

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 26TH OCTOBER, 2017

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 26TH OCTOBER, 2017, at 10.00 am.

PRESENT:

Chair - Councillor Austen White

Councillors Iris Beech and David Nevett

APOLOGIES:

Apologies for absence were received from Councillors Richard A Jones, Susan Durant and Co-Optee, Kathryn Smart.

Also in Attendance:

Denise Bann, Head of Strategic Procurement
Patrick Birch, Programme Manager
Colin Earl, Head of Internal Audit
Nicola Frost-Wilson, Internal Audit Manager
Peter Jackson, Internal Audit Manager
Griff Jones, Assistant Director Adult Social Care and Safeguarding
Steve Mawson, Assistant Director of Finance
Clare Partridge, KPMG
Simon Wiles, Director of Finance and Corporate Services
Holly Wilson, Senior Category Manager, Corporate Procurement

86 **Quorum**

As apologies had been received from the Vice Chair, Councillor Richard Allan Jones and Councillor Susan Durant, there was no quorum present at the commencement of the meeting. Further to confirmation that Councillor Nevett would be in attendance and was on his way, it was agreed that the meeting stand adjourned until he arrived.

87 **Adjournment of Meeting**

RESOLVED that the meeting stand adjourned at 10.00 am in order to await the arrival of Councillor David Nevett in order to achieve Quorum for the meeting to go ahead.

88 **Reconvenement of Meeting**

The Audit Committee reconvened at 10.30 am.

89 Declarations of Interest, if any

There were no declarations made at the meeting.

90 Minutes of the meeting held on 27th July, 2017

AGREED that the minutes of the meeting of the Audit Committee held on 27th July, 2017, be agreed as a true record and signed by the Chair.

91 Announcement by Chair

The Chair commented that this would be the last meeting attended by the Director of Finance and Corporate Services, Simon Wiles, before he left the Authority in January, 2018. On behalf of the Committee, Councillor White conveyed his thanks to Mr Wiles, thanking him for his work in taking the Council forward and for the support and assistance he had provided over the years both to himself in his capacity as Chair and to the Committee as a whole.

92 Audit Committee Action Log

The Committee considered the Audit Committee Actions Log which updated Members on any actions agreed by Members at previous meetings and that satisfactory progress was being made.

Members noted that good progress was being made, and out of the 17 actions detailed, 8 had been completed and would now be removed, 4 had not yet met their agreed action date, but were on track, and 5 were partially completed with 3 of these 5 relating to the breach relating to services provided from RDaSH through the Solar Centre. The final 2 actions, related to the provision and take up of training in relation to covert surveillance and Regulation of Investigatory Powers Act (RIPA).

Officers updated the Committee in terms of the actions detailed within the log and Members were invited to put any questions to Officers with regard to any concerns they may have. In terms of the backlog of assessments, (Item 6b, June 2017), queries were raised as to how it was anticipated the backlog would be reduced. Griff Jones, Assistant Director of Adult Social Care and Safeguarding, reported that it was hoped that this would be achieved by the utilisation of more social workers and provision of further training to staff. Furthermore, it was reported that an external provider would be brought in on a temporary basis in order to provide the ability to deal with the backlog in a timely and effective manner. As a result of this, Members requested that an update on this issue be provided at the next meeting of the Audit Committee in February, 2018.

With regard to the RIPA training still outstanding, the Chair requested that this be chased up by Officers to ensure that this was done, and on behalf of the Audit Committee, as Chair, he would ensure the relevant Members who had not yet completed this would do so.

RESOLVED that:-

- 1) The Committee note the progress being made against the actions agreed at previous Committee Meetings; and
- 2) All Members and Officers still required to complete their RIPA training be encouraged to do so as soon as possible; and
- 3) An update report on the Assessments Backlog as detailed within Ref. 6b of the Action Log be provided at the next meeting of the Audit Committee.

93 Breaches and Waivers to the Financial and Contract Procedure Rules.

Members considered a report that provided information relating to all waivers and breaches of Financial Procedure Rules (FPRs) and Contract Procedure Rules (CPRs) for the period 18 March to 30 September, 2017.

The last report of breaches and waivers was presented to the Committee in April, and the report detailed any further since this date. Members noted that there had been 7 breaches and 27 waivers, with the details of these summarised within the body of the report.

