



# Doncaster Council

## Agenda

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To all Members of the

# AUDIT COMMITTEE

Notice is given that a Meeting of the above Committee is to be held as follows:

**Venue:** Council Chamber - Civic Office, Doncaster, DN1 3BU

**Date:** Thursday, 21st June, 2018

**Time:** 10.00 am

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### Items for Discussion:

**Page No.**

1. Apologies for Absence
2. To consider the extent, if any, to which the Public and Press are to be excluded from the meeting.
3. Declarations of Interest, if any
4. Minutes of the meeting held on 5th April, 2018 1 - 8

**Jo Miller**  
**Chief Executive**

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Issued on: Wednesday, 13 June 2018

**Governance Services Officer for this meeting:** Sarah Maxfield  
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**Doncaster Metropolitan Borough Council**  
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**A. Reports where the public and press may not be excluded.**

5.	Audit Committee Action Log.	9 - 16
6.	Monitoring Officer Annual Whistleblowing and Standards Report 2017/18.	17 - 26
7.	Covert Surveillance - Regulation of Investigatory Powers Act 2000 (RIPA) Update.	27 - 30
8.	Unaudited Statement of Accounts 2017/18.	31 - 38
9.	Draft Annual Governance Statement 2017/18.	39 - 54
10.	Audit Committee Prospectus, Terms of Reference and Work Programme 2018/19.	55 - 70

**Members of the Audit Committee**

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

Councillor Iris Beech, Mark Houlbrook and David Nevett

**Co-opted Member:** Kathryn Smart

## DONCASTER METROPOLITAN BOROUGH COUNCIL

### AUDIT COMMITTEE

THURSDAY, 5TH APRIL, 2018

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 5TH APRIL, 2018, at 10.00 am.

PRESENT:

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

Councillor Iris Beech and Co-Opted Member, Kathryn Smart.

ALSO IN ATTENDANCE:

Peter Jackson – Head of Internal Audit  
Steve Mawson – Chief Financial Officer and Assistant Director of Finance  
Debbie Hogg – Director of Corporate Resources  
Karen Johnson – Assistant Director, Strategy and Development  
Griff Jones – Assistant Director, Adult Social Care and Safeguarding  
Holly Wilson – Interim Head of Procurement  
Patrick Birch – Strategic Lead, Adults Transformation  
Lee Garrett- Head of Service, Waste and Highways Infrastructure  
Alison Ormston, KPMG

APOLOGIES:

Apologies for absence were received from Councillors Susan Durant and David Nevett.

110 Declarations of Interest, if any

Kathryn Smart declared an interest in Agenda Item 7 by virtue of being a Director for RDasH, and in agenda item 15 as the report considered her reappointment to the Council, and left the Chamber during consideration of both items thereof.

111 Minutes of the meeting held on 1st February, 2018

RESOLVED that the minutes of the meeting of the Audit Committee held on Thursday, 1st February, 2018, be agreed as a correct record and signed by the Chair.

112 Audit Committee Action Log

The Audit Committee considered the Action Log which provided an update to Members on actions agreed during previous Audit Committee Meetings.

The Head of Internal Audit updated Members on progress made with regard to this and it was reported that since the last meeting, with regard to the 14 actions currently included on the log, 7 had been completed and would be removed from the next action log and 6 were on track and were scheduled for completion within the expected time. There was 1 that was

categorised as red and was currently behind schedule. However, Officers at the meeting assured Members that this was being looked at closely. This action related to the reconciliation of Business Waste and Recycling and the Head of Service for this service area was in attendance at the meeting to provide reassurance to Members that this would be completed by 30 April, 2018.

Members were invited to pose any questions on the issues contained within the report, and further assurances were sought with regard to the business waste and recycling action. Members were informed that a number of delays had occurred within the service due to the implementation of the new waste and recycling contract, but now this was in place, work was being done to ensure that this reconciliation was completed, and staff were confident that the deadline would be met.

A question was raised by the co-opted Member in terms of the GDPR training action. Whilst this was green, it was noted that all officers and Members of the Council had been required to complete on-line training, and in her capacity as a co-opted Member should she also undertake this. Whilst it was not believed to be mandatory for the co-opted Member, Officers commented that it may be beneficial to take the training.

RESOLVED that

- 1) The progress being made against the actions detailed within the Action Log since the last Committee Meeting was noted; and
- 2) Further updates be provided to the next Audit Committee Meeting.

113 Internal Audit Report - Deprivation of Liberty Safeguards (DoLS) - Process Review.

Members were presented with a report by the Head of Internal Audit that provided an update following an earlier report that had highlighted weaknesses in the Council's processes for managing and monitoring the carrying out of Deprivation of Liberty Safeguards (DoLS) assessments by the Council.

The Audit Review had resulted in a 'no assurance' opinion, which Members noted was the lowest level of assurance that could be given, and had resulted in 49 recommendations, 42 of which were scheduled for completion by 31st October, 2018. The Committee were informed that the response from Management had been very positive, with the Director of People and the Assistant Director of Adult Social Care and Safeguarding fully supportive of the actions required.

The Assistant Director for Adult Social Care and Safeguarding was in attendance at the meeting and responded to Members concerns. Following the presentation of the report, the Chair invited Members to put any questions to Officers.

In response to concerns regarding whether or not the deadline of 31 October was achievable, Members were assured that this was the case, and lots of progress had been made since the initial audit review. Members also raised concerns about a number of cases that the report stated were not currently allocated for assessment. However, it was noted that there were additional resources in place and all the new cases were on track, with all the historic ones now being dealt with and were beginning to reduce. Members were given a quick overview of the process involved from start to finish in order to enable them to get a better grasp of the course of action. Officers were confident that practices had improved and the procedures were a great deal timelier than in the past.

Members of the Committee asked Officers as to whether or not there was anything that they as Members could do to assist the process. However, the main requirement in order to

achieve the deadline of October was to ensure the administrative resources were in place to complete the work. However, an invitation was extended to Members of the Committee to visit the DoLS Team to see how the Team worked and assist with their understanding of the process and the problems they had come across.

RESOLVED that:-

- 1) The Audit Review and the actions taken to date to address the issues by the Adults, Health and Wellbeing Directorate be noted; and
- 2) A further report updating Members with regard to progress made on the actions be prepared for the July Meeting of the Audit Committee.

#### 114 Solar Centre - Update including Internal Audit Review.

Members were presented with an update report with regard to the current situation of the Solar Centre. The Solar Centre was a day centre for people with learning disabilities and the contract for this provision had expired in 2014 resulting in a CPR Breach which had been in place since.

The report considered by Members provided a backward looking review as to how the breach had occurred and what actions had been identified in terms of preventing future occurrences. The Head of Internal Audit gave a brief introduction to Members as to the history of the report, and the progress made, prior to inviting the Assistant Director of Communities to provide a further update.

A number of actions had been recommended by Internal Audit following its review, and progress was being made in relation to these:-

- Solar Centre, current situation resolution – allocate responsibility and produce a clear project plan with timescales;
- A review of all significant current contracts to ensure that full and current legal arrangements were in place;
- Review of the resourcing of the Adults Plan for dealing with contracts in breach /coming to an end to ensure further breaches were minimised and allocate responsibility and clear reporting lines; and
- Review of Adults Commissioning / Contracting arrangements

It was reported that a great deal of progress had been made, and more robust governance was now in place with regard to this with a number of joint reviews being undertaken by DMBC, the CCG and RDaSH in order to ensure the best possible outcome. Members noted that there were a number of users of the Solar centre with extremely complex needs, who in the future would continue to need building based services. Further discussions were required with users and their families to ensure provision for service users could be put in place.

RESOLVED that:-

- 1) The Audit Committee note that a project was now well underway which was closely aligned to local transformation priorities, initiatives and partnerships. (Milestones detailed in Appendix A to the report). Specifically the aim is for improved outcomes for people through services that are more aspirational and give greater choice and control for service users;
- 2) The Audit Committee note that commissioning decisions on the Solar Centre can only be taken in the context of the broader RDaSH project. Service User reviews and initial 'best interest decision' meetings have taken place and this has informed

strategic recommendations about future commissioning of services which will be presented to the Joint Board in April 2018; and

- 3) The Audit Committee note that Additional project and financial resources have been provided to enable the project to progress. This reflects the priority given to the project by the Council and its partners. Originally it was anticipated that the project would be completed by June 2018. However, delays during the reviews of and engagement with service users means that there will be slippage to the target end date. It was anticipated that work on the project would be completed by December 2018.

#### 115 Breaches and Waivers to the Council's Financial Procedure Rules and Contract Procedure Rules.

Members received a report that provided details of all the waivers and breaches to the Financial Procedure Rules (FPRs) and Contract Procedure Rules (CPRs) for the period 1st October 2017 to 28th February, 2018. The Committee noted that the report provided good news in that this contained the lowest number of breaches and waivers than there had been for a number of years.

The report detailed the number of new waivers and breaches reported since the last report received by the Committee, with 21 waivers and 1 breach, the details of which were included within the appendices to the report.

The breach referred to one within the Adults, Health and Wellbeing Directorate for the Agency Head of Support for Adult Social Care. There had been difficulties in recruiting to the permanent post due to the expertise required over a large area of operational practice but it was hoped that this would be resolved following the identification of a suitable candidate. The details of these were provided in more depth within Appendix 1 of the report.

With regard to the breaches, the report outlined that there had been 8 waivers within Adults, Health and Social Care, 2 within Learning and Opportunities, 6 within Corporate Resources and 5 within Regeneration and Environment, all of which were detailed within Appendix 2 to the report.

Members had some discussion on their concerns relating to the report, with some of the issues relating to timescales allowed for completion and whether or not they were realistic and achievable. Members felt that the reporting system should allow for some further grading of the breaches and waivers even if they hadn't yet been resolved, to indicate an assessment of progress being made. It was therefore suggested that an 'Amber' category be incorporated into the report in order to show these changes more clearly.

RESOLVED that the Audit Committee note the information and the actions contained within the report, with regard to breaches and waivers of Financial Procedure Rules and Contract Procedure Rules.

#### 116 Quarter 3 2017/18 Strategic Risk Update

The Committee considered a report that provided an overview of the Strategic Risks profiled in Quarter 3, 2017/18. It was reported that there were currently 22 strategic risks, all of which were updated for the Quarter 3 report, with 17 risks remaining the same, 2 risks have reduced as a result of the mitigating actions that had been put in place, and 3 risks have increased.

Members of the Committee were afforded the opportunity to comment on the report and ask any questions that they required further clarity on. With regard to a query regarding how the

risks came to be included upon the Risk Register, Members were assured that there were robust arrangements in place, and it was the Committees role to look at these risks and be confident that the mitigating actions were having the required effect. However, in relation to this, Members felt that there needed to be more consistency in how each risk was reported and in some cases for there to be more information as to how the risks were being managed.

RESOLVED that:-

- 1) The report be noted by the Audit Committee; and
- 2) The updates provided within Appendix A to the report be noted by the Audit Committee.

117 Annual Report of the Head of Internal Audit 2017/18.

The Head of Internal Audit presented a report to the Committee that provided information on the work undertaken by Internal Audit throughout 2017/18, and provided its opinion on the Councils governance, risk management and internal control arrangements, and was also used to help in the preparation of the Council's Annual Governance Statement.

Members noted that due to the recent retirement of the former Head of Audit, Colin Earl, and the subsequent appointment of Peter Jackson to the post, this report had been done from the perspective of both officers to ensure a balanced view.

The Head of Internal Audit commented that based upon the work done by internal audit during the year, the Council's governance, risk management and internal control were satisfactory and that the service conformed to the Public Sector Internal Audit Standards. This view was further reinforced by the Peer Review which had been carried out in the previous financial year of 2016/17.

The report had highlighted three areas of significant weakness to be considered for inclusion in the Annual Governance Statement, these being as follows:-

- DOLS (Deprivation of Liberties Safeguard Assessment)
- Direct Payments
- Management and Stock Control relating to the Smart Lights Project.

Following his presentation of the report, the Head of Internal Audit welcomed questions from Members. Amongst the issues raised, there were queries raised on the substantial amount of responsive work that had been undertaken over the past year, and would further resources be required in the coming year to deal with this. Members were reassured that whilst this was difficult to predict, they had good management support should the issue arise again in the future.

Members raised queries with regard to the areas of weakness that had been highlighted within the report, asking for assurance that steps were being taken to address the problems. Members noted that policies and procedures were in place, which were being monitored and implemented. Progress in all areas however, was positive.

RESOLVED that:-

- 1) The Internal Audit Annual Report 2017/18, including confirmation that the Council's governance, risk management and control arrangements were adequate and operated satisfactorily during the year be noted; and

- 2) the Head of Internal Audit's self-assessment and the confirmation from the external peer assessment in 2016/17 that the service was compliant with the Public Sector Internal Audit Standards be noted.

118 Internal Audit Plan 2018/19.

Members considered the Internal Audit Plan for 2018/19, which had been created following careful risk assessment of the Council and its activities. The plan had been subject to extensive consultation. Many factors had been taken into consideration when formulating this year's Audit Plan, and would be regularly reviewed and monitored throughout the year in order to take into account any new and emerging risks as well as any new responsive work.

Due to experiences with high levels of responsive work over the last couple of years, Members queried if the plan would be deliverable should this occur again. Members were reassured that the Audit Service had the support of the Chief Financial Officer and Assistant Director of Finance in this matter, as well as the support of the Program Management Officer within Adults, Health and Wellbeing where a lot of issues had been identified for work.

Members were informed that the items that Audit had identified for review, were deemed as the most important due to their risk and complexity. Many of these may have been highlighted by management where they felt there were issues. Auditors would be assigned to specific directorates in order to develop their knowledge of directorate issues. The risks highlighted would be reviewed on an ongoing basis and would be moved up or down in terms of urgency on the plan where necessary.

RESOLVED that Members of the Audit Committee give their support to the Internal Audit Plan.

119 Audit Committee Annual Report 2017/18.

The Annual Audit Report was considered by the Committee, the production of which allowed Members to demonstrate that it had fulfilled its Terms of Reference and allowed it to share its achievements with Full Council.

The report highlighted particular ways in which the Audit Committee had contributed to the Audit function throughout 2017/18 and included:-

- Helping maintain and improve the Councils system of internal control;
- Supporting the Council in ensuring appropriate action was taken to implement audit recommendations;
- Reviewing and ensuring action was taken in response to significant weaknesses in the management of the Safeguarding Adults Personal Assets Team (SAPAT), Deprivation of Liberty Safeguard Assessments (DOLS), Direct Payments, Business Waste and Recycling, Adult, Health and Wellbeing Commissioning Arrangements and governance of Doncaster's Internal Drainage Boards;
- Assessing the Councils Governance arrangements.

The Chair commented that the Annual Report was a positive report that aimed to reflect the successful contribution the Audit Committee made. The Chair also added that the successful achievements and good progress of the Audit Service were highlighted within the report, and he paid tribute to the Audit Team for their hard work, and also made reference to the successful accounts closure, which was achieved within reduced timescales that had been implemented nationally.



RESOLVED that the Audit Committee approve the Audit Committee Annual Report for 2017/18.

120 KPMG - Interim Audit Update and Technical Audit Report

Members were presented with a report from the Council's External Auditor, KPMG, which provided an overview on the progress made in delivering their responsibilities as the Council's External Auditor for 2017/18. Members noted that the interim visit undertaken by KPMG had been satisfactory and that the process for the preparation of financial statements was adequate.

During the planning and control evaluation work undertaken during January to March 2018, the Committee noted that a significant risk had been identified in relation to overstatement of the fixed asset value in the balance sheet. The External Auditor gave an explanation as to how this had happened and reported that it was due to previous componentised asset revaluations over the years 2015/16 and 2016/17. Members were assured that this would be resolved through a capital accounting adjustment through the capital accounts and would not have any impact on Council Tax.

RESOLVED that the Audit Committee note the contents of the reports provided by KPMG.

121 External Auditor (KPMG) Certification of Claims and Returns - Annual Report 2016/17.

Members considered the report of the External Auditor (KPMG) titled 'Annual Report on Claims and Returns Work 2016/17'.

Members noted that the document set out KPMG's certification arrangements, the Councils responsibilities and any matters arising from the audit of claims. The External Auditor reported that there had been four claims and returns that required audit certification for 2016/17, these being:-

- Housing Benefit Subsidy
- Pooling of Housing Capital Receipts Return
- Employment Based Initial Teacher Training Grant
- Teachers' Pension Authority EOYCa Return

The Committee were informed that with regard to the Housing Benefit Subsidy, this had received a qualified opinion, with 7 errors identified, but Members were provided assurance that due to the highly prescriptive way the work was carried out, this was 'as good as it gets', and was extremely hard to achieve an unqualified opinion in this area due to the need for 100% accuracy which was exceptionally hard to achieve.

The report made two recommendations in relation to Housing Benefit Subsidy in order to improve the claim in the future and the Committee were informed that these had been fully addressed. These were as follows:-

- The Council should provide additional training for their assessors in the calculation of earned income; and
- The Council should provide additional training for their assessors in the assessment as to what was the cause of the overpayment and whether this is reflected correctly in the subsidy claim. The Council should consider sample testing the overpayments identified in the subsidy claim.

RESOLVED that the Audit Committee note the report.

122 Re-appointment of Independent Member of the Audit Committee.

Members considered a report which sought the Committee's agreement to recommend to Council the reappointment of the current co-opted Member, Kathryn Smart for a further 4 years.

The Co-Opted Member appointed to the Committee was a non-voting, independent Member and whilst it was not mandatory to appointment someone, it was in line with CIPFA best practice. The co-optee was to be of a financial background and have some expertise in some areas of the roles and responsibilities of the Audit Committee, therefore able to add value to the Committee.

