effective Internal Audit in place for 2015/16; and
- (3) to note the Head of Internal Audit's self-assessment that the service is compliant with the UKPSIAS.

All to note

All to note

54 INTERNAL AUDIT PLAN - 2016/17.

The Committee was presented with the Internal Audit Annual Audit Plan for 2016/17.

The main points to note from the plan were outlined at paragraph 6 of the report.

The Chair asked whether the team were happy and confident that sufficient resources were available to carry out the work within the team. It was reported that in terms of the plan the team were confident this can be carried out although the SAPAT work was still unknown and if it was envisaged that backfilling was required then this would be accommodated.

A concern was raised in relation the Voluntary and Community Support Fund particularly with regard to Policies and Procedures that require some investigation. It was also stated that in terms of appraisals it was compulsory that Ward Councillors be included in the process which had not happened. Further information was requested on this matter and it was suggested that further discussion take place outside of the meeting in order to investigate the matter in more detail. Concern was also raised in relation to procedures within the Planning enforcement.

Colin Earl

RESOLVED that the 2016/17 Internal Audit Plan, be supported.

AUDIT COMMITTEE ANNUAL REPORT 2015/16.

The Committee was presented with the Audit Committee Annual Report for 2015/16, which set out key aspects of work undertaken by the Committee during the year. These were identified within paragraph 2 of the report.

Members were advised that the Audit Committee had been through a self-assessment exercise to try and promote how the Committee adds value to the Council achievement of good governance. Details of the specific areas where additional work had been reviewed were identified within the table on page 138 of the report.

A query was raised in relation to benchmarking with other authorities to identify any similarities and comparisons. It was noted that there would be some degree of consistency between the reports and the Council do benchmark and will continue to do so.

RESOLVED that the Audit Committee Annual Report for 2015/16, be noted

All to note