Since the last meeting of the Audit Committee, six of the breaches reported at that time, had been resolved, these being:-

- PD Resources
- Odgers Interim Management
- Autism Plus
- Appointment of Markets Management and Development
- AQUA MI System
- Nuway

A further 6 breaches detailed, were not scheduled to be resolved until the end of March, 2019 and therefore were not currently of grave concern. There still remained a further 5 outstanding breaches. These are detailed below:-

- Solar Centre
- Doncaster Mind and Changing Lives
- Managed Accounts
- Shop 4 Support
- Sony Music Downloads

Following consideration of the report and further to updates provided by the Assistant Director of Finance, Members were afforded the opportunity to speak on this item. Members noted that the majority of breaches and waivers reported, had occurred in the Adults, Health and Well-being Directorate, which Members voiced concern on. However, Officers provided assurance that this was largely due to the transformation ongoing within Adults. The commissioning of contracts in the future would be done in a different way, with a more holistic approach to ensure that all contracts ran for the same time period, and as a result a large number of waivers had been agreed prior to getting to this point.

Concerns were also raised with a number of other issues, including the Nuway Chamber system, which Members were informed had been resolved, and also the Re-read service, where concern was voiced in relation to Askern Library. However, Officers stated that they would ensure a written response was provided on this issue by Nick Germain, Communities, who was leading on this issue.

In terms of one of the outstanding breaches, Shop 4 Support, queries were raised on this as this remained a concern. Members were informed that Officers would be looking at options for this, and the best way to move forward with this. It was a complex situation, and needed looking at carefully before this was completed.

RESOLVED that:-

- 1) the Audit Committee note the information and actions contained within the report regarding waivers and breaches; and
- 2) Officers ensured that Councillors were provided with an update with regard to the Re-read Service at Askern Library.

94 Adult Social Care Commissioning Review Programme 2017-2021.

Patrick Birch, Programme Manager, Commissioning and Contracts was in attendance at the meeting to provide an update with regard to the Adult Social Care Commissioning Programme for 2017/2021.

Delivering effective commissioning and contract management was at the heart of the Authority's transformational ambitions and the Commissioning Plan represented a strategic approach to support the delivery of the Adults Transformation Programme. This would ensure that any future commissioning activity was evidence based, reflective of needs, and cost effective.

Members noted that a number of initiatives were required in order to deliver required budget savings, and the plan needed to be mindful of the bigger picture and ensure that it was able to deliver against its short term priorities, as well as build the foundations for the long term transformation.

There was a huge volume of work to be undertaken in order to drive the change, and it was important that it was prioritised in the correct order in order to ensure success. A lot of work was being carried out in terms of recruiting staff to undertake job roles, and there was a great deal of pressure and responsibility to ensure that the correct path was taken.

Further to the update provided, the Chair invited Members to put their queries forward to Officers in order that they had a clear understanding of what was being taken forward.

Concerns were raised with regard to project management plans, and how progress would be reviewed throughout the process. Members were informed that it was critical that strong plans were in place, and that they were clear on the resources needed to ensure good progress was made. Members noted that progress had been made over previous years, but there were still substantial improvements to be made.

Officers reported that progress of the programme would be monitored at all stages to ensure that performance was satisfactory, with reviews undertaken in many different remits, with Health and Well-being Board, OSMC and Audit all looking at the issues from their respective angles, and updates would be provided in a further 6 months' time to the Audit Committee.

RESOLVED that:-

- 1) The Audit Committee note the achievements made and the current workload of the team;
- 2) The content and ambition of the Commissioning Plan be noted, along with the resourcing requirements and implications associated with its successful implementation; and
- 3) The Director of People, or nominated deputies, be delegated the authority to agree and sign off the commissioning recommendations as the work plan is delivered and progressed.

95 Safeguarding Adults Personal Assets Team - Responsive Review.

The Head of Internal Audit, Colin Earl presented a report to the Committee with regard to a Responsive Review of the Safeguarding Adults Personal Assets Team (SAPAT). The report provided Members with further updates with regards to the issues uncovered and the significant weaknesses that had been found as a result of a review of the SAPAT.

The report considered by members was the final report to be received by the Committee, and provided a detailed progress statement.

Overall, Members noted that SAPAT was now in a much better position than it had been in the past, and a significant amount of work had been undertaken in order to improve systems processes and training in order that the Teams objectives and aims could be fulfilled. Testing by the Audit Service showed that progress had been made, and reassurance given. Whilst there were still some risks remaining, with some areas still requiring completing. However, it was felt that the service was now more 'business as usual' and could be removed from the 'critical list'.