Kathryn Smart had been appointed on 13th June 2014 by Council, following a robust appointment process, and this appointment was now due to expire in May, 2018. Kathryn Smart has a wealth of experience and knowledge in finance and was considered to have competently undertaken the role since 2014, and therefore Members would like to see her continue in this position for a further four years.

RESOLVED that the Audit Committee recommend to Full Council for approval the appointment of Kathryn Smart as a co-opted, non-voting member to sit on the Audit Committee for a further 4 year period until 31 May, 2022.

CHAIR: \_\_\_\_\_

DATE: \_\_\_\_\_



## Doncaster Council

### Report

21<sup>st</sup> June 2018

To the Chair and Members of the AUDIT COMMITTEE

#### AUDIT COMMITTEE ACTIONS LOG

Relevant Cabinet Member(s)	Wards Affected	Key Decision
n/a	n/a	No

#### EXECUTIVE SUMMARY

1. The Committee is asked to consider the attached Audit Committee Actions Log which updates Members on actions agreed during Audit Committee meetings. It allows Members to monitor progress against these actions, ensuring satisfactory progress is being made.
2. All actions are progressing well (see paragraph 7 below).

#### EXEMPT REPORT

3. The report does not contain exempt information.

#### RECOMMENDATIONS

4. The Committee is asked to;
  - Note the progress being made against the actions agreed at the previous committee meetings and
  - Advise if any further information / updates are required.

#### WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. Regular review of the actions agreed from the Audit Committee meetings enables the Committee to ensure it delivers against its terms of reference and is responding to important issues for citizens and the borough. The action plan update helps support openness, transparency and accountability as it summarises agreed actions from reports and issues considered by the Audit Committee.

## BACKGROUND

6. The Audit Committee Actions Log, which is updated for each Audit Committee meeting, records all actions agreed during previous meetings. Items that have been fully completed since the previous Audit Committee meeting are recorded once as complete on the report and then removed for the following meeting log. Outstanding actions remain on the log until completed.
7. The action log shows details relating to 9 actions requested in previous meetings. Of these:
  - 3 have been completed and will be removed from the next action log
  - 5 have yet to reach the agreed action date and are on track (they are either in progress and in time, or are scheduled for completion within the excepted time)
  - 1 is in progress but behind original timelines. This relates to the Business waste reconciliation.

The first Business Waste reconciliation of income due to income charged has now been undertaken and anomalies identified are being worked through / corrected. This was 95% complete at mid-June 2018. The exercise has identified additional potential income of £32k dating back to 2013 which is going to be attempted to be recovered. Quarterly reconciliations will then take place from July 2018 and these will be reviewed by Internal Audit. This issue has been downgraded from a red to an amber rating.

## OPTIONS CONSIDERED AND RECOMMENDED OPTION

8. There are no specific options to consider within this report as it provides an opportunity for the Committee to review and consider progress made against ongoing actions raised during previous Audit Committee meetings.

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

9.

	Outcomes	Implications
	<p><b>Doncaster Working:</b> Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	
	<p><b>Doncaster Living:</b> Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> <li>• The town centres are the beating</li> </ul>	

	<p>heart of Doncaster</p> <ul style="list-style-type: none"> <li>• More people can live in a good quality, affordable home</li> <li>• Healthy and Vibrant Communities through Physical Activity and Sport</li> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	
	<p><b>Doncaster Learning:</b> Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> <li>• Every child has life-changing learning experiences within and beyond school</li> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	
	<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes.</li> </ul>	
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	<p>Effective oversight through the Audit Committee adds value to the Council operations in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough</p> <p>The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.</p>

## **RISKS AND ASSUMPTIONS**

10. The Audit Committee contributes to the effective management of risks in relation to audit activity, accounts / financial management / risk management and other governance / regulatory matters.

## **LEGAL IMPLICATIONS (KW, 24/05/18)**

11. There are no specific legal implications associated with this report.

## **FINANCIAL IMPLICATIONS (AT, 25/05/18)**

12. There are no specific financial implications associated with this report.

## **HUMAN RESOURCES IMPLICATIONS (MLV, 25/05/18)**

13. There are no specific human resources issues associated with this report.

## **TECHNOLOGY IMPLICATIONS (PW, 24/0518)**

14. There are no specific technological implications associated with this report.

## **EQUALITY IMPLICATIONS (PJ 25/05/18)**

15. We are aware of the Council's obligations under the Public Sector Equalities Duties and there are no identified equal opportunity issues within this report.

## **HEALTH IMPLICATIONS (RS, 25/05/18)**

16. Good governance is important for healthy organisations and for healthy populations. Specific health implications should be addressed through individual audits and action plans.

## **CONSULTATION**

17. The Audit Committee Action Log has been produced following consultation with members of the Audit Committee to address the risk of agreed actions not being implemented.

## **BACKGROUND PAPERS**

18. None

## **REPORT AUTHOR & CONTRIBUTORS**

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**Steve Mawson**  
**Chief Financial Officer &**  
**Assistant Director of Finance**

APPENDIX 1

**AUDIT COMMITTEE ACTION LOG – JUNE 2018**

Follow-up actions from previous meetings:-

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
<b>Meeting April 2018</b>				
<b>Deprivation of Liberty Safeguards (DoLS) Process Review</b>				
	Committee to receive a flowchart setting out the process for a DoLS review to better understand the process	Flowchart produced	Griff Jones	Yes - provided to Committee members
	Committee to receive a further update on the assessments backlog position	Update to be provided to July 2018 Audit Committee.	Griff Jones	Scheduled but not yet due
<b>Breaches and Waivers to the Councils Financial and Contract Procedure Rules</b>				
	<b>Strategic Procurement</b> - committee to receive an overview of the work of the Strategic Procurement Team at a future briefing training session	To be scheduled	Holly Wilson	Awaiting Scheduling
<b>Meeting February 2018</b>				
<b>Adult Health and Wellbeing Contract and Commissioning Update Report</b>				
	Committee to receive a further update report in 6 months time	Report to be provided to July 2018 Audit Committee.	Patrick Birch	Scheduled but not yet due
	<b>Adults Health and Wellbeing Transformation Programme</b> Committee to receive an update report in 6 months' time	Report to be provided to July 2018 Audit Committee.	Patrick Birch	Scheduled but not yet due
<b>Meeting October 2017</b>				
<b>Income Management Progress Report</b>				
	Committee to receive a further update report on the Income Management Improvements by September 2018.	Report to be provided to October 2018 Audit Committee.	Steve Mawson	Scheduled but not yet due

Meeting July 2017

Internal Audit Progress Report July 2017

6a	Business Waste and Recycling follow up. It was suggested that an update be brought back to the October meeting detailing any progress made and the Assistant Director be asked to attend to explain any inconsistencies, if that is deemed necessary at the time.	The Head of Service at the 1 <sup>st</sup> February 2018 Audit Committee provided a revised date for completion of the reconciliation of 31st March 2018.	Gill Gillies	<b>In progress but overdue -</b> The first Business Waste reconciliation of income due to income charged has now been undertaken and anomalies identified are being worked through / corrected. This was 95% complete at mid-June 2018. The exercise has identified additional potential income of £32k dating back to 2013 which is going to be attempted to be recovered. Quarterly reconciliations will then take place from July 2018 and these will be reviewed by Internal Audit. This issue has been downgraded from a red to an amber rating.
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<b>Meeting April 2017</b>				
<b>Strategic Risk Management in Learning and Opportunities</b>				
52	Committee to receive further evidence on the risk management of the Doncaster Childrens' Services Trust.	Report to be provided to April 2018 Audit Committee following the OFSTED inspection as inspection will not be finalised for February Committee reporting.	Damian Allen	<b>Complete – removed from Audit Committee agenda as considered outside scope of Audit Committee and reported to other council bodies</b>
<b>Ethical Arrangements</b>				
61b	Committee requested a report providing information on the existence and current effectiveness of the Council's ethical arrangements	A report has been scheduled in the Committee's work programme for the 2017/18 year	Scott Fawcus	<b>Yes – Issued covered within Monitoring Officer annual report presented to June Audit Committee</b>

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## Doncaster Council

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**Date: 21<sup>st</sup> June 2018**

**To the Chair and Members of the  
AUDIT COMMITTEE**

### **ANNUAL REPORT OF MONITORING OFFICER**

#### **EXECUTIVE SUMMARY**

1. This paper sets out the Monitoring Officer's (MO's) Annual Report on matters relating to ethical governance, including details of any complaint handling activity carried out in consultation with the Independent Person in relation to allegations of Member misconduct, details of disclosures made under the Council's Whistleblowing Policy during the last 12 months and any reports under the Money Laundering Policy.

#### **RECOMMENDATIONS**

2. It is recommended that the Committee:-
  - (i) notes the MO's annual report on complaint handling activity for the period 1st April 2017 to 31st March 2018;
  - (ii) notes the whistleblowing return for 2017/18.
  - (iii) notes the nil money laundering reports for 2017/2018.
  - (iv) Note the report on the existence and current effectiveness of the Council's ethical arrangements

#### **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

3. Having robust ethical governance policies and procedures in place helps to maintain openness, transparency and probity in the way in which the Council conducts its business. This in turn should help increase public confidence in local governance through maintaining high standards of conduct by Members and Officers.

## BACKGROUND

4. In accordance with adopted practice, this committee receives a report by the MO on an annual basis, which summarises complaint handling and ethical governance activities during the previous 12 months.

### **Councillor Complaint Handling Activity – 1st April 2017 to 31st March 2018**

5. The Monitoring Officer works closely with the Council's designated Independent Person (IP), Philip Beavers on matters of Member Behaviour and Complaints. Mr Beavers was reappointed at Full Council on 19<sup>th</sup> May 2017 as the IP for a further 4 year period until 31<sup>st</sup> May 2021 and is now paid an annual allowance of £1000 for undertaking the role. The Council also formally ratified the principle that Doncaster and the other South Yorkshire Councils are able to utilise each other's IPs in the event that their own IP is unable to act through reasons of conflict or other unavailability.

#### Borough Councillors

6. Over the last 12 months, 3 formal complaints against Borough Councillors have been received by the MO. Although the matters were not considered as breaches of the code, the Monitoring Officer spoke to the Councillors involved regarding the complaint, their behaviour and actions.

#### Parish Councillors

7. The Monitoring Officer has received 11 formal complaints against Parish Councillors during the period 1st April 2017 to 31st March 2018.
8. Of the eleven complaints received against Parish Councillors, six of these related to Parish Councillors from the same Parish Council. (During 2016-17, of the eleven parish council complaints, seven related to this same Parish Council). This Parish Council has experienced wider on-going tensions and conflicts between Parish Councillors on a range of issues which, despite the MO and IP's involvement, including on occasions visits, have persisted for a number of years. Following a number of recent resignations at the Parish Council, it is considered that the situation will now improve and the MO will continue to monitor this. It should be noted that these behaviours have resulted in significant expenses incurred by that Council for both a series of resignation sparked by-elections and the recruitment of a locum Clerk.
9. A detailed summary of all complaints dealt with by the MO in consultation with the IP during the 2017/18 Municipal Year is set out in **Appendix A** to this report.

#### **General**

10. The Monitoring Officer and the Independent Person both share the frustration of our counter-parts nationally about the lack of sanctions available to us since the changes introduced by the Localism Act 2011. A balanced regime with appropriate sanctions would provide Monitoring Officers generally to deal

with issues they come across and would encourage complainants to share their issues in the knowledge that a satisfactory outcome was possible.

**Whistleblowing Returns for 2017/18**

11. The MO has overall responsibility for the maintenance and operation of the Whistleblowing Policy, which includes keeping a record of all whistleblowing cases and presenting a summary of these to the Audit Committee on an annual basis.
12. The Whistleblowing policy was revised in February 2018. This applied the policy to members of the public, stakeholders, and contractors as well as employees. Whistle blowers are asked to report their concerns to named senior officers. This ensured that senior management were aware of any matters and that the correct processes were followed and reported to the Monitoring Officer for the annual report.
13. We have had 2 whistleblowing matters during 2017/18 and the detail is below.

Date	Name of officer reported to	Brief Summary of Matter	Outcome
September 2017	Scott Fawcus	Member of public concerned over excessive drinking by ex-colleague in educational establishment.	Matter investigated by Head of Service in Education and no further action taken as allegations not proven.
February 2018	Scott Fawcus	Member of public reported racist comments made on Facebook by a employee who dealt with the public	Matter dealt with by HR processes

**Anti- Money Laundering Returns for 2017/18**

14. Money laundering is the method by which cash or funds obtained illegally are passed or “laundered” through financial systems to disguise their criminal origin. The “laundered” funds can then be used for legitimate transactions that do not arouse suspicion. The Council’s Anti-Money Laundering Policy has been revised due to changes in the law in 2017 and the revised Policy is presented to the Committee as a separate report today. Where an officer suspects (or knows) that money laundering activity is taking place it must be reported to the Money Laundering Reporting Officer, who is the Monitoring Officer, and obtain advice and permission to continue the transaction.
15. For the period April 2017 to March 2018 there have been no reports made to the Money Laundering Reporting Officer.

## Existence and current effectiveness of the council's ethical arrangements

16. Audit Committee has asked for a report on the existence and effectiveness of the Council's ethical arrangements. As a Local Authority we operate through a governance framework enshrined in our Constitution and associated policies which brings together an underlying set of legislative requirements, governance principles and management processes. The Council has a strong regulatory framework in existence and robust arrangements for monitoring and review. The Constitution includes rules of procedure, the schemes of delegation, financial regulations, contracts regulations, rules on access to information and the protocols for members and officers.
17. Key aspects to this ethical approach are openness which aims to encourage confidence and a readiness to disclose leading to prompt scrutiny and action; integrity reflecting an honesty and veracity in professional standards and approach; and accountability where all understand their responsibilities within a robust structure. Standards of conduct are seen as one of the key aspects of good governance and the Councillor Code of Conduct and the Whistleblowing policy are intended to encourage reporting of poor standards. It is considered that our good governance is demonstrated by:
- Communication- clear policies on ethical issues are known and available
  - Commitment and Leadership – high ethical standards are practised by both members and officers
  - Organisation – there are clear lines of accountability and appraisal
  - Systems – there are procedures in place to ensure high ethical standards
  - Scrutiny – there avenues which act as a check on unethical behaviour
  - We ensure that Partners and contractors subscribe to high ethical standards
  - Training –member and officer training promotes ethical behaviour

## OPTIONS CONSIDERED AND REASONS FOR RECOMMENDED OPTION

- 18 Not applicable – this report is primarily for noting.

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

- 19.

Outcomes	Implications
<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	<p>The work of the Audit Committee in monitoring the Council's ethical governance activities helps to:</p> <ul style="list-style-type: none"> <li>• ensure that Council arrangements are open, accountable and ethically</li> </ul>

	<p>strong;</p> <ul style="list-style-type: none"> <li>• promote high standards of conduct;</li> <li>• build a 'bond of trust' between the Council and its communities.</li> </ul>
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## **RISKS AND ASSUMPTIONS**

20. There are no identified risks associated with this report.

## **LEGAL IMPLICATIONS [Officer Initials...HP... Date...02/05/18.....]**

21. Section 27(1) of the Localism Act 2011 places a duty on relevant authorities to promote and maintain high standards of conduct by Members and Co-opted Members of the authority.
22. Section 28 of the Localism Act 2011 requires Principal Authorities to have in place arrangements for investigating allegations of Member misconduct and taking decisions on those allegations. It also requires Councils to appoint at least one Independent Person who is to be consulted as part of the complaint handling process. The Council has in place arrangements for discharging these arrangements.
23. Whistleblowing protection for workers is provided in the Public Interest Disclosure Act 1998, incorporated into the Employment Rights Act 1996, and amended by the Enterprise and Regulatory Reform Act 2013. It gives protection from detrimental treatment of workers who disclose reasonable concerns about serious misconduct or malpractice at work. Workers are protected from detrimental treatment if their disclosure qualifies as a 'protected disclosure'. In order to ensure that they qualify for protection, the worker should follow a certain procedure as set out in our Policy.
24. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering. In doing so, they replace the Money Laundering Regulations 2007 and the Transfer of Funds (Information on the Payer) Regulations 2007 which were previously in force.

## **FINANCIAL IMPLICATIONS [Officer Initials...LR..... Date...02/05/18.....]**

25 There are no specific financial implications associated with this report.

## **HUMAN RESOURCES IMPLICATIONS [Officer Initials MLV Date 03/05/18.]**

26. There are no specific HR implications in relation to the parts of this report which refer to complaints made against elected members and anti-money laundering returns.

Whistleblowing complaints which relate to the conduct of council employees are dealt with in line with the appropriate HR policy and procedure and any action taken, as appropriate, within the framework of the relevant policy.

## **TECHNOLOGY IMPLICATIONS [Officer Initials...PW Date...03/05/18]**

27. There are no technology implications in relation to this report

## **HEALTH IMPLICATIONS [Officer Initials...RS. .Date ...02/05/18...]**

28. There are no direct health implications arising from this report. However, good governance is a key marker of high performing and healthy organisations. This report also describes openness and transparency in the Council which is a building block of a 'fit for purpose' local health system.

## **EQUALITY IMPLICATIONS [Officer Initials...SF... Date...30/05/18.]**

29. There are no specific equalities implications associated with this report.

## **BACKGROUND PAPERS**

Whistleblowing Policy  
Code of conduct for Councillor  
Anti-Money Laundering Policy

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**Scott Fawcus  
Monitoring Officer**



### Summary of Member Code of Conduct Complaints Received in 2017/18

Date received/ Ref.	Complainant(s)	Subject Member/ Council	Details of Allegation(s)	Outcome
09/08/17 PC7-17	Member of Public	Sprotbrough & Cusworth Town Cllrs (2) and staff	Not allowing complainant to view PC accounts at a convenient time and not being allowed time to speak in a public meeting, and the way the Chair managed meetings.	DMBC officers met with complainant – allegations didn't constitute a breach of the Code of Conduct.  Complainant was advised that issues were all capable of being managed by Town Council and the way the Chair manages meetings is governed by PC's own standing orders
Aug 17 DC5-17	Member of public	DMBC Cllr	Complainant was a DMBC staff member who alleged that Cllr had misused his position as a Cllr and been rude to her during a telephone conversation. .	Discussed with IP. Possible breach. Met with Cllr. Cllr refuted the complaint and was not inclined to apologise. Attempted to arrange a meeting between complainant and Cllr but complainant decided not to meet, assuming lessons had been learned.
22/09/17 PC8-17	Thorne Town Cllr	Thorne-Moorends Councillors (6)	Alleged that the Cllrs should not have taken part in a decision to award a contract as they were members of a community organisation benefitting from the works to be carried out.	Complaint dismissed as membership of the body did not constitute an interest.
16/10/17 PC9-17	Thorne Town Cllr	Thorne-Moorends Councillors (5)	Alleged that Councillors should have declared an interest as members of a Community group relating to a decision being taken	Complaint dismissed as membership of the body did not constitute an interest.

### Summary of Member Code of Conduct Complaints Received in 2017/18

PC10-17 14/10/17	Thorne Town Cllr	Thorne Moorends Town Cllrs (2)	Allegation that 1 Cllr was abusive over the telephone and during meetings and that another Cllr posted details on Facebook.	Following discussion with the IP an investigation was commenced but subsequently both Cllrs have left Thorne Moorends Council and so no longer fall under the remit of the Standards regime and so the investigation has ceased.
PC11-17 16/10/17	Member of public	Thorne Town Cllr	Allegation that Cllr posted on Facebook naming him and falsely accusing of Bullying and Harassing a lady.	Cllr resigned – no further action taken.
PC12-17 2.11.17	Member of public	Warmsworth Parish Cllr	Allegation that Cllr made remarks of a sexually discriminative nature about him during a meeting at Warmsworth allotments site.	After SF spoke to the complainant and discussed with IP it was decided there was insufficient relevant evidence to warrant a formal investigation.
PC13-17	Stainforth Town Cllr	Stainforth Town Councillor	Possible discriminatory remarks by Councillor against complainant during a meeting referring to the complainants health	SF and IP referred for investigation and report.  Investigating officer set up meeting with complainant but received an email back saying that she hoped to meet with Cllr later in week and resolve matter.  Investigating officer received emails from clerk and complainant to say matter resolved, followed up with conversation with complainant.

### Summary of Member Code of Conduct Complaints Received in 2017/18

				Complainant withdrew the complaint.
PC14-17	Member of public	Finningley Parish Cllr	Allegation of Cllr had retained public property despite having declared in meetings that the property had been returned.	MO and IP referred for investigation. Investigating officer found that property had been returned and the parties had both misunderstood what each other were saying regarding the return. The complaint was not upheld but a number of recommendations were made to the parish council on its processes following the investigation
PC15-17 22.12.17	Thorne-Moorends Cllr	Thorne Moorends Town Cllr and Clerk	Allegation that process for co-option of a councillor was not correct and items discussed during the meeting were not listed as agenda items.	MO and IP found that processes for co-option were in line with good practice and procedural matters were not a matter for MO.
PC1-18	Clerk Thorne Moorends TC	Thorne Moorends Town Cllr	Allegations first commenced in September 17 but completed Code of Conduct complaint form received in January 18. Ongoing issues at Thorne Moorends Town Council including resignation of previous clerk, and intimidation/bullying of Town Council workers, posting on Facebook. Culmination of a long term issue at that Council.	MO and IP referred to investigating officer for investigation and report. Town Councillor now resigned so no further action can be taken.
PC2-18 24/01/18	Clerk to Hatfield TC	Hatfield Town Cllrs (2)	Allegations that 2 councillors had breached the Code of Conduct and sent in a completed form on 16 <sup>th</sup> October 17, but	Under consideration between MO & IP. Systematic of tensions at Hatfield Town Council

## Summary of Member Code of Conduct Complaints Received in 2017/18

			<p>asked that it just be held on file to see if the situation got any better.</p> <p>Telephone call on 24/1/18 from Clerk to say she now wished to go ahead with the complaint. Also sent a complaint form out to the Mayor of Hatfield, who wishes to make a complaint under the Code of Conduct regarding the same matter.</p>	
DC1-18 21/02/18	Member of public	DMBC Mex Ward	Complaint that Cllr had sent him an email regarding the work of a voluntary body when he had not shared his email address with the Councillor.	MO discussed with IP and found that the email did not constitute a breach of the code of conduct although he did consider the language to be “robust” and would discuss with Cllr. MO spoke to Cllr and advised him regarding the use of potentially inflammatory language
DC2-18 22/02/18	Member of public	DMBC Cllr	Complainant alleged that Cllr used threatening language on Twitter account and accessing his details on LinkedIn. He did not originally send in a completed complaint form. He corresponded by email and wished to wait for an apology from Cllr. but when apology not forthcoming, submitted form.	MO and IP found that the language used on Twitter was within context of the conversation and not threatening. SF to speak to Cllr. Accessing information on LinkedIn page is not a breach of the code.



## Doncaster Council

Date: 21<sup>st</sup> June 2018

To the Chair and Members of the  
**AUDIT COMMITTEE**

### **COVERT SURVEILLANCE - REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE**

#### **EXECUTIVE SUMMARY**

- 1.1 The Council occasionally has a need to conduct covert surveillance in the investigation of matters for which it has responsibility to prosecute or for other authorised intelligence gathering. On such occasions, the Regulation of Investigatory Powers Act 2000 (RIPA) regulates how covert surveillance is undertaken. The Home Office statutory Codes of Practice recommend that best practice is for Councillors to be involved in oversight of covert surveillance policy and usage.
- 1.2 At its meeting held on 27th July 2010, Audit Committee agreed that it should receive reports reviewing the Councils use of RIPA. As agreed in 2014, these reports are brought on a six monthly reports basis due to the limited number of covert surveillances taking place. A yearly report and a six monthly update report are brought each year, this is the yearly report.

#### **RECOMMENDATIONS**

3. To note that 3 RIPA applications have been authorised since the last report in January 2018, details are attached at Appendix 1. No RIPA applications have been refused by the Magistrates.
4. To approve the Council's RIPA procedure, attached at Appendix 2. There have been no amendments since the last approval in June 2017.
5. To note the proposal for the Monitoring Officer to email Directors, Assistant Directors and Heads of Service concerning RIPA and particularly when using social media for intelligence may become covert surveillance.

#### **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

6. RIPA policies and procedures ensure that the Council has appropriate arrangements in place to comply with the law relating to RIPA authorisations and Covert Surveillance and that it is properly and lawfully carrying out covert surveillance where it is required.

## BACKGROUND

7. The Regulation of Investigatory Powers Act 2000 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. The Office of Surveillance Commissioners has now become part of the Investigatory Powers Commissioner's Office. The Council has been subjected to five inspections namely, 2003, 2004, 2009, 2012 and most recently in January 2016.
8. The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 came into force on 1<sup>st</sup> November 2012. This provides that directed surveillance can only be authorised under RIPA where the criminal offence sought to be prevented or detected is punishable by a maximum of at least 6 months imprisonment or would constitute an offence involving sale of tobacco or alcohol to underage children.
9. The Protection of Freedoms Act 2012 also requires Local Authorities to have all their RIPA surveillance authorisations (both directed and Covert Human Intelligence Sources (CHIS)) approved by a Magistrate before they take effect.
10. Appendix 1 details the covert surveillance authorisations since the last report in January 2018 and an update on an earlier authorisation outcome from a recently completed matter. Where an authorised surveillance involves a number of premises this is now detailed in the Appendix.
11. The Council's RIPA procedure is reviewed as part of the yearly report. The Procedure was last amended in response to the Surveillance Commissioner's Inspection on 5<sup>th</sup> January 2016 and approved at Audit Committee in April 2016. The current procedure is attached at Appendix 2.  
The report of the Surveillance Commissioner for 2016-2017 highlighted the challenges of social media. The extracts from the report provide:

*'4.3 The steady expansion in the use of the social media and Internet for the purposes of investigative work provides a striking example of a potential new problem which came to light through the inspection system. Local authority officials, vested with burdensome responsibilities for, among others, the care of children and vulnerable adults, are, like everyone else, permitted to look at whatever material an individual may have chosen to put into the public domain. This is entirely lawful, and requires no authorisation. However, repeated visits to individual sites may develop into activity which, if it is to continue lawfully, would require appropriate authorisation. Local authorities must therefore put in place arrangements for training officials into a high level of awareness of these risks. Without the inspection process this problem might never have been identified.'*

*15.2 When individuals choose to go public or advertise themselves, they cannot normally complain that those who look at their social media sites are disregarding their rights to privacy. However if the study of an individual site becomes persistent, issues under the legislation may arise'*

Surveillance involving social media is specifically dealt with in section 22 of our RIPA Procedure and does remain part of the training programme. In 2015 all Directors, Assistant Directors and Heads of Service were emailed concerning RIPA and social media. Given it is three years since this email was sent it would seem to be appropriate to now repeat this and for the Monitoring Officer to again email

Leadership to highlight the need for consideration of the covert surveillance requirements where social media is repeatedly used for monitoring an individual.

**OPTIONS CONSIDERED**

- 12. Failing to follow the revised recommendations of the RIPA Code of Practice with regard to members seeing the reports would lead to criticism at the next inspection by the Investigatory Powers Commissioner’s Office.
- 13. Failing to follow the recommendations of the Inspection Report would leave the Authority open to criticism.

**REASONS FOR RECOMMENDED OPTION**

- 14. This will ensure that we are properly and lawfully carrying out covert surveillance where it is necessary

**IMPACT ON THE COUNCIL’S KEY OUTCOMES**

15.

	<b>Outcomes</b>	<b>Implications</b>
	Working with our partners we will provide strong leadership and governance.	The work undertaken by the Audit Committee helps to ensure that the systems of covert surveillance used by the Council are overseen ensuring good governance arrangements and compliance with the law and statutory codes.

**RISKS AND ASSUMPTIONS**

- 16. Failing to follow the Law, Regulations and Inspection report will put us at risk of criticism at the next inspection by the Surveillance Commissioners.

**LEGAL IMPLICATIONS [Officer Initials KDW ... Date 9.5.18.....]**

- 17. The Regulation of Investigatory Powers Act 2000 provides Local Authorities with the mechanism in which they can carry out covert surveillance without breaching individuals’ human rights under Article 8 of the Human Rights Act 2000. Failure to follow the law, statutory codes and the inspection report could be the subject of a challenge in court proceedings where RIPA powers were relied upon and also would lead to criticism at the next inspection by the Investigatory Powers Commissioner’s Office. The Covert Surveillance and Covert Human Intelligence Source Codes of Practice provide that ‘elected members of a local authority should review the authority’s use of the 2000 Act and set the policy at least once a year. They should also consider internal reports on use of the 2000 Act on a regular basis to ensure that it is being used consistently with the local authority’s policy and that the policy remains fit for purpose.’
- 18. In 2012 the Regulation of Investigatory Powers Act 2000 (RIPA) was amended so as to provide that a local authority Authorising Officers may not authorise directed Surveillance unless it is for the purpose of preventing or detecting a criminal offence and it meets the conditions that it is a criminal offence which is sought to be

prevented or detected is punishable by a maximum term of at least 6 months of imprisonment, or would constitute an offence under sections 146, 147 or 147A of the Licensing Act 2003 or section 7 of the Children and Young Persons Act 1933 (offences involving sale of tobacco and alcohol to underage children).

**FINANCIAL IMPLICATIONS [Officer Initials...LR... Date...25/05/2018.....]**

19. There are no specific financial implications associated with this report.

**HUMAN RESOURCES IMPLICATIONS [Officer Initials...MLV Date 25/05/18]**

20. The annual PDR process should identify any officers who require training to ensure understanding of RIPA and the correct application within the context of their duties and responsibilities. This requirement will not apply to all officers but will be relevant dependent upon the nature of the role. It is important to ensure that timely communications with reminders or updates are provided to officers whose work must give consideration to RIPA.

**TECHNOLOGY IMPLICATIONS [Officer Initials...PW Date...30/05/18 ]**

21. There are no technology implications in relation to this decision

**HEALTH IMPLICATIONS [Officer Initials JM Date: 29.05.18]**

22. Public Health is in support of this recommendation in order to prevent and / or detect crime and prevent disorder. This recommendation is in the interests of public safety and protection of the health or the public. This in turn could reduce admissions to A&E.

**EQUALITY IMPLICATIONS [Officer Initials...KDW... Date...9.5.18.....]**

23. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have 'Due Regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic. There are no specific equality implications arising directly from this report.

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## Appendix 1

### Recent RIPA Applications and Outcomes

21.11.17 (Mags Approval)	URN106	Illegal tobacco sales (19 locations)	Chief trading standards officer	3 licence review proceedings
6.2.18 Mags Approval)	URN107	Illegal tobacco sales (6 premises)	Chief trading standards officer	Two premises were discounted from further investigation as there was no evidence to show illegal sales. The remaining four all failed recorded test purchases. There have been seizures of illegal tobacco and the sellers face further enforcement action.
19.4.18 Mags Approval)	URN108	Illegal tobacco sales ( 3 premises)	Chief trading standards officer	Ongoing
19.4.18 Mags Approval)	URN109	Illegal tobacco sales ( 6 premises)	Chief trading standards officer	Ongoing

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## Appendix 2

### DONCASTER METROPOLITAN BOROUGH COUNCIL

#### Authorisation Procedures for the use of Directed Covert Surveillance and a Covert Human Intelligence Source (CHIS)

(In Compliance with Regulation of Investigatory Powers Act 2000)

##### 1. Background

- 1.1 The use of surveillance to provide information is a valuable resource for the protection of the public and the maintenance of law and order. In order that local authorities and law enforcement agencies are able to discharge their responsibilities, use is made of surveillance and surveillance devices.
- 1.2 Where this surveillance is **planned** i.e. *is pre-meditated, and is covert, i.e. the subject of the surveillance is unaware that it is taking place*, then it must be authorised to ensure that it is lawful in accordance with the requirements of the **Regulation of Investigatory Powers Act 2000 (RIPA)**.
- 1.3 **C.C.T.V.** systems in the main will not be subject to this procedure as they are 'overt' forms of surveillance. However, where **C.C.T.V.** is used as part of a pre-planned operation of surveillance then authorisation should be obtained.
- 1.4 From October 2000 planned Covert Surveillance became the subject of a legal framework to ensure that the use of surveillance is subject to **Senior Officer** authorisation, review and cancellation and that there is a procedure to support this.
- 1.5 In terms of monitoring e-mails and internet usage, it is important to recognise the important interplay and overlaps with the existing **DMBC** policy relating to e-mail and internet and guidance and also **The Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000, The Data Protection Act 1987 and its Code of Practice**. Official **RIPA** forms should be used where **relevant** and they will be only **relevant** where the **criteria** listed on the Forms are fully complied with.
- 1.6 If you are in any doubt about the need to adhere to any **RIPA** related provisions or matters referred to in this document or the related legislative provisions, please consult the **Assistant Director Legal**

and Democratic Services (or Delegated Officer), at the earliest possible opportunity.

- 1.7 At present Authorising Officers who can authorise surveillance are available in the following departments:

**Legal**  
**Revenue and Benefits**  
**Trading Standards**

## **2. Objective of This Procedure**

- 2.1 The objective of this procedure is to ensure that all work involving Directed Surveillance by **D.M.B.C.** employees is carried out effectively, while remaining in accordance with the law and in particular does not breach **The Human Rights Act 1998**.

- 2.2 This procedure should be read in conjunction with the **Regulation of Investigatory Powers Act 2000** and the latest version of the **Codes of Practice** relating to the *Use of Covert Human Intelligence Sources* and *Directed Surveillance*, which is obtainable on the intranet website under 'Legal Services' or directly from the Assistant Director Legal and Democratic Services.

**The Codes of Practice should be available to and read by all persons involved in completing applications and authorising RIPA-governed surveillance and information gathering.**

**PLEASE NOTE THIS IS THE MOST IMPORTANT DOCUMENT IN THE WHOLE RIPA RELATED PROCESS. YOU SHOULD FAMILIARISE YOURSELF WITH ITS CONTENTS AND STRICTLY FOLLOW THE PROCEDURES REFERRED TO SO THAT POTENTIALLY SERIOUS LEGAL CONSEQUENCES ARE AVOIDED.**

**The Office of Surveillance Commissioners Procedures and Guidance is a useful document, available on the intranet and should be read in conjunction with the DMBC procedure.**

## **3. Definitions**

- 3.1 '**Surveillance**' includes

- monitoring, observing, listening to persons, watching or following their movements, listening to their conversations and other such activities or communications.

- recording anything mentioned above in the course of authorised surveillance.
- surveillance, by or with, the assistance of appropriate surveillance device(s).

## **SURVEILLANCE can be OVERT OR COVERT**

### **3.2 Overt Surveillance**

Most of the surveillance carried out by the **DMBC** will be done **Overtly** - there will be nothing secretive, clandestine or hidden about it. In many cases, Officers will be behaving in the same way as a normal member of the public (e.g. in the case of most test purchases), and/or will be going about Council business openly (e.g. a market inspector walking through markets).