Members welcomed the report, and took the opportunity following consideration to raise any final queries which officers endeavoured to provide clarity on.

RESOLVED that the Audit Committee note the progress of the Audit Review, Summary, the issues within SAPAT, and the progress made.

96 External Auditor (KPMG) Annual Audit Letter 2016/17.

Members considered the External Auditor Annual Audit Letter for 2016/17. KPMG had issued the Annual Audit Letter and signified the formal sign off of the Audit to the Audit Committee. This was attached as an Appendix to the report, and Clare Partridge, representing KPMG was in attendance at the meeting to respond to any queries from Members. In signing off the audit, the letter confirmed that the external auditor had agreed the following points:-

- Issued an unqualified opinion on the Council's core financial statements and associated disclosure note included in the Council's 2016/17 Statement of Accounts;
- Concluded that the Council had made appropriate arrangements for financial resilience and economy, efficiency and effectiveness in the use of its resources; and
- Issued an audit certificate to demonstrate that the full requirements of both the Audit Commission's Code of Audit Practice and the Audit Commission Act 1998 have been discharged for the year.

Members noted that an unqualified audit opinion on the Council's financial statements and a good value for money (VfM) conclusion indicated that there was robust internal control in place to safeguard council resources, and that the Council had proper arrangements to secure economy, efficiency and effectiveness in the use of these resources.

With regard to the VfM conclusion, Members were informed that the risk assessment had identified two significant issues, these being as follows:-

- Governance of the Children's Trust – the Q2 Finance and performance report had identified that of a £4m overspend, £3.2m of this related to the Children's Trust and it was a risk that there was insufficient governance in place with the Trust to verify that the payments delivered value for money.
- Also raised as a risk was the number of ongoing breaches and waivers occurring within Adults, Health and Well-being Directorate.

However, the Committee was assured that the Council were taking these issues seriously, and the External Auditors were comfortable with the arrangements in place during 2016/17.

The Committee were informed that there were no high priority recommendations arising out of the audit work for 2016/17, and only two medium priority recommendations. These related to IT User Documentation and Processing, and the standardisation of valuation certificates when

valuing assets held by the Council. It was noted that these recommendations would be implemented during the 2017/18 financial year.

RESOLVED that the Audit Committee note the contents of the Annual Audit Letter.

97 Internal Audit Progress Report for period: July to October 2017.

The Committee were presented with a report, that detailed the work undertaken by the Internal Audit Team for the period July to October 2017, and provided information on performance information, and incorporated an update on the Quality Assurance Improvement Plan (QAIP).

Members noted that there had been some revisions to the Plan, with four new items added, and two removed, which were all in response to emerging risks and concerns.

The report informed Members that a very high level of responsive work had been undertaken during the first half of 2017, further to requests from management which was important in order to address weaknesses and potential errors.

The six investigations that were currently ongoing were detailed in depth within the report, but were as follows:-

- Primary School – Loss of monies
- Adult Care Home Financial Review
- Street Lighting
- ICT Equipment Losses
- Server Charge
- Markets Contracts

Some of these pieces of work were nearing completion, but others still required ongoing work in order to reach a satisfactory conclusion.

Members were invited to put any concerns to Officers, or raise any issues of concern prior to agreement of the recommendations contained within the report.

One of the main queries raised was with regard to the high level of responsive work, and what effect this had on the 'day to day' work, and if there was a shortfall, could this be made up in order to ensure that there was no backlog? Members were reassured that whilst there had been some slippage, Officers were confident that this could be clawed back with accelerated progress made to ensure this. In terms of numbers, at the current time, it was estimated that they had delivered 38% of the work they had hoped to, but it was expected that by the end of the financial year that if 100% was not achievable, they would not be far behind that figure.

The responsive work, Members were notified, largely came from managers wanting to address any areas of concern in their service areas, with these often being new managers who were looking to make positive changes within teams. It was added, that there was no particular pattern as to which service area the responsive work arose in, and was largely spread across the Authority. Members noted that they would receive a further update on these issues at the February meeting of the Audit Committee, and if no positive changes had been achieved, the support of the Committee would be sought to tackle this with Managers across the Authority and their respective teams. However, plans were in place and the overall picture was more positive than it had been in the past.