Similarly, surveillance will be Overt if the subject has been told it will happen (e.g. where an alleged noise nuisance is warned (preferably in writing) that noise will be recorded if the noise continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or identifying themselves to the owner/proprietor to check that the conditions are being met).

### **3.3 Covert Surveillance**

Covert Surveillance is carried out in a manner calculated to ensure that the person subject to the surveillance is unaware of it taking place. **(Section 26(9)(a) of RIPA).**

**RIPA** regulates two types of Covert Surveillance.

(a) **Directed and Intrusive Surveillance**

(b) The use of **Covert Human Intelligence Sources (CHIS).**

### **3.4 Directed Surveillance**

Directed Surveillance is surveillance which:-

- is Covert; and
- is not **Intrusive Surveillance** (see definition below)
- 

**PLEASE NOTE, DMBC MUST NOT CARRY OUT INTRUSIVE SURVEILLANCE ;**

- is not carried out as an immediate response to events which would otherwise make seeking authorisation under the Act unreasonable, e.g. spotting something suspicious and continuing to observe it; **and**
- it is undertaken for the purpose of a specific investigation or operation in a manner likely to obtain private information about an individual (whether or not that person is specifically targeted for purposes of an investigation). (**Section 26(1) of RIPA**).

**Private Information** in relation to a person includes any information relating to his private and family life, his home and his correspondence. The fact that Covert Surveillance occurs in a public place or on business premises does not mean that it cannot result in the obtaining of private information about a person. Prolonged surveillance targeted on a single person will undoubtedly result in the obtaining of private information about him/her and others that she/he comes into contact, or associates with.

Similarly, although overt town centre **CCTV** cameras do not normally require authorisation, if the camera is tasked for a specific purpose, which involves prolonged surveillance on a particular person, authorisation will be required. The way a person runs his/her business may also reveal information about his or her private life and the private lives of others.

**For the avoidance of doubt**, only those Officers designated and certified to be 'Authorised Officers' for the purpose of **RIPA** can authorise 'Directed Surveillance'.

**PLEASE NOTE THAT IT IS IMPERATIVE THAT DOCUMENTED PROCEDURES ARE FOLLOWED TO AVOID ADVERSE LEGAL CONSEQUENCES FOR PROCEDURAL FAILURES UNDER RIPA**

The **RIPA** authorisation procedures detailed in this Document **MUST** be followed. If an Authorised Officer has not been '**certified**' for the purposes of **RIPA**, he/she **CANNOT** carry out or approve/reject any action set out in this Document.

The surveillance of an employee relating to a disciplinary matter where the Council is looking to enforce its employment contract does not usually fall within **RIPA** (**C v The Police and the Secretary of State for the Home Department (14<sup>th</sup> November 2006, No: IPT/03/32/H)**). However any surveillance must ensure that it does not breach the right of an individual under **Article 8 of the HUMAN RIGHTS ACT 1998** and must also be proportionate and necessary.

**The Information Commissioner's Officer** has issued Employment Practice Codes (Part 3) which covers legal requirements this area.

### 3.5 Intrusive Surveillance

This is surveillance which:-

- is **Covert**;
- relates to residential premises and private vehicles; and
- **involves the presence of a person in the premises or in the vehicle or is carried out by a surveillance device in the premises/vehicle.** Surveillance equipment mounted outside the premises will not be intrusive, unless the device consistently provides information of the same quality and detail as might be expected if they were in the premises/vehicle.

This form of surveillance can be carried out only by police and other law enforcement agencies. **Council Officers MUST NOT carry out Intrusive Surveillance.**

- 3.6. Authorising Officer is the person who is entitled to give an authorisation for directed surveillance in accordance with the **Regulation of Investigatory Powers Act 2000.**
- 3.7 Private information includes information about a person relating to his private or family life.
- 3.8 Residential premises means any premises occupied or used, however temporarily, for residential purposes or otherwise as living accommodation.
- 3.9 Private vehicle means any vehicle that is used primarily for the private purpose of the person who owns it or of a person otherwise having the right to use it. (This does not include a person whose right to use a vehicle derives only from his having paid, or undertaken to pay, for the use of the vehicle and its driver for a particular journey.) A vehicle includes any vessel or aircraft. (For information vehicle tracking is overt)
- 3.10 **CHIS (Covert Human Intelligence Source)** is where the Council use someone to establish or maintain a personal or other relationship for the covert purpose of obtaining or passing on information.

4. **PROCEDURE RELATING TO DIRECTED SURVEILLANCE or CHIS**

4.1 This procedure applies in all cases where **'Directed Surveillance'** or **'CHIS'** is being planned or carried out. Directed Surveillance is defined in the Code of Practice as surveillance undertaken **"for the purposes of a specific investigation or operation"** and **"in such a manner as is likely to result in the obtaining of private information about a person"**.

4.2 The procedure **does not apply** to:

- **ad-hoc covert observations** that do not involve the systematic surveillance of specific person(s);
- **observations that are not carried out covertly**; or
- **unplanned observations made as an immediate response to events.**



## Examples of different types of Surveillance

Type of Surveillance	Examples
<p><b>Overt</b></p>	<ul style="list-style-type: none"> <li>- Police Officer or Parks Warden on patrol</li> <li>- Signposted Town Centre <b>CCTV</b> cameras (in normal use)</li> <li>- Recording noise coming from outside the premises after the occupier has been warned that this will occur if the noise persists.</li> <li>- Most <b>test purchases</b> (where the officer behaves no differently from a normal member of the public).</li> </ul>
<p><b><u>Covert</u></b> but <b>not</b> requiring <b>prior</b> authorisation.</p>	<ul style="list-style-type: none"> <li>- <b>CCTV</b> cameras providing general traffic, crime or public safety information.</li> </ul>
<p><b><u>Directed</u></b>  <b>MUST</b> be <b>RIPA</b> authorised.</p>	<ul style="list-style-type: none"> <li>- Officers follow an individual or individuals over a period, to establish whether he/she is working when claiming benefit.</li> </ul>
<p><b><u>Intrusive</u></b>  <b><u>DMBC – PROHIBITED ACTIVITY</u></b></p>	<ul style="list-style-type: none"> <li>- Planting a listening or other device (bug) in the home or in the private vehicle of a surveillance target.</li> </ul>

### 5. EFFECT OF RIPA LEGISLATION

#### 5.1 RIPA

- **requires** Prior Authorisation of Directed Surveillance.
- **prohibits** the Council from carrying out **Intrusive Surveillance**.
- **requires** Prior Authorisation of the conduct and use of a **CHIS**.
- requires safeguards for the conduct and use of a **CHIS**.

## 5.2 **RIPA does not:**

- make unlawful conduct which is otherwise lawful.
- prejudice or dis-apply any existing powers available to the **DMBC** to obtain information by any means not involving conduct that may be authorised under this Act. For example, it does not affect the current powers of **DMBC** to obtain information via the **DVLA** or to get information from the Land Registry as to the ownership of a property.

5.3 If an **Authorised Officer** or any **Applicant** is in any doubt about any procedural obligations, he/she should ask the Head of Legal Services **BEFORE** any Directed Surveillance and/or a **CHIS** is authorised, renewed, cancelled or rejected.

## 6. **Principles of Surveillance**

6.1 In planning and carrying out Covert Surveillance, **D.M.B.C.** employees **MUST** adhere to the following principles:

### 6.2 **Lawful Purposes**

Directed Surveillance by a Local Authority shall only be carried out where necessary for the purpose of preventing or detecting crime, where the criminal offence sought to be prevented or detected is punishable by a maximum term of at least 6 months of imprisonment or are offences involving sale of tobacco and alcohol to underage children

Prior to 2004 Local Authorities did have other grounds for authorising surveillance but these have now been removed (**The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2003.**) Prior to 1<sup>st</sup> November 2012 offences carrying less than 6 months imprisonment were able to be subject to covert surveillance but this has been restricted by the **Regulation of Investigatory Powers ( Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012.**

### 6.3 **Confidential Material**

**Any Application** which has been identified as containing a significant risk of acquiring confidential material **MUST** always be authorised by the **Chief Executive** or their **Deputy in their absence.**

6.4 For this purpose '**Confidential Material**' consists of: -

- **matters** subject to **legal privilege** (for example between professional legal advisor and client);
- **confidential personal information** (for example relating to a person's physical or mental health); or
- **confidential journalistic material.**

## **INTRUSIVE SURVEILLANCE**

### **6.5 A LOCAL AUTHORITY IS NOT PERMITTED TO CARRY OUT INTRUSIVE SURVEILLANCE**

- 6.6 Surveillance becomes Intrusive if the Covert Surveillance is carried out in relation to anything taking place on any **residential premises** or in any **private vehicle** **AND** involves the **presence of the person** undertaking the surveillance **on the premises or in the vehicle** of the subject of the surveillance **or** is carried out by means of a surveillance device which consistently provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle.

## **DIRECTED SURVEILLANCE**

### **7. AUTHORISATION PROCESS FOR DIRECTED SURVEILLANCE.**

- 7.1 Directed Surveillance can only be lawfully carried out if **properly authorised** and in strict accordance with the terms of the authorisation. The form must be signed by an Authorising Officer and approved by a Magistrate before the authorisation can be acted upon.

#### **7.2 Authorised Officers and Magistrates Approval.**

A Central List of Authorised Officers will be retained by the Head of Legal Services. This should be kept up-to-date using the notification procedure. All Authorising Officers should have received adequate training on **RIPA**.

- 7.3 Authorising Officers within the meaning of this procedure should avoid authorising their own activities. If this occurs it must be recorded on the pro forma sent with the Authorisation to Head of Legal Services on Directed Surveillance.

- 7.4 Once the form is signed by an Authorising Officer the Magistrates Court should be contacted to arrange for the application to be approved by a Magistrate.

## 7.5 **Application Forms**

All applications for Directed Surveillance Authorisations will be made on official designated stationery, which accords with the Code of Practice available on the intranet and **MUST** be personally completed by the applicant in all circumstances.

## **PERIOD OF VALIDITY OF AUTHORISATIONS**

- 7.6 The Authorisation must be renewed in the time stated and cancelled once it is no longer needed. The Authorisation to conduct the Surveillance lasts for a maximum of 3 months for Directed Surveillance.
- 7.7 At the end of 3 months, if the need for the information continues and this is deemed to be the only way that it can be obtained, the original authorisation can be renewed. This is a prescribed process under the **RIPA Code of Practice**.
- 7.8 All applications for the renewal of Directed Surveillance must be made on the renewal form. The applicant in all cases should complete this where the surveillance is still required beyond the previously authorised period (including previous renewals).
- 7.9 Where authorisation ceases to be either necessary, appropriate or proportionate, the Authorising Officer **MUST** cancel an authorisation, using the cancellation form.
- 7.10 **All authorisations** must be reviewed at least every 4 weeks from the date of authorisation, using the renewal form, which must be attached to the original authorisation.
- 7.11 The respective forms, Code of Practice and supplementary material is available on the Council Intranet, or directly from Legal Services.
- 7.12 Services wishing to adopt a more devolved authorisation process may do so only on the explicit approval of a written policy by the Council; All authorisations must remain within the scope of the Code of Practice relating to persons permitted to authorise the activity required.

## **8. Authorisation Criteria for Directed Surveillance**

- 8.1 Prior to granting an authorisation for the use of surveillance, the authorising officer must be satisfied that:-
- the authorisation is for a prescribed **lawful purpose (i.e. the prevention or detection of crime) where the criminal offence**

**sought to be prevented or detected is punishable by a maximum term of at least 6 months of imprisonment or are offences involving sale of tobacco and alcohol to underage children;**

- the purpose of the surveillance is clearly defined and stated.
- That any evidence obtained will be used if it relates to a specific section of specified Legislation appropriately identified and documented.
- account has been taken of the likely degree of intrusion into the privacy of persons other than those directly implicated in the operation or investigation (called '**Collateral Intrusion**'). Measures must be taken, wherever practicable, to avoid unnecessary intrusion into the lives of those affected by Collateral Intrusion. These measures and extent of possible intrusion should be recorded on the form;
- the authorisation is **necessary**;
- the authorised surveillance action is **proportionate** to the information being sought;
- any **equipment** to be used is **specified**;
- the information required **cannot be obtained by alternative methods**.

## 8.2 **Necessity**

Surveillance operations shall only be undertaken where there is no reasonable and effective alternative way of achieving the desired objective(s) for the purpose of preventing and detecting crime, preventing disorder and the use of Directed Surveillance is the most reasonable means of obtaining the evidence or intelligence to support a prosecution.

## 8.3 **Effectiveness**

Surveillance operations shall be undertaken only by **suitably trained or experienced employees**, or under their direct supervision.

## 8.4 **Proportionality**

If the activities are necessary, the person granting the authorisation must believe that they are proportionate to what is sought to be achieved by carrying them out. This involves balancing the intrusiveness of the activity on the target and others who might be

affected by it against the need for the activity in operational terms. The activity will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means. All such activity should be carefully managed to meet the objective in question and must not be arbitrary or unfair. A useful summary on proportionality is:

1. Is use of Covert Surveillance **proportionate to the crime** being investigated?
2. Is the surveillance aim **proportionate to the degree of anticipated intrusion** on the target or others?
3. Is it the only option? **Have Overt means been considered** and discounted?

#### 8.5 **Authorisation**

All Directed Surveillance shall be authorised, **in writing**, in accordance with this procedure. If an authorisation is refused, this should still be sent through to legal as the Central Record should contain refusals as well as authorised surveillance.

#### 8.6 **Urgent Authorisations for Directed Surveillance**

Due to the Magistrates approval process a Local Authority can no longer seek urgent oral authorisations. In circumstances where the Applicant considers there is some urgency, they should first consider whether the immediate response provisions of **section 26(2)(c) of RIPA** apply. Alternatively it may be appropriate to contact the Police as they still retain this power.

#### 8.7 **Duration for Directed Surveillance**

Authorisation for Directed Surveillance must be reviewed in the time stated and cancelled immediately it is no longer required.

Directed Surveillance Authorisations to carry out/conduct Surveillance are valid for 3 months duration from the date of Authorisation unless cancelled or renewed. The Authorisation forms must be cancelled and/or renewed during the 3 month period. The validity of the forms and their related authorisations is not dependent upon whether actual surveillance is carried out/conducted or not, as the forms do not cease to be valid after 3 months because they must either be cancelled or renewed within this period.

- 8.8 Authorisations can be renewed in writing when the maximum period has expired. The Authorising Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date, and any collateral intrusion that has occurred. The renewal must also be authorised by the Magistrates before being acted upon.

8.9 The renewal will begin on the day when the authorisation would have expired.

## **9. Time Periods for Authorisations for Directed Surveillance**

Written authorisations for directed surveillance expire 3 months beginning on the day from which they took effect; that being the day of the Magistrates approval.

## **10. Time Periods for Renewals for Directed Surveillance**

10.1 If at any time before an authorisation would expire the Authorising Officer considers it necessary for the authorisation to continue for the purpose for which it was given, it may be renewed in writing for a further period of 3 months beginning with the day on which the original or previous authorisation ceases to have effect. Applications for renewals should only be made shortly before the authorisation is due to expire. The renewals must be authorised by a Magistrate.

10.2 Any person entitled to authorise applications may renew authorisations. Applications may be renewed more than once, provided they continue to meet the criteria for authorisation.

## **11. Review of Ongoing Authorisations for Directed Surveillance**

11.1 The Authorising Officer must review all authorisations at intervals of not more than 4 weeks. Details of the review and the decision reached shall be documented on the original application and recorded using the review form.

## **12. Cancellation of Directed Surveillance Authorisation**

12.1 The Authorising Officer must cancel an authorisation if he/she is satisfied that the Directed Surveillance no longer satisfies the criteria for authorisation, or at the point where all information sought has been obtained.

12.2 There is nothing in the **RIPA** which prevents material obtained from properly authorised surveillance from being used in other investigations. Each Public Authority must ensure that arrangements are in place for the handling, storage and destruction of material obtained through the use of Covert Surveillance. Authorising Officers must ensure compliance with the appropriate data protection requirements and any relevant Codes of Practice produced by individual authorities relating to the handling and storage of material.

## **13. Obtaining a Unique Reference Number for Directed Surveillance**

Each Application form must be identified with a **Unique Reference Number (URN)** which is allocated by Legal Services. The Authorising Officer /Applicant should phone/email Legal Services as soon as possible to obtain the next available URN. Any Surveillance refused by the Authorising Officer should also have a URN and be provided to Legal Services. If an amended request for authorisation is made for the same matter, the same URN can be used so that the matter can be tracked.



## **PROCEDURE RELATING TO THE DEPLOYMENT OF A COVERT HUMAN INTELLIGENCE SOURCE (CHIS)**

14. Due to the unique and onerous responsibilities relating to the deployment of a **CHIS**, an Applicant must first seek Legal Advice from Legal Services (**Senior Responsible Officer** or **RIPA Coordinating Officer**) before applying for the authorisation of a **CHIS**.

### 14.1 **CHIS - definition**

Someone who establishes or maintains a personal or other relationship for the Covert purpose of helping the Covert use of the relationship to obtain information.

14.2 Using a **CHIS** should not be undertaken lightly as the Authority will have an ongoing duty of care to that person due to the situation they have been placed in. It is therefore essential that a risk assessment takes place before a **CHIS** is deployed.

14.3 **RIPA** does not apply in circumstances where members of the public volunteer information to the **DMBC** as part of their normal civic duties, or to contact numbers set up to receive information. However both these situations need to be managed carefully as the Authority asking for further information or encouraging the informant to report back again is likely to lead to the informant becoming a surveillance agent or a **CHIS**.

### 14.4 **SPECIFIC REQUIREMENTS FOR CHIS AUTHORISATION**

The Conduct or Use of a **CHIS** requires prior authorisation.

- **Conduct** of a **CHIS** means: Establishing or maintaining a personal or other relationship with a person for the Covert purpose of (or is incidental to) obtaining and passing on information.
- **Use** of a **CHIS** means: Any action, **inducing, asking or assisting** a person to act as a **CHIS** and the decision to use a **CHIS** in the first place.

14.5 **PLEASE NOTE DMBC** is only **Permitted by Law** to use a **CHIS** if **RIPA** procedures are **RIGOROUSLY FOLLOWED** as set out in this document.

**ADVICE MUST ALWAYS BE OBTAINED FROM LEGAL SERVICES  
BEFORE A CHIS IS DEPLOYED**

#### 14.6 Juvenile Sources

Special safeguards apply to the use or conduct of Juvenile Sources (i.e. under 18 years). On no occasion can a child under 16 years of age be authorised to give information against his or her parents. Only the Chief Executive or Deputy are duly authorised by the **DMBC** to use Juvenile Sources, as other more onerous requirements will need to be complied with.

#### 14.7 Vulnerable Individuals

A Vulnerable Individual is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself or herself, or unable to protect himself or herself against significant harm or exploitation. A Vulnerable Individual will only be authorised to act as a covert human intelligence source in the most exceptional of circumstances. Only the Chief Executive or Deputy, are allowed by the DMBC to authorise the use of Vulnerable Individuals as a **CHIS**, due to the need to comply with additional more onerous requirements.

#### 14.9 Test Purchases

Carrying out test purchases will not (as highlighted above) require the purchaser to establish a relationship with the supplier with the Covert purpose of obtaining information, and therefore, the test purchaser will not normally be a **CHIS**. For example, authorisation would not normally be required for test purchases carried out in the ordinary course of business (e.g. walking into a shop and purchasing a product over the counter).

14.10 By contrast, developing a relationship with a person in the shop, to obtain information about the seller's suppliers of an illegal item. (e.g. illegally imported products) will require authorisation as a **CHIS**. Similarly, using mobile hidden recording devices or **CCTV** cameras to record what is going on in the shop will require authorisation as Directed Surveillance. A **Combined Authorisation** can be given for a **CHIS and Directed Surveillance**.

#### 14.11 Anti-Social Behaviour Activities (e.g. noise)

Persons who complain about anti-social behaviour, and are asked to keep a diary, will not normally be a **CHIS**, as they are not required to establish or maintain a relationship for a covert purpose. Recording the level of noise (e.g. the decibel level) will not normally capture private information and, therefore, does not require authorisation.

14.12 Recording sound (with A DAT recorder) on private premises could constitute Intrusive Surveillance, unless it is done Overtly. For

example, it will be possible to record sound if the noise maker has been warned that this will occur. Placing a stationary or mobile video camera outside a building to record anti social behaviour on residential estates will require prior authorisation.

## **15. CHIS AUTHORISATION PROCEDURE**

15.1 The use of **CHIS** can only be lawfully carried out if properly authorised and in strict accordance with the terms of the authorisation.

### **15.2 Authorised Officers and Magistrates Approval**

Forms can only be signed by trained Authorising Officers. A Central List of Authorised Officers will be retained by the Head of Legal Services. This list will be kept up-to-date using the notification procedure. All Authorising Officers should have adequate training relating to compliance with **RIPA** implementation and be fully conversant with the content of this procedural document.

15.3 Authorising Officers within the meaning of this procedure should avoid authorising their own activities. A **CHIS** is **NOT PERMITTED** to authorise their own activities.

15.4 **Authorisations must be in writing.** Once the form has been signed Legal Services should be consulted to ensure the correct process has been complied with. Upon receipt of Legal Services approval the Applicant should personally contact the Magistrates Court to arrange an appointment with a Magistrate to approve the surveillance application documents.

### **15.5 CHIS Application Forms**

All applications for **CHIS** authorisations will be made on official designated stationery, which accords with the Code of Practice. The applicant in all cases should always complete this in person.

### **15.6 Duration**

The Authorisation must be renewed in the time stated and cancelled once it is no longer needed. The Authorisation to conduct the Surveillance lasts for 12 months for **CHIS** unless cancelled or renewed.

15.7 At the end of 12 months, if the need for the information continues and this is deemed to be the only way that it can be obtained, the original Authorisation can be renewed and this will need to be placed before a Magistrate before it is effective. This is a prescribed process under the **RIPA Code of Practice** which **MUST** be followed.

- 15.8 Where Authorisation ceases to be either necessary or appropriate, the Authorising Officer **MUST** cancel an authorisation.
- 15.9 All Authorisations must be reviewed (**at least every 4 weeks**) from the date of authorisation, and must be attached to the **original authorisation**.
- 15.10 The respective **Forms, Code of Practice and Supplementary Material** is available on the Council Intranet, or directly from Legal Services.
- 15.11 Services wishing to adopt a more devolved authorisation process may do so only on the explicit approval of a written policy by the Council; all authorisations must remain within the scope of the Code of Practice relating to persons permitted to give authorisation.
- 15.12 All applications for **CHIS** should accord with the **CHIS Code of Practice**. The necessary forms are the **Application, Review, Renewal and Cancellation**

## **16. Authorisation Criteria**

- 16.1 Prior to granting an Authorisation for **CHIS**, the Authorising Officer must be satisfied that:-
- the authorisation is for a **prescribed lawful purpose** (i.e. the prevention or detection of crime or the prevention of disorder);
  - the purpose of the use of a **CHIS** is **clearly defined and stated**.
  - account has been taken of the likely **degree of intrusion** into the privacy of persons other than those directly implicated in the operation or investigation (called '**Collateral Intrusion**'). Measures must be taken, wherever practicable, to avoid unnecessary intrusion into the lives of those affected by Collateral Intrusion. These measures and extent of possible intrusion should be recorded on the form;
  - the authorisation is **necessary**;
  - the authorised surveillance action is **proportionate** to the information being sought;
  - any **equipment** to be used is **specified**;
  - the information required cannot be obtained by **alternative methods**.
  - A **risk assessment** has been completed.

## 16.2 **Necessity for CHIS**

Surveillance operations shall only be undertaken where there is no reasonable and effective alternative way of achieving the desired objective(s).

## 16.3 **Effectiveness of CHIS**

Surveillance Operations shall be undertaken only by suitably trained or experienced employees, or under their direct supervision.

## 16.4 **Proportionality for CHIS**

The use of surveillance shall not be excessive, i.e. it shall be in proportion to the significance of the matter being investigated. A useful test is:

1. Is use of Covert Surveillance proportionate to the mischief being investigated?
2. Is the surveillance aim proportionate to the degree of anticipated intrusion on the target or others?
3. Is it the only option? Have Overt means been considered and discounted?

## 16.5 **Authorisation for CHIS**

All **CHIS** shall be authorised, **in writing**, in accordance with this procedure.

When authorising the conduct or use of a **CHIS**, the Authorised Officer must also:-

- (a) be satisfied that the conduct and/or use of the CHIS is **necessary and proportionate** to what is sought to be achieved;
- (b) be satisfied that appropriate arrangements are in place for the **management and oversight** of the CHIS and this must address **health and safety issues** through a risk assessment;
- (c) consider the likely **degree of intrusion** of all those potentially affected;
- (d) consider any **adverse impact on community confidence** that may result from the use or conduct or the information obtained;
- (e) ensure **records contain particulars** and are not available except on a need to know basis; and

(f) ensure that there is an **appointment of a Controller, Handler and Record Keeper** in each case. The person referred to in **section 29(5)(a)** of the **2000 Act** ( the “**Handler**”) will have day to day responsibility for:

- dealing with the **CHIS** on behalf of **The Authority** concerned;
- directing the day to day activities of the **CHIS**;
- recording the information supplied by the **CHIS**; and
- monitoring the security and welfare of the **CHIS**.
- The Handler of a **CHIS** will usually be of a rank or position below that of the Authorising Officer. The person referred to in **section 29(5)(b)** of the **2000 Act** (the “**Controller**”) will normally be responsible for the management and supervision of the “**Handler**” and general oversight of the use of the **CHIS**.

#### 16.6 **Urgent Authorisations for use of a CHIS**

Due to the changes in the Law requiring the approval of a Magistrate, Local Authorities are **no longer permitted** to seek **Urgent Oral Authorisation**. In circumstances which the Applicant considers there is some urgency they should first consider whether the immediate response provisions of **RIPA** apply under **section 26(2)(c) of the RIPA Regulations** ( unlikely with a **CHIS**). Alternatively it may be appropriate to contact the Police as they still retain this power.

#### 16.7 **CHIS Duration**

The Authorisation must be reviewed in the time stated and cancelled once it is no longer needed. The ‘Authorisation’ to carry out/conduct the surveillance for a **CHIS** lasts for a maximum of 12 months (from authorisation). However, whether the surveillance is actually carried out/conducted or not, during the relevant period, does not mean the ‘authorisation’ becomes ‘spent’. In other words, the Forms and their related authorisations) do not expire. The forms have to be reviewed and/or cancelled (once they are no longer required).

16.8 Authorisations can be renewed in writing when the maximum period has expired. The Authorising Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date, and any Collateral Intrusion that has occurred. The Renewals will only be effective once authorised by a Magistrate.

16.9 The renewal will begin on the day when the authorisation would have expired.

**17. CHIS Time Periods for Authorisations**

- 17.1 Written authorisations for CHIS expire 12 months beginning on the day from which they took effect.

**18. CHIS Time Periods for Renewals**

- 18.1 If at any time before an authorisation would expire the authorising officer considers it necessary for the authorisation to continue for the purpose for which it was given, it may be renewed in writing for a further period of 12 months beginning with the day on which the original or previous authorisation ceases to have effect. Applications for renewals should only be made shortly before the authorisation is due to expire. Approval of a Magistrate is necessary before it will be effective.

- 18.2 Any person entitled to authorise applications may apply to renew authorisations. Applications may be renewed more than once, provided they continue to meet the criteria for authorisation. All renewals require approval of a Magistrate.

**19. Review of Ongoing Authorisations of CHIS**

The Authorising Officer must review all authorisations at intervals of **not more than 4 weeks**. Details of the review and the decision reached shall be documented on the original application and recorded using the review form.

**20. Cancellation of Authorisation of CHIS**

The Authorising Officer must cancel an authorisation if he/she is satisfied that the Directed Surveillance no longer satisfies the criteria for authorisation, or at the point where all information sought has been obtained.

**21. CHIS Unique Reference Number (URN).**

Each form must have a Unique Reference Number allocated by Legal Services. The Authorising Officer/Applicant should phone/email Legal Services as soon as possible to be allocated the next available URN.

**22. Investigations involving Social Media**

- 22.1 Social Media sites are a useful tool for intelligence and evidence gathering. However there is a fine distinction between accessing readily available personal information posted into the public domain on Social Media and interfering in an individual's private life. The Internet is a surveillance device as defined by **section 48(1) RIPA**.

Surveillance is **Covert** "if, and only if, it is conducted in a manner that is calculated to ensure that persons who are subject to the surveillance are unaware that it is, or may be taking place." Knowing that something is capable of happening is not the same as an awareness that it is or may be taking place.

22.2 Reviewing open source sites does not require authorisation unless the review is carried out with some regularity, usually when creating a profile, in which case directed surveillance authorisation will be required. If it becomes necessary to breach the privacy controls and become for example 'a friend' on the Facebook site, with the investigating officer utilising a false account concealing his/her identity as a council officer for the purposes of gleaning intelligence, this is a covert operation intended to obtain private information and should be authorised, at the minimum, as directed surveillance. If the investigator engages in any form of relationship with the account operator then they become a CHIS requiring authorisation as such and management by a Controller and Handler with a record being kept and a risk assessment created.

22.3 The use of Social Media for the gathering of evidence to assist in enforcement activities should be used with the following considerations:

- It is only in the most exceptional cases that a false identity should be used in order to 'friend' individuals on social networks and **RIPA** Authorisation must always be obtained. A possible use may be to investigate the sale of counterfeit goods on Social Media site where there is no other method of obtaining evidence.
- Officers viewing an individual's open profile on a social network should do so only in order to obtain evidence to support or refute their investigation; this should only be done to obtain the information and if necessary later to confirm the information.
- Systematic viewing of a profile will normally amount to surveillance and a **RIPA** Authorisation should be obtained.
- **RIPA** should also be considered where a friend request is sent or if a conversation has been entered into with the owner of the page as this may amount to a **CHIS**.
- Officers should be aware that it may not be possible to verify the accuracy of information on social networks and, if such information is to be used as evidence, reasonable steps must be taken to ensure its validity.



## **23. Monitoring**

- 23.1 Each Service must maintain a record of all applications for authorisation (including refusals), renewals, reviews and cancellations. This **record must be used** to ensure authorisations are subsequently reviewed, renewed or cancelled.
- 23.2 At least annually the Council's arrangements will be reviewed and a report submitted to the Audit Committee. **Interim Update** reports shall be delivered to the Committee at intervals of approximately six months.

## **24. Training and Training Records**

- 24.1 Directors shall arrange for all officers regularly involved in the use of **RIPA** to receive appropriate training. Authorising Officers must receive regular training on **RIPA** and **Council Procedures**.
- 24.2 The Directors shall ensure that appropriate records of such training is retained so that it may be produced at a **RIPA Surveillance Commissioner Inspection**.

## **25. Working in conjunction with Other Agencies**

- 25.1 When some other agency has been instructed to undertake any action under **RIPA** on behalf of the DMBC, this Document and the Council Forms **MUST** be used (as per normal procedure). The agency should be advised or kept informed of any specific requirements as necessary. Any agent must be made explicitly aware of the scope and limitation of their authority to protect DMBC against any breach of the **RIPA** related provisions.
- 25.2 When any external agency (e.g. Police, Customs & Excise, Inland Revenue, etc.):-
- (a) wish to use any resource of **DMBC** (e.g. **CCTV** surveillance systems), that agency must use its own **RIPA** procedures and, before any Officer agrees to allow the resources of **DMBC** to be used for the other agency's purposes, he/she must obtain a copy of that agency's **RIPA** form for the record (a copy of which must be passed to the Head of Legal Services for the Central Register) and/or relevant extracts from the same which are sufficient for the purposes of protecting **DMBC** and the use of its resources;
  - (b) wish to use any premises controlled by **DMBC** for their own **RIPA** action, the Officer should, normally, co-operate with the same unless there are security or other good operational or managerial reasons why the those premises should not be used for the agency's activities. Suitable insurance or other appropriate indemnities may be sought from the other agency to secure co-

operation from **DMBC** in the agent's **RIPA** operation. The **RIPA** Forms and documentation normally used by the **DMBC** should not be used in such cases, however, as the **DMBC** is only 'assisting' and not being 'involved' in the **RIPA** activity of the external agency.

25.3 In terms of 24.2(a) above, if the Police or other Agency wish to use **DMBC** resources for General Surveillance, as opposed to Specific **RIPA** Operations, a letter detailing the proposed use, extent of remit, duration, and identity of the person responsible for undertaking the general surveillance and the purpose of the operation must be obtained from the Police or other Agency before any **DMBC** resources are made available for the proposed use.

25.4 **IF THERE IS ANY REASON FOR DOUBT OR UNCERTAINTY REGARDING PROCEDURAL ISSUES**, please consult with the Head of Legal Services at the earliest opportunity.

## 26. Security and Retention of Documents

**Documents** created under this procedure are **Highly Confidential** and shall be treated as such. Services shall make proper arrangements for their retention, security and destruction, in accordance with the requirements of the **Data Protection Act 1998** and the **Codes of Practice**.

## 27. Internal Overview, Equipment and Records Management

27.1 **Senior Responsible Officer (SRO)** is the **Assistant Director – Legal and Democratic Services**. The **SRO** has the Legal Responsibility on behalf the Authority for **RIPA** related activity and fulfils a recommendation in the **Directed Surveillance** and **CHIS Code of Practice**, including responsibility to ensure that all Authorising Officers are trained to the appropriate standard and is liable to remedy any concerns highlighted by any **Inspection Report from the Office of the Surveillance Commissioners**. The Assistant Director regularly attends Corporate Leadership Team meetings in accordance with the requirements of the **RIPA Codes of Practice**.

### 27.2 **RIPA Coordinating Officer.**

A Principal Legal Officer (**PLO**) for the Authority undertakes the role of the **RIPA Coordinating Officer** whose duties include:

- a) Ensuring maintenance of the the Central Record of Authorisations and collating the original applications/authorisation, reviews, renewals and cancellations.

- b) Oversight of submitted **RIPA** documentation.
- c) Organising a **RIPA** training programme.
- d) Raising **RIPA** awareness with in the Council.
- e) Ensuring a **URN** is correctly allocated.

**Due to the Oversight Role of the Coordinating Officer he/she cannot also be an Authorising Officer.**

### 27.3 Councillor Overview Role

The Codes also require that:

- a) Councillors should review the use of **RIPA** by **DMBC** and also review the policy at least once a year;
- b) Councillors should also consider internal reports on use of **RIPA** on a regular basis to ensure that it is being used consistently in accordance with the Council's Policy and to ensure that the policy remains fit for purpose. They should not be involved in making decisions on specific authorisations.

### 27.4 Head of Paid Service

The Code also requires that the authorisation level when knowledge of Confidential Information is likely to be acquired or when a vulnerable individual or juvenile is to be used as a **CHIS** source must be the Head of Paid Service or (in their absence) the person acting as the Head of Paid Service. Doncaster Council's Constitution specifically states that the Assistant Director – Legal and Democratic Services is to act in this role in the absence of the Head of Paid Service.