RESOLVED that

- 1) The changes to the Audit Plan be noted by the Committee;

- 2) The internal audit work be noted;
- 3) The Audit Committee note the progress made by Officers with regard to the implementation of previous audit recommendations; and
- 4) The Audit Committee note information relating to Internal Audit's performance in the period, the arrangements made to manage the demand for responsive work and the progress made in implementing the actions set out within the Quality Assurance Improvement Plan.

98 Preventing and detecting fraud and error - April 2016 to September 2017.

Members considered a report that summarised the work undertaken by the Council between April 2016 and September 2017, with regard to preventing, detecting and investigating fraud and corruption in line with the Government's 'Fighting Fraud and Corruption Locally' Strategy.

Members noted that the overall incidence of fraud remained low in general terms when taken into comparison against the scale of the Council's activities.

Instances of fraud and error highlighted within the report include:-

- 782 Council Tax Single Persons Discounts cancelled - £195,500
- 3 prosecutions, 4 cautions and 3 pending cases relating to blue badge fraud
- Housing Benefit – Fraud and Error Recovery Incentive Scheme (FERIS) – £15,744

The report was welcomed, and Members commended the layout of the document, that was felt to be user friendly, clear and concise, and promoted the good work being done to tackle fraud across the Borough by the Authority.

RESOLVED that the Audit Committee note the production of the Fraud Response Report and agree to appropriate publicity being produced to highlight the outcomes from the Council's anti-fraud activity and act as a deterrent to fraud.

99 Income Management Progress Report.

The Committee were presented with a report that provided an update on the income management reviews that had been ongoing since December, 2015.

It had been identified in the 2015 Value for Money review, that there were savings that could be made across the Council, in the area of Income Management, and that in certain areas, income was not being maximised, and therefore the target of achieving an additional £100k income was put forward. Since this point:

- Reviews had been completed in 16 key areas;
- Corporate and service specific recommendations had been identified;
- The identification of £296k in additional income;
- Systems and process had been improved to ensure that billing took place for all goods and services.

Members were afforded the opportunity to comment on the report, and raised queries in terms of the £296k of additional billed income, and as to whether or not this was a one-off achievement or would be an ongoing income. Members were informed that of this, £120k was a one-off payment, but that £175k of this would be on-going which was pleasing to hear. Members noted, that largely the report provided good news, with some of the additional income being used to achieve savings targets, but in terms of certain collection and recovery

amounts, there were some outstanding debts that wouldn't be received and would be written off.

Further to a question from a Member on unbilled income, the Committee noted that there wouldn't be a great deal of additional money achieved from further areas as the top income areas had already been covered in the reviews undertaken so far.

RESOLVED that the Audit Committee note the progress detailed within the report and approve the actions taken in order to further improve income collection.

100 Quarter 1 2017/18 Strategic Risk Update.

Members considered the Q1 2017/18 Strategic Risk Update that provided information on strategic risks across the Authority.

Members noted that 3 new strategic risks had been identified for inclusion within the risk register, and would be profiled within the Q2 update report:-

- As a result of insufficient capacity and skills in AH&WB commissioning, contract management and monitoring not being effective, it had led to non-compliance with legislation and internal governance and delaying plans for joint health and social care commissioning.
- Workforce issues within AH&WB and support service, including vacancies, recruitment, staff development and sickness, reduce the ability to transform at the pace required in current plans, leading to an inability to modernise services sufficiently to achieve the requirements of the Place Plan and Medium Term Financial Forecast.
- An under developed local market and ineffective market management affects the ability to change services, leading to market instability and difficulty in meeting the needs of vulnerable people.

Further to the addition of the three risks as detailed above, Members noted that 14 risk profiles had remained the same, and mitigating actions had reduced two profiles, and only one profile had increased during this quarter.

The Chair invited Members of the Committee to put any questions forward to Officers, with queries raised on the following issues:-

- Devolution deal – Members were informed that this remained a high risk, as there may be big changes with regard to this over the next 12 months;
- Poverty and Deprivation – Further to Members comments that they would like to see this risk lowered, Officers informed the Committee that at the present time it remained a concern, but it was felt that the commentary needed updating on this issue, particularly in relation to the introduction of Universal Credit;
- Children and Young People – there were a number of risks still in place with regard to Children's Services, and it would remain this way for a considerable length of time. Children's Services remained in intervention, and with an Ofsted Inspection anticipated imminently, no updates on these risks could be provided at the current time.

RESOLVED that:-

- 1) Members note the report; and
- 2) Approve the inclusion of three new strategic Risks as detailed within the report.

CHAIR: _____

DATE: _____