### 27.5 Records

The DMBC must keep a detailed record of all authorisations, renewals, cancellations and rejections in Departments and a Central Register of all Authorisation Forms will be maintained and monitored by the Senior Responsible Officer (**SRO**).

### 27.6 Central Register maintained by the Head of Legal Services

**Authorised Officers MUST forward** each original authorisation form along with the pro forma (Appendix 3) and then each renewal or cancellation form to the Head of Legal Services for the Central Register, **WITHIN 1 week of the authorisation, review, renewal, cancellation or rejection.** Authorised Officers must ensure when

sending the originals of any forms to the Head of Legal Services they are sent in sealed envelopes and marked '**Strictly Private and Confidential**'. The Head of Legal Services will monitor the same and give appropriate guidance, from time to time, or amend this Document, as necessary.

27.7 **DMBC** will retain records for a period of at least three years from the ending of the authorisation or until the next OSC Inspection if longer. The Office of the Surveillance Commissioners (OSC) can audit/review **DMBC's** policies and procedures, and individual authorisations.

#### 27.8 **Records maintained in the Department**

The following documents must be retained by the relevant Heads of Service (or his/her Designated Officer) for such purposes.

- copy Forms together with any supplementary documentation and notification of the approval given by the Authorising Officer;
- a Record of the period over which the surveillance has taken place;
- the Frequency of Reviews prescribed by the Authorised Officer;
- a Record of the Result of each review of the authorisation;
- a copy of any renewal of an authorisation, together with the supporting documentations submitted when the renewal was requested;
- the Date and Time when any instruction was given by the Authorising officer;
- the Unique Reference Number for the authorisation (URN).

Documents should be retained for a minimum of three years from the ending of the authorisation. Documentation should be securely maintained, with limited access, to ensure confidentiality is not breached.

27.9 Each form will have a URN. These are allocated by Legal Services (see 14).

#### 27.10 **Equipment Register**

An Equipment Register is maintained by the RIPA Coordinating officer of all equipment that the Council holds for the purposes of Covert Surveillance. This lists the names of the Responsible Officers for each piece of equipment who will ensure that an equipment log is kept detailing equipment in/out and the URN that the equipment is being

used for. Any changes to the equipment kept should be notified by the responsible persons listed to the RIPA Coordinating Officer. The log in/out of equipment should be retained and available for any check by the **RIPA** Coordinating Officer, Senior Responsible Officer and Surveillance Commissioners.

## **28. External Overview**

- 28.1 The Office of Surveillance Commissioners provides an independent overview of the use of the powers contained within the Regulation of Investigatory Powers Act 2000. This scrutiny includes inspection visits to local authorities by Inspectors appointed by the Office of the Surveillance Commissioners.
- 28.2 It is anticipated that the inspectors will speak to the Head of Legal Services and the Central Corporate co-ordinator.
- 28.3 Inspections can take place unannounced.
- 28.4 The Human Rights Act 1998 (which brought much of the European Convention on Human Rights and Fundamental Freedom 1950 into UK domestic law) requires the DMBC and organisations working on its behalf, pursuant to Article 8 of the European Convention, to respect the private and family life of citizens, his home and his correspondence.
- 28.5 The European Convention did not, however, make this an absolute right, but a qualified right. Accordingly, in certain circumstances, the DMBC may interfere in the citizen's right mentioned above, if such interference is:-
- (a) in accordance with the law;
  - (b) necessary (as defined in this Document); and
  - (c) proportionate (as defined in this Document).
- 28.6 The Regulation of Investigatory Powers Act 2000 (**'RIPA'**) provides a statutory mechanism (i.e. 'in accordance with the law') for authorising covert surveillance and the use of a 'Covert Human Intelligence Source' (**'CHIS'**) - e.g. undercover agents. It seeks to ensure that any interference with an individual's right under Article 8 of the European Convention is necessary and proportionate. In doing so, the **RIPA** seeks to ensure both the public interest and the human rights of individuals are suitably balanced.
- 28.7 Directly employed Council staff and external agencies working for the DMBC are covered by the Act for the time they are working for the DMBC. All external agencies must, therefore, comply with RIPA and the work carried out by agencies on the Council's behalf must be

properly authorised by one of the Council's designated Authorised Officers.

28.8 If the correct procedures are not followed, evidence may be disallowed by the courts, a complaint of maladministration could be made to the Ombudsman, and/or the Council could be ordered to pay compensation. Such action would not, of course, promote the good reputation of the **DMBC** and will, undoubtedly, be the subject of adverse press and media interest. It is essential, therefore, that all persons involved with **RIPA** comply with this Document and any further guidance that may be issued, from time to time, by the Assistant Director Legal and Democratic services.

## 29. **Use of covert surveillance outside of RIPA**

29.1 **RIPA** legislation is permissive i.e. it gives a Local Authority reassurance that in carrying out Covert Surveillance that it is not breaching **The Human Rights Act 1998**. In very unique and specific circumstances it may be possible to lawfully carry out surveillance outside of the **RIPA** legislation. This will require a procedure to be followed very similar to that used for **RIPA** authorisations. The **SRO** and the Coordinating Officer must be consulted before any such surveillance is considered.

## 30. **Complaints**

30.1 The **Regulation of Investigatory Powers Act 2000** establishes an Independent Tribunal. This has full powers to investigate and decide any cases within its jurisdiction.

30.2 The Council will ensure that copies of the Tribunal's information sheet, their complaint form and their Human Rights Act claim form will be made available on request at all main Council public offices.

30.3 Copies of the **RIPA Code of Practice** and **Council Policy Statement** will be supplied on request from anyone seeking a copy.

- Drafted - April 2003**
- 1st Amendment - April 2004**
- 2nd Amendment - March 2008**
- 3rd Amendment - September 2009**
- 4th Amendment - November 2012**
- 5th Amendment - May 2013**
- 6<sup>th</sup> Amendment - December 2014**
- 7<sup>th</sup> Amendment - March 2016**

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## Doncaster Council

### Report

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Date: 21<sup>st</sup> June, 2018

**To the Chair and Members of the  
AUDIT COMMITTEE**

#### **UNAUDITED STATEMENT OF ACCOUNTS 2017/18**

##### **EXECUTIVE SUMMARY**

1. This report presents the Council's unaudited Statement of Accounts for the 2017/18 financial year. The report highlights the overall financial position for the year, a summary accounts closure timetable and information on performance including improvements achieved in accuracy and quality.
2. The Accounts and Audit (England) Regulations 2015 apply to the preparation, approval and audit of the Statements of Accounts and other financial statements. These regulations are based on International Financial Reporting Standards ('IFRS') which attempt to standardise accounts in a consistent format across both the public and private sectors with the aim of achieving greater transparency.
3. Whilst there is no longer a requirement to present the unaudited accounts to Members before the external audit process commences, the Council has continued this practice as it gives Members early notification of the financial outcome of the previous financial year and is considered to be good practice.
4. There is a requirement to obtain certification of the accounts by the responsible financial officer, for the Council this is the Chief Financial Officer & Assistant Director – Finance, by the 31<sup>st</sup> May each year. The statutory deadline for the date of approval and publication of the final Statement of Accounts is 31<sup>st</sup> July. These dates are earlier than in previous years (30th June and 30th September respectively) however, due to improved financial management processes, the Council has worked to the shorter deadlines since the 2015/16 accounts.

##### **EXEMPT REPORT**

5. Not applicable.

## RECOMMENDATIONS

6. Members are requested to note the 2017/18 Statement of Accounts.

## WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. An unqualified audit opinion on the Council's financial statements and a good VfM conclusion resulting from the annual audit process would indicate that there is excellent internal control in place safeguarding Council resources.

## BACKGROUND

8. The Council's 2017/18 accounts have been prepared in accordance with IFRS and the appropriate accounting codes of practice and were approved by the Council's responsible financial officer on the 31<sup>st</sup> May. This is 1 day earlier than the accounts for 2016/17 and by the statutory deadline.
9. The statutory 6 week period in which the accounts are available for public scrutiny must include the 1st 10 working days in June. The accounts are available for public scrutiny from 1<sup>st</sup> June to 12<sup>th</sup> July. This was advertised on the Council's website on 31<sup>st</sup> May. The unaudited accounts were placed on the Council's website on 31<sup>st</sup> May in line with the Government's policy of increased transparency in the public sector with public scrutiny of the accounts being a key feature of the financial governance framework of local authorities.
10. The accounts will be subject to external audit during the period 1<sup>st</sup> June to 12<sup>th</sup> July and it is expected that the audit opinion will be finalised (subject to the continuing work on the Whole of Government Accounts) by 16<sup>th</sup> July. Legislative requirements significantly reduce the timeframe allowed for the accounts closure process and Members of the Audit Committee will now be aware that the Council is required to produce the audited Statement of Accounts for the 2017/18 financial year by 31<sup>st</sup> July 2018, with the unaudited 2017/18 accounts being produced by 31<sup>st</sup> May 2018.
11. The Council is planning to finalise its audited 2017/18 accounts by 26<sup>th</sup> July. The accounts and a report will be presented by KPMG to this Committee on 26<sup>th</sup> July setting out the result of the external audit in the form of their 'Communication with those charged with governance' report (ISA 260 report), which formally sets out the findings of their audit of the financial statements.

### The 2017/18 Financial Statements and Supporting Disclosure Notes

12. The style and format of the accounts used for 2017/18 is similar to that used last year. The 'removing the clutter' drive has continued, with a number of items excluded or revised as part of reducing the size of this year's accounts. The unaudited accounts, excluding the narrative report, are now 99 pages in length (compared to 100 pages in 2016/17). The main changes in 2017/18 are: -
  - a. A new Note A – Prior Period Adjustment is included at the beginning of the supporting disclosure notes (see explanation below in paragraph 13c);
  - b. Removal of Note 24h – Unequal Pay Back Pay Account as there is

no longer a balance on this account;

- c. Removal of Note 10 to the Housing Revenue Account - Revenue Expenditure Funded from Capital Under Statute as there was none in 2016/17 or 2017/18; and
  - d. The introduction of key principles for the Narrative Report (although the Narrative Report is not formally part of the Statement of Accounts).
13. Members of this Committee have a key role in scrutinising the accounts in order to maintain strong governance over financial reporting. Early production of the accounts enables the Members of this Committee sufficient time to review the statements and ask challenging and pertinent questions. Whilst the Narrative Report provides the summary of the financial year and the associated statements, it is worthwhile highlighting some specific points for the year: -
- a. At the meeting on 19<sup>th</sup> June, Cabinet will be presented with the final outturn positions for both revenue and capital for the 2017/18 financial year. On the normal day to day operating budget the Council overspent by £2.5m. This includes funding of the Children's Trust £3.1m overspend, Regeneration & Environment £0.8m overspend, Adults Health & Wellbeing overspend £0.6m and Learning & Opportunities – Children & Young People overspend £0.4m. These overspends are offset by £1.3m one-off underspends in Corporate Resources and £1.1m one-off underspends in Council-Wide;
  - b. For Members, probably the most important issue will be whether the Council has a surplus or deficit compared to its budget for the year. The (increase)/decrease in 2017/18 on the Movement in Reserves Statement gives this information for both the General Fund and the Housing Revenue Account (HRA). The deficit of £100.7m (General Fund £97.2m and the HRA £3.5m) shown in the Comprehensive Income and Expenditure Statement (CIES) is an indication that the costs of providing the year's services have exceeded income. This represents the position that would have been reported under 'commercial accounting' rules. Statutory adjustments convert the Council's financial performance from the £100.7m to a £4.0m decrease in the general fund balance, which after adjusting for earmarked reserves reconciles with the £2.5m reported overspend and a £1.3m increase in the HRA;
  - c. The value of componentised assets revalued in 2015/16 and 2016/17 were overstated by the existing component value. The Balance Sheet has been re-stated for changes to the property, plant and equipment, capital adjustment account and revaluation reserve totals. The relevant notes in the accounts supporting the values in the Balance Sheet have also been re-stated. The combined impact upon the CI&ES over the two years would have been £5.3m. The CI&ES notes have not been updated as this value has not been deemed to be material. Further details are shown in Note A to the Core Financial Statements.
  - d. In respect of the HRA in 2016/17, the regional adjustment factor, applied to ascertain the value of social housing stock, increased to 41% compared to 31% which was used in 2015/16. This meant all social housing stock had a revaluation gain in 2016/17 causing a

material value of previous impairment losses to be reversed (£153.9m).

- e. The Council's net worth has decreased by £2.0m to £569.2m since the previous financial statements (see 'Balance Sheet' on page 22 of the accounts). This is mainly due to a decrease in Property, Plant & Equipment partially offset by a decrease in the liability related to defined benefit pension scheme.
- f. Reserves are an indication of the temporary resources available to assist an authority to deliver services. Not all reserves can be used to deliver services and this is reflected by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves have increased by £20.9m or 21.5% from £97.3m to £118.2m (these are shown on page 21).

<b>Usable Reserves (see Movement in Reserves Statement)</b>	<b>31<sup>st</sup> March 2017</b>	<b>31<sup>st</sup> March 2018</b>	<b>Movement in year</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
General Fund (including Earmarked reserves)	65.4	61.5	(3.9)
Housing Revenue Account	5.3	6.5	1.2
Capital Receipts Reserve	11.2	13.9	2.7
Major Repairs Reserve	3.7	7.9	4.2
Capital Grants Unapplied	11.7	28.4	16.7
<b>Total Usable Reserves</b>	<b>97.3</b>	<b>118.2</b>	<b>20.9</b>

Unusable reserves are determined by technical accounting rules and are not available for use by the Council. These have decreased by £22.9m to £451.0m mainly reflecting the changes in the Revaluation Reserve, Pension Reserve (due to changes in assumptions from the Actuary) and the Capital Adjustment Account (due to the disposal of academies and Doncaster Rail College).

<b>Unusable Reserves (Note 24)</b>	<b>31<sup>st</sup> March 2017</b>	<b>31<sup>st</sup> March 2018</b>	<b>Movement in year</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Revaluation Reserve	281.7	244.6	(37.1)
Capital Adjustment Account	687.3	616.0	(71.3)
Financial Instruments Adjustment Account	(1.1)	(1.0)	0.1
Pension Reserve	(499.5)	(415.5)	84.0
Deferred Capital Receipts Reserve	4.8	4.8	0.0
Collection Fund Adjustment	3.9	3.9	0.0
Accumulated Absences Account	(3.2)	(1.8)	1.4
Available for Sale Financial Instruments Reserve	0.0	0.0	0.0
<b>Total Unusable Reserves</b>	<b>473.9</b>	<b>451.0</b>	<b>(22.9)</b>

#### Financial Ratios

14. The following financial ratios promote the accountability of councils for their spending decisions. These include: -

- The ratio of **current assets to current liabilities**, an indicator of how

a council manages its short-term finances

- The ratio of **usable reserves to gross revenue expenditure**, highlighting how much money a council is retaining for future plans and to cover unpredictable spending
- The ratio of **long term borrowing to long term assets**, representing the percentage of a council's assets that are financed with borrowing. A low figure means a council is less dependent on debt and has lower risk associated with its operation.
- The ratio of **school balances to dedicated schools grant**, showing whether schools, maintained by the Council, are retaining a high or low proportion of the funding provided for spending on education

The ratios for the Council are provided below and reflect continued, sound financial management and governance arrangements: -

<b>DMBC Financial Ratios</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Current assets to current liabilities (working capital)	1.164	1.229	1.020
Usable reserves to gross revenue expenditure	10.58%	13.74%	10.81%
Long term borrowing to long term assets	0.290	0.270	0.304
School balances to Dedicated Schools Grant	9.72%	7.14%	5.49%

The proportion of current assets to current liabilities (ideal ratio of 1.0) indicates that the Council is managing its short term finances effectively.

The comparison of usable reserves (which includes, for these purposes, General Fund balances, earmarked reserves (less school balances) and usable capital receipts) to gross revenue spend is now lower at 10.81% (down from 13.74% in 2016/17).

## **OPTIONS CONSIDERED**

15. Not applicable.

## **REASONS FOR RECOMMENDED OPTION**

16. The main content and format of the Statement of Accounts is set out in the Code of Practice on Local Authority Accounting for 2017/18. The Council has a statutory obligation to submit its unaudited 2017/18 Statement of Accounts to the External Auditor by 30<sup>th</sup> June. Failure to do so could result in an audit qualification and consequential reputational damage.

## **IMPACT ON THE COUNCIL'S KEY OUTCOMES**

17. These are detailed in the table below: -

	<b>Outcomes</b>	<b>Implications</b>
	<b>Doncaster Working:</b> Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;	The audited Statement of Accounts provides information on all Council priorities

	<ul style="list-style-type: none"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	<p>incorporating income and expenditure for all Council services.</p>
	<p><b>Doncaster Living:</b> Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> <li>• Healthy and Vibrant Communities through Physical Activity and Sport</li> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	<p>An unqualified audit opinion from KPMG on the financial statements and supporting disclosure notes, together with an unqualified VfM conclusion assists with the positive reputation of the Council and ensures that strong governance is in place.</p>
	<p><b>Doncaster Learning:</b> Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> <li>• Every child has life-changing learning experiences within and beyond school</li> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	
	<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes</li> </ul>	
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	

## RISKS AND ASSUMPTIONS

18. The table below highlights the most significant risks that could have a negative impact on the deliverability of the Council's financial position and the action taken to mitigate them: -

<b>Risks / Assumptions</b>	<b>Probability</b>	<b>Impact</b>	<b>Proposed Action</b>
Robustness of correct outturn figure	Low	Medium	Work has been undertaken during monitoring and closedown process to process all transactions, and prepare for audit. This has included an increase in senior officer quality assurance review and control; and internal verification and checks by finance and technical officers.
The Audit identifies a material / significant finding or inaccuracy in the production of the accounts.	Low	High	Continuous dialogue with KPMG throughout the year. Specific discussions on key complex / technical areas are as part of the monthly audit liaison group meetings

### **LEGAL IMPLICATIONS [Officer Initials...SRF... Date...12/6/18]**

19. The Statement of Accounts is prepared in accordance with the appropriate Regulations and the Council is subject to statutory external audit and performance evaluation by KPMG.

### **FINANCIAL IMPLICATIONS [Officer Initials...RI... Date...04.06.18]**

20. The Council's Statement of Accounts are prepared in line with the Accounts and Audit Regulations 2015 and International Financial Reporting Standards.

### **HUMAN RESOURCES IMPLICATIONS [Officer Initials...MLV... Date...07/06/18]**

21. There are no specific HR implications relating to the content of this report.

### **TECHNOLOGY IMPLICATIONS [Officer Initials...PW...Date...05/06/18]**

22. There are no direct technology implications in relation to this report.

### **HEALTH IMPLICATIONS [Officer Initials...RS...Date...05/06/2018]**

23. Good Governance is important for good health and wellbeing. However there are no obvious direct health implications.

## **EQUALITY IMPLICATIONS**

24. This report has no specific equality implications.

## **CONSULTATION**

25. Not applicable.

## **BACKGROUND PAPERS**

26. Following background papers: -

- Unaudited Statement of Accounts 2017/18 published on the Council website: - <http://www.doncaster.gov.uk/services/the-council-democracy/statement-of-accounts>
- Accounts and Audit Regulations 2015
- The Code of Practice on Local Authority Accounting 2017/18 ('The Code') - based on IFRS

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Chief Financial Officer  
& Assistant Director – Finance**





## Doncaster Council

### Report

Date: 21<sup>st</sup> June 2018

To the Chair and Members of Audit Committee

#### DRAFT 2017-18 ANNUAL GOVERNANCE STATEMENT

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Ros Jones	N/a	No

#### EXECUTIVE SUMMARY

1. An annual review of the council's governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS) are statutory requirements by virtue of the accounts and audit regulations (England) 2016.
2. The council's governance arrangements in place during 2017-18 have been reviewed and a draft Annual Governance Statement has been prepared which shows governance compliance. There have been 6 significant weakness reported in 2017-18, which are detailed on pages 4-6 of the statement.
3. The Accounts and Audit Regulations require proper practice to be followed in the production and approval of the Statement. 'Proper practice' requires the Council Leader (in Doncaster's case, the Mayor) and the Chief Executive to sign the statement to confirm their satisfaction with the governance framework and the procedures for reviewing it, and their acceptance of the significant issues highlighted in the statement, along with actions for tackling the issues raised. This should be done prior to the publication of the Statement of Accounts in July 2018.

#### EXEMPT REPORT

4. Not Applicable

#### RECOMMENDATIONS

5. The Chair and Members of Audit Committee are asked to:
  - Approve the attached draft Annual Governance Statement;
  - Note that following the agreement of the Annual Governance Statement The Mayor and the Chief Executive will be asked to sign the Statement prior to its publication along with the Statement of Accounts in July 2018.

## WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. By ensuring that there is good governance and a sound system of internal controls in place the Council will be able to provide the citizens of Doncaster with services that are provided in accordance with the law and proper standards. It will also ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively

## BACKGROUND

7. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging these responsibilities, the Council must ensure that there is good governance and a sound system of internal controls in place, which facilitate the effective exercise of the Council's functions.
8. To continue our commitment to good governance the Strategy and Performance Unit has prepared the Annual Governance Statement set out in accordance with the new CIPFA/SOLACE Delivering Good Governance in Local Government guidance.
9. The robust process for creating the Annual Governance Statement is centrally managed using Pentana the Council performance management system and has much better engagement from directorate staff.
10. A reviewed of the process and timeline for next years AGS (2018-19) will be undertaken to streamline the production of the AGS.
11. The draft 2017-18 Annual Governance Statement:
  - Highlights key areas of improvement that have been completed and have been effectively managed to the extent that they were no longer significant. (Appendix A, Page 10)
  - Identifies new significant issues arising from the 2017-18 review of effectiveness of the corporate governance arrangements (Pages 4-6)
  - provides an update on the key areas identified during previous years that remain an issue in 2017-18 (Pages 6-9).

## OPTIONS CONSIDERED

12. Not Applicable

## REASONS FOR RECOMMENDED OPTION

13. Not Applicable

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

- 14.

	<b>Outcomes</b>	<b>Implications</b>
	<b>Connected Council:</b> <ul style="list-style-type: none"><li>• A modern, efficient and flexible workforce</li><li>• Modern, accessible customer</li></ul>	The Annual Governance Statement enables the Council to ensure that there is good governance and a sound

	<p>interactions</p> <ul style="list-style-type: none"> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	<p>system of internal controls in place</p>
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**RISKS AND ASSUMPTIONS**

15. The production of an Annual Governance Statement is a statutory requirement. The key risk is that failure to produce a statement to meet this requirement would result in an adverse audit report by the Council’s external auditor and damage the Council’s reputation. The original risk profile is 16 but by producing the Annual Governance Statement and addressing key corporate issues the risk profile is reduced to 8.

**LEGAL IMPLICATIONS [Officer Initials KDW Date 16/06/18]**

16. The production and publication of an Annual Governance Statement is a statutory requirement.

**FINANCIAL IMPLICATIONS [Officer Initials AT Date 22/05/18]**

17. There are no direct financial implications resulting from this report. The individual elements in the AGS will be subject to specific reporting as required.

**HUMAN RESOURCES IMPLICATIONS [Officer Initials KG Date 18/05/18]**

18. There are no specific human resources implications resulting from this report

**TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 16/05/18]**

19. There are no specific technology implications resulting from this report. Digital & ICT will need to continue to be fully involved and consulted in relation to the review and updating of the main database used by the Alarm Receiving Centre and any future recommendations. As stated in the Annual Governance Statement, the Doncaster Integration Peoples System Programme will involve significant business change and the programme will be tightly led and managed with senior and effective governance throughout. Digital & ICT are fully involved in the technical deliverables as part of the wider plan to achieve General Data Protection Regulation compliance. Digital & ICT are also represented on the Data Quality Working Group who will deliver and monitor an action plan and associated activities to educate and change the culture of the organisation with regard to data and resolve some key data quality issues which will impact on some major priorities for the Council moving forward, as outlined in the Annual Governance Statement.

### **HEALTH IMPLICATIONS [Officer Initials RS Date 16/05/18]**

20. Whilst there are no immediate health implications from the Annual Governance Statement (AGS) effective governance of civil institutions is a key prerequisite for Health and Wellbeing. Decision makers should consider the extent to which the AGS provides this assurance.

### **EQUALITY IMPLICATIONS [Officer Initials SWr Date 16/05/18]**

21. In line with the corporate approach for compliance against the equality act 2011 due regard must be shown across all activity within the council. As the Annual Governance Statement draws together a diverse range of activities at a strategic level a due regard statement is not required. All the individual components that make-up the Annual Governance Statement will require a due regard statement to be completed and reported as and when appropriate.

### **CONSULTATION**

22. There is consultation with Directors and seniors managers throughout this process. Nominated directorates leads work with the Strategy and Performance Unit and their directorate senior managers to complete the assessment which supports the production of the final Annual Governance Statement.

### **BACKGROUND PAPERS**

23. CIPFA/ SOLACE delivering good governance in Local Government Framework  
Accounts and Audit Regulations (England) 2015.  
2016-17 Annual Governance Statement  
Annual Report of the Head of Internal Audit 2017-18

### **REPORT AUTHORS AND CONTRIBUTIORS**

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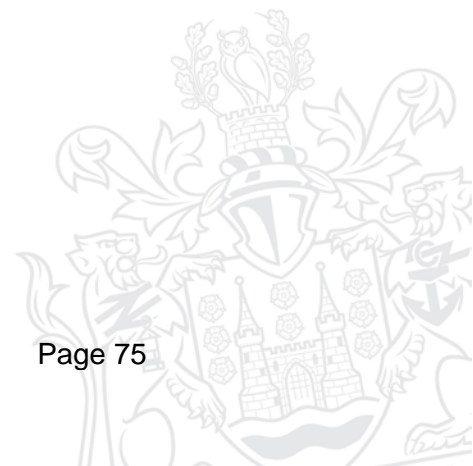
**Debbie Hogg**  
**Director of Corporate Resources**



Doncaster  
Council

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***DRAFT***  
**ANNUAL GOVERNANCE  
STATEMENT  
2017/18**



## Scope of responsibility

Doncaster Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, we are responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Doncaster Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *'Delivering Good Governance in Local Government'*. A copy of the Doncaster Council's Corporate Code of Governance is on our website at [www.doncaster.gov.uk](http://www.doncaster.gov.uk) or can be obtained from The Strategy & Performance Unit, 01302 862533.

This statement explains how we have complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

## The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which we are directed and controlled and our activities through which we account to, engage with and lead our communities. It enables us to monitor the achievements of our strategic objectives and to consider whether those objectives have led us to delivery appropriate services that are value for money.

The system of internal control is a significant part of our framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. Our system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The report covers 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018. However, any significant events or developments relating to the governance system that occur between the year-end and the date on which the Statement of Accounts is signed will be included in this report.

## Our Governance Framework

### Audit Committee

The Council's Audit Committee oversees the production of the Council's statutory accounts, the management of risks within the Council, the operation and effectiveness of the Council's internal control arrangements, and has responsibility for ensuring appropriate standards of ethical governance are in place and maintained.

The Committee has a programme of work in place to ensure it fulfils its responsibilities. The Committee has overseen and supported positive progress in a number of areas during the year, including:

- Improved risk management arrangements;
- A positive Internal Audit assessment of the Council's control environment;
- Supporting the maintenance of the good standards and positive external audit report achieved in producing the Council's Statement of Accounts, while meeting shorter timescales now required.
- A continuing positive external audit opinion on the Council's Value For Money arrangements
- Calling officers to account where explanations over any lack of progress are required. Resulting in improved arrangements in several areas brought to its attention
- Ensuring appropriate action is taken to implement audit recommendations. This has brought about a notable reduction in the number and significance of outstanding recommendations.

The Audit Committee produces an Annual Report which is available [doncaster.gov.uk](http://doncaster.gov.uk)

### Governance Group

The Group which is chaired by the Monitoring Officer leads on the development of governance arrangements at the Council and ensures the Council complies with best practice guidance issued by CIPFA / SOLACE and any other sector leading advice.

### Role of Internal and External Audit

The council has both internal and external auditors.

The role of Internal Audit is to:

- give independent assurance that internal controls operated by the Council are sound and are effective
- alert managers to areas of potential weakness and to make recommendations for improvements
- give unbiased professional advice on policies, procedures, practices and systems

All councils are subject to ongoing scrutiny by External Audit and their role is to:

- Review the accuracy and completeness of the Council's financial accounts and specified grant claims submitted for payment to various Government Departments
- Review the Council's arrangements for the achievement of economy, efficiency and effectiveness in the use of its resources, in accordance with Best Value principles.

Internal Audit and External Audit aim to coordinate their work to get best value from the resources in use and to do this aim to work closely together to achieve our objectives..

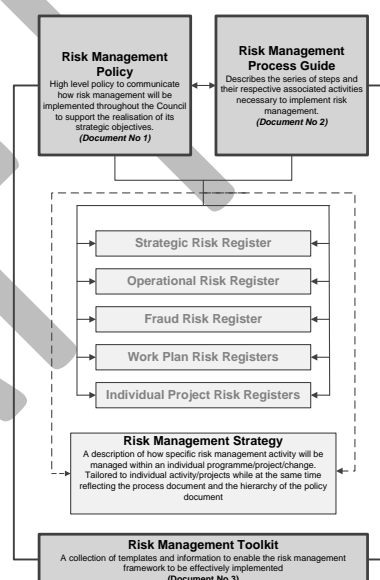
KPMG have been the council's external auditors since 2012/13, although the 2017/18 audit will be their final year. In their annual report, presented to Audit Committee on 27th July 2017 they gave an "unqualified audit opinion" on the Council's financial statements for 2016/17 and an unqualified Value for Money (VFM) conclusion for 2016/17. Internal Audit were able to provide a positive opinion in their annual report for 2017/18, which alongside the good VFM conclusion, indicates there is sound governance, risk management and internal control in place safeguarding Council resources.

Overall the KPMG annual report is an extremely positive one as it has been in previous years and with the "unqualified audit opinion", recognises the further improvements that have been made by the Council in preparing the Statement of Accounts for audit. The quality of the working papers and the supporting information has improved year-on-year with the working papers, once again, meeting the standards specified in the Accounts Audit Protocol

### Our Approach to Risk Management

Doncaster Council recognises that risk management is an integral part of good governance and management practice.

Managing our risks effectively contributes to the delivery of the strategic and operational objectives of the authority. Doncaster Council manages risks via a Risk Management Framework that has been designed to provide structure and guidance to support our organisation, and the individuals within it, to take positive risks in an informed way.



### Review of effectiveness

Doncaster Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Annual Governance review was led by the Strategy and Performance Unit. Part of the process included representatives from each directorate collating, reviewing and evidencing compliance and identifying significant governance issues or weaknesses. Issues or weaknesses identified by Internal and External Audit were also considered for inclusion in this statement.

The review of effectiveness is informed by the work of senior managers within the authority, the Head of Internal Audit's Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Executive Board and Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined on the following pages.



## Significant governance issues identified in 2017/18

Whilst we are satisfied with the effectiveness of corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance the following new issues have been identified for improvement as part of the 2017-18 Annual Governance Statement process:

**Issue : ALARM RECEIVING CENTRE (ARC)**  
A review of systems and processes within the Alarm Receiving Centre (ARC) have raised concerns about the efficacy and business continuity of assistive technology.

<p><b>Actions:</b> Internal Audit have conducted a service review of the current process and changes to procedures have been instigated within the ARC suite. Implementation of the audit recommendations is underway.</p> <p><b>Responsible Officer(s):</b> <b>Debbie John-Lewis – Assistant Director of Communities</b> <b>Bill Hotchkiss - Head of Service Community Safety</b></p>	<p><b>Completion Date:</b> <b>30th May 2018</b></p>
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**Issue: GENERAL SIGNIFICANT FINANCIAL CHALLENGES**  
The Council faces a number of significant financial challenges which if not managed carefully in 2018/19 could potentially lead to an overspend position and a reduction in the level of general reserves, these include:

- Potential shortfall on the delivery of the savings which are increasingly more challenging to achieve such as the Your Life Doncaster programme which will deliver significant service changes as well as savings.
- Managing emerging budget pressures including increasing activity e.g. Direct payments and reducing demand for services e.g. Schools Catering.
- Doncaster Children’s Services Trust (DSCT) risk of overspending is identified below (Page 8)

<p><b>Actions:</b> The financial position will be closely monitored; including the introduction of monthly monitoring to management teams and Directors. Other specific actions to improve the monitoring of budgets include devolved budgeting, and development of financial management capability in the Council.</p> <p><b>Responsible Officer:</b> <b>Steve Mawson – Chief Financial Officer &amp; Assistant Director of Finance</b></p>	<p><b>Completion Date:</b> Monthly monitoring – <b>August 2018</b></p> <p>Action plan for improving financial management of managers – June 2018.</p>
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**Issue: DONCASTER INTEGRATED PEOPLES SYSTEM (DIPS)**  
A new critical business information system will be implemented across Children, Education and Adults Services over the next 1-2 years. It will totally change the way these areas operate and the business change required cannot be underestimated.

<p><b>Actions:</b> The programme will be tightly led and managed with senior and</p>	<p><b>Completion Date:</b> <b>Ongoing</b></p>
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effective governance throughout and appropriate preparation. All areas have been asked to provide their best resources to ensure the programme has every chance of succeeding. Staged implementation of the system will take place over the next 2 years.

**Responsible Officer:**

**Julie Grant – Assistant Director of Customers, Digital & ICT**

**Issue: GENERAL DATA PROTECTION REGULATION (GDPR)**

The EU General Data Protection Regulation (GDPR) will come into force on 25 May 2018 and brings significant changes to the law on Data Protection. These changes will be implemented and need to ensure Ensuring compliance with GDPR across the organisation by 25th May deadline and thereafter.

**Actions:**

A GDPR implementation plan is in place which is being monitored by the SIRO board. The plan includes a target for all high risk areas to be addressed in time for 25th May deadline.

**Responsible Officer:**

**Scott Fawcus – Assistant Director of Legal & Democratic Services**

**Completion Date:**

**31st March 2019**

(25th May 2018 - high risk areas)

**Issue: DEVOLVED BUDGETING IN ADULTS**

Spend & budget responsibility needs to be as close to decision making as possible to be effectively controlled.

The current arrangements in adults allow spending decisions to be taken by front line social work staff (in the community & hospitals) and the budget responsibility is held by the commissioning team. This arrangement can lead to decisions being taken without considering the resource implications and is a weakness in internal control.

**Actions:**

- Examination of budgetary hierarchy & organisational hierarchy to establish the most appropriate level of budget delegation for each of the commissioned services e.g. residential care, domiciliary care etc.
- Examination of the underpinning systems to support the production of monthly management accounts.  
(Examination/ Methodology and sign-off – End of June 2018)
- Determine the methodology for budget allocation
- Sign off of the approach with Adults DLT
- Effect the necessary changes to financial transaction systems  
(End of July 2018)
- Support & train these new budget holders in financial management processes. (End of August 2018)
- Review monitoring arrangements during the 2018/19

**Responsible Officer:**

**Debbie Hogg – Director of Corporate Resources**

**Completion Date:**

**December 2018**

(See text for approximate timeline)

**Issue: MANAGEMENT AND STOCK CONTROL RELATING TO THE SMART LIGHTS PROJECT**

The Streetlight project seeks to make savings for the Council by replacing the borough's sodium street lighting lamps with more energy efficient LED lamps.

**Actions:**

Phase 1 of the project was completed in March 2017 and phase 2 of the project is estimated to be completed by the end of May 2018. After the end of the first phase, it was noted by the project management board that there were some unexplained variations relating to stock reconciliations. An investigation concluded that there has been over-ordering of lamps due to:-

- project management issues,
- poor communication between the Street Lighting and Stores teams and
- a lack of reconciliations between stocks, fitted lamps and orders.

**Responsible Officer:**

**Gill Gillies – Assistant Director of Environment**

**Completion Date:**

**June 2018**

**An update on Key Improvement Areas that were previously identified and remain an issue in 2017-18**

**Issue: DIRECT PAYMENTS**

In 2015/16 there was a high level of overpayments that had been made in paying personal budgets for adult social care. Issues identified included:-

- High numbers and values of overpayments not being monitored or managed
- Weaknesses in the systems to pay, monitor and recover overpayments
- Lack of joined up working between the various parties involved in this area.

**Actions:**

Improved arrangements have proven effective; the amount of debt relating to Direct Payment overpayment being raised over 12 months has reduced whilst the amount of debt collected has increased. There is now more effective joined up working between all parties and the backlog of annual financial monitoring reviews has been cleared and reviews are now being conducted on a risk basis.

Direct Payment Card accounts are now the preferred method of making a direct payment resulting in reductions in Financial Monitoring administration and more effective debt management. Further improvements are being implemented following a recent audit.

**Responsible Officer:**

**Griff Jones – Assistant Director Adult Social Care & Safeguarding**

**Completion Date:**

**September 2018**

**Issue: LEARNING DISABILITY/SUPPORTED LIVING REVIEWS:**

An improvement area was identified relating to annual reviews within the Learning Disability Team. There was a risk that some of these reviews may relate to individuals who have not had a financial assessment, are not contributing towards their care and support and have not been considered for Continuing Health Care (CHC) funding.

**Actions:**

All of the 267 people identified in supported living had a review of their care and support needs, and where appropriate and required, are now being supported to contribute their disposable income towards their care. A contractor has been appointed to undertake a comprehensive review of all support living placements in the borough. It is anticipated that all reviews, along with 70 high cost placement reviews will be completed as per contract by the end of July 2018.

**Responsible Officer:**

**Griff Jones – Assistant Director Adult Social Care & Safeguarding**

**Completion Date:**

**July 2018**

**Issue: DOLS (DEPRIVATION OF LIBERTY SAFEGUARDS) – BEST INTEREST ASSESSMENTS**

Internal Audit identified anomalies in relation to payments made for Best Interest assessments, which had arisen due to poor financial and administrative processes. An audit has been completed.

**Actions:**

Recommendations from the audit have been considered and agreed and priorities identified with timescales and review arrangements.

**Responsible Officer:**

**Griff Jones – Assistant Director Adult Social Care & Safeguarding**

**Completion Date:**

**March 2019**

**Issue: ADULT, HEALTH AND WELLBEING - CONTRACT AND COMMISSIONING ARRANGEMENTS**

There has been a large number and value of ongoing contract breaches and waivers occurring within the Adults, Health and Wellbeing Directorate. Some of this is linked to the strategic and transformation plans for the future provision and commissioning of services. However, some other elements have been in breach for lengthy periods of time and now need to be progressed more quickly.

**Actions:**

Action has been taken to increase capacity in the team including recruitment to key posts to support this work. Nonetheless significant commissioning activity continues to be undertaken including the Learning Disability Supported Living Service and other housing related support services. Reports recently taken through Cabinet, 27<sup>th</sup> March 2018, to establish approval to commence procurement processes.

**Responsible Officer:**

**Denise Bann – Strategic Lead Commissioning**

**Completion Date:**

**Ongoing through 2018/2019**

**Issue: DATA QUALITY ARRANGEMENTS**

Annual Self Assessments across the council for statutory returns have been completed and policy monitoring and eLearning training continues to be monitored. Directors have supported a proposal for additional resources to accelerate improvements of data quality in areas identified as priority for the organisation.

**Actions:**

An Action Plan will be developed for 2018/19 which will be delivered and monitored by the Data Quality Working Group, with particular focus on targeted resources to DIPs development and migration, strengthening data quality in the Performance Management Framework and links to GDPR. The SIRO Board will oversee this work and the membership of the group will be widened to cover the planned areas of improvement.

**Responsible Officer:**

**Lee Tillman – Assistant Director of Strategy & Performance**

**Completion Date:**

**APRIL 2018 and throughout 2018/19**

**Issue: DONCASTER CHILDREN'S SERVICES TRUST OVERSPEND**

Doncaster Children's Services Trust (DCST) outturn position for 2017/18 is an overspend of £4.15m. The projected position continued to increase during 2017/18, from £1.6m at quarter 2. The pressures are mainly due to more children in care (45 more in the Care Ladder) and the cost of more complex cases.

**Actions:**

To address these issues:

- The Budget for 2018/19 has been agreed with DCST via their Medium Term Financial Strategy (MTFS); this re-bases the budget to reflect the current care ladder activity and includes a commitment towards significantly reducing the cost base.
- A review of costs and the Medium-term Financial Strategy (MTFS) will be undertaken to fully understand the assumptions to deliver the significant savings in 2018/19 and identification of additional savings for 2019/20 and 2020/21.
- Close monthly monitoring of the financial position during 2018/19 through the improved governance arrangements, including the provision of clearer transparent financial information.

**Responsible Officer:**

**Steve Mawson – Chief Financial Officer & Assistant Director of Finance**

**Completion Date:**

**Ongoing during 2018/19** (Review of MTFS to be completed by end of June)

**Issue: INCOME MANAGEMENT**

Internal Audit identified weaknesses regarding compliance with the Council's procedures and for monitoring and collecting debt. The first phase of the Income Management project was successfully completed which included a series of focused reviews of targeted areas that delivered improved internal controls/reconciliations.

**Actions:**

The next phase of the Income Management project is to focus on reviewing and updating income management policies and

**Completion Date:**

**APRIL 2018 and throughout 2018/19**

procedures plus delivering further training on income management best practices.

**Responsible Officer:**

**Steve Mawson – Chief Financial Officer & Assistant Director of Finance**

## **Statement of Commitment**

We have been advised of the implications of the result of the 2017-18 review of the effectiveness of the governance and internal control frameworks by the Audit Committee and of the plans to address identified weaknesses and ensure continuous improvement of the system in place. We propose over the coming year to take steps to address the above matters to enhance further the Council's governance and internal control arrangements.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and that we will monitor their implementation and operation over the next year and as part of our next annual review of effectiveness.

Signed on behalf of Doncaster Council - July 2018:

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**Ros Jones**  
**Mayor of Doncaster**

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**Jo Miller**  
**Chief Executive**

## Key Areas of Improvement from previous Statements that have been completed

There are a numbers of areas requiring improvement that have been identified in previous statements that have been effectively managed to the extent that they are no longer significant in 2017/18. These are:

- ❖ **Safeguarding Adults Personal Assets Team (SAPAT)** – There was a number of governance risks associated with SAPAT highlighted in the 2015-16 statement. Strong progress has been made in all areas identified and previous audit recommendations have been implemented. The temporary manager's contract has been extended to end of March to oversee and manage team performance and function. The number of cases held by the team continues with a downward trajectory.

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## Doncaster Council

### Report

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21<sup>st</sup> June 2018

**To the Chair and Members of the AUDIT COMMITTEE**

#### **AUDIT COMMITTEE PROSPECTUS, TERMS OF REFERENCE AND WORK PROGRAMME 2018/19**

<b>Relevant Cabinet Member(s)</b>	<b>Wards Affected</b>	<b>Key Decision</b>
n/a	n/a	No

#### **EXECUTIVE SUMMARY**

1. The report sets out the formal Terms of Reference for the Audit Committee for 2018/19, which were approved at Annual Council meeting on 18<sup>th</sup> May 2018, and highlights the minimal changes that have been made to the previous year's Terms of Reference.
2. The report also contains a 'Prospectus' which sets out the scope and standards applicable to the Audit Committee, and shows how these and the Terms of Reference enable the Committee to comply with Local Government Audit Committee standards and the Council's requirements of the Committee.
3. The Prospectus includes a draft work programme, which demonstrates how the Committee will fulfill its Terms of Reference for the year.

#### **EXEMPT REPORT**

4. The report does not contain exempt information.

## RECOMMENDATIONS

### 5. The Audit Committee is asked:

- to note the Terms of Reference for the Audit Committee for the 2018/19 Municipal Year
- to agree the Prospectus setting out the Audit Committee's scope, standards and work programme for the year.

## WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER

6. Effective oversight through the Audit Committee adds value to the Council operations in managing its risks and achieving its key priorities.

## BACKGROUND

### Audit Committee prospectus

7. An Audit Committee prospectus has been produced which provides an oversight of the role of the audit committee, clearly setting out the scope and standards of the committee, the scope of its work and how it will seek the assurances about the management of risks across the Council. Importantly, it sets out the intended outcomes sought from the work of the committee.

### Terms of Reference

8. At its Annual Meeting on 18<sup>th</sup> May 2018, the Council approved the Terms of Reference for Council Committees and Sub-Committees, which included the Audit Committee. The Terms of Reference for the Audit Committee are attached to this report at **Appendix A**. For ease of identifying the changes in the attached terms of reference, deletions are crossed through whilst additions are shown in bold italics.
9. The Terms of Reference approved by the Council are consistent with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Practical Guidance on Local Government Audit Committees. This is the authoritative guidance that audit committees should comply with.
10. The Terms of Reference of the Audit Committee have been reviewed to simplify the wording and update in terms of new guidance and approaches in line with new CIPFA guidance.
11. The Audit Committee is asked to formally note the Terms of Reference for the year.

### Prospectus and Draft Work Programme

12. The Terms of Reference are augmented by the draft Audit Committee Prospectus, attached at **Appendix B**. The Prospectus is a public facing document that sets out the role, scope and standards of the Audit

Committee, as well as some of the expected outcomes from its work during the year.

13. The work programme is also an integral part of the prospectus and demonstrates the Committee's coverage of the areas identified in its Terms of Reference, as follows:
  - a. Internal Audit
  - b. External Audit
  - c. Accounts/Financial Reporting
  - d. Risk Management
  - e. Ethical Governance
  - f. Other matters
14. Within the work programme, It is proposed as a default to maintain reporting the following regular items to the Audit Committee on a six monthly basis:
  - Compliance with Contract Procedure Rules and Procurement Breaches
  - Regulation of Investigatory Powers Act 2000 (RIPA) surveillance.
15. However, if there are any significant issues in any of these areas they will be reported immediately to the Audit Committee.
16. Update briefings and/or training for Members will be provided as required.
17. Internal Audit Update reporting for 2018/19 is scheduled for July 2018, October 2018 and January 2019, with an annual report of the Head of Internal Audit in April 2019.

#### **OPTIONS CONSIDERED AND RECOMMENDED OPTION**

18. In order to discharge its functions effectively, the Committee is required to operate within an agreed Terms of Reference.
19. The work programme is designed to ensure that, where appropriate, the Audit Committee is able to ensure the Council meets certain statutory deadlines and also discharge its responsibilities under its Terms of Reference, whilst achieving a balanced and manageable work load.
20. It should be noted that the programme of work may have to be varied in response to any issues emerging during the course of the year.

#### **IMPACT ON THE COUNCIL'S KEY OUTCOMES**

21. The Audit Committee assesses how effectively the Council is managing risks that threaten the achievement of the Council's objectives. Any improvement in the management of the risks will have a positive impact thereby increasing the likelihood of the Council achieving its objectives. The Audit Committee's work is, therefore, relevant to all priorities but in particular the following:

	<b>Outcomes</b>	<b>Implications</b>
	<p><b>Doncaster Working:</b> Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	
	<p><b>Doncaster Living:</b> Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> <li>• Healthy and Vibrant Communities through Physical Activity and Sport</li> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	
	<p><b>Doncaster Learning:</b> Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> <li>• Every child has life-changing learning experiences within and beyond school</li> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	

	<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes</li> </ul>	
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	<p>Effective oversight through the Audit Committee adds value to the Council operations in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough.</p> <p>The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.</p>

**RISKS AND ASSUMPTIONS**

22. The Audit Committee contributes to the effective management of risks in relation to audit activity, accounts / financial management / risk management and other governance / regulatory matters.

**LEGAL IMPLICATIONS (HMP, 25/05/18)**

23. There are no specific legal implications associated with this report.

**FINANCIAL IMPLICATIONS (AT, 25/05/18)**

24. There are no specific financial implications associated with this report.

**HUMAN RESOURCES IMPLICATIONS (MLV, 25/05/18)**

25. There are no specific human resources issues associated with this report.

### **TECHNOLOGY IMPLICATIONS (PW, 24/05/18)**

26. There are no specific technological implications associated with this report.

### **EQUALITY IMPLICATIONS (PJ, 25/05/18)**

27. We are aware of the Council's obligations under the Public Sector Equalities Duties and there are no identified equal opportunity issues within this report.

### **HEALTH IMPLICATIONS (RS, 25/05/18)**

28. Good governance is important for healthy organisations and for healthy populations. Specific health implications should be addressed through individual audits and action plans.

### **CONSULTATION**

29. The Council's Section 151 Officer; the Chief Financial Officer and Assistant Director of Finance, and the Council's Governance Group have been consulted in the production of the Terms of Reference and Audit Committee Prospectus. The Chair of the Audit Committee was consulted on the changes of the terms of reference prior to being presented to Annual Council.

### **BACKGROUND PAPERS**

30. None

### **REPORT AUTHOR & CONTRIBUTORS**

Peter Jackson, Head of Internal Audit

Tel 01302 862938, Email: peter.jackson@doncaster.gov.uk

### **BACKGROUND PAPERS**

Report to Annual Council on 18th May 2018 - Council Appointed Committees' And Sub-Committees' Terms of Reference for 2018/19.

**Steve Mawson**  
**Chief Financial Officer &**  
**Assistant Director of Finance**

## AUDIT COMMITTEE

This Committee is a Committee of the Council constituted under Sections 101 and 102 of the Local Government Act 1972.

### **FOR RECOMMENDATION TO COUNCIL:-**

- (a) The adoption or revision of the Members' Code of Conduct.

**DELEGATED MATTERS:-** (the Committee may recommend any matter to Full Council when it considers it expedient to do so, after taking advice from the Head of Paid Service)

#### 1. Audit Activity

- I. To consider the Head of Internal Audit's annual report and **other regular activity** ~~opinion, on the control environment, and reports on internal audit activity. (actual and proposed), including for internal audit, the setting of Terms of Reference, and the internal audit strategy, and reviewing of resourcing and considering the level of assurance the Head of Internal Audit's annual report and opinion can give, over the council's corporate governance arrangements.~~
- II. To consider summaries of specific internal audit reports as requested.
- ~~III. To consider reports dealing with the management and performance of the internal audit function.~~
- ~~IV. III.~~ To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- IV. To have the right to call any officers or agencies of the Council as required to offer explanation on progress in the implementation of audit recommendations **or to update on matters presented to the Audit Committee.**
- VI. To consider arrangements for cooperation between internal audit, external audit and other review agencies.

- VII. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance and to monitor the implementation of external audit recommendations.
- VIII. To consider specific reports as agreed with the external auditor.
- ~~IX.VIII.~~ To comment on the scope and depth of external audit work and to ensure it gives value for money.
- IX. To liaise with the **Officers of the Council regarding** Public Sector Appointments Ltd **and** ~~over~~ the appointment of the Council's external auditor.
- XI. To commission work from internal and external audit as resources allow.
- ~~XII. To have the right to call any Officers or agencies of the Council as required to offer explanation in the management of internal controls and risks.~~
- XIII. To, as required, meet privately separately with the external auditor and the Head of Internal Audit.
- XII. To receive training on matters related to the Audit Committee's responsibilities.**

## 2. Regulatory Framework

- I. To review and where appropriate make recommendations to Council on proposed revisions to the Council's Constitution and other policies and procedures in relation to Corporate Governance issues.
- II. To review any issue referred to it by the Chief Executive or a director or any council body as the Chair considers appropriate within the general Terms of Reference of the Audit Committee.
- III. To monitor the effective **management** ~~development and operation~~ of risk management and corporate governance in the council particularly in so far as they relate to the adequacy of the internal control environment, effective management of risks, the **Local Code of Corporate Governance and** ~~background to~~ the annual governance statement and production of the financial accounts.



- IV. To monitor the Council's antifraud, **bribery** and corruption policy and strategy.
  - V. To oversee the production of and approve the Council's Annual Governance Statement.
  - VI. To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
  - ~~VII. To consider the council's compliance with its own and other published standards and controls.~~
  - ~~∕III. VII.~~ VII. To report and make recommendations to **the Executive Cabinet** or Council on major issues **within the remit of the Committee.** ~~and contraventions.~~
  - ~~IX. VIII.~~ VIII. To have rights of access to other Committees of the Council and to strategic functions as it deems necessary.
  - ~~X. IX.~~ IX. To maintain oversight of any major issues arising from Police or other enquiries into the conduct of the Council in order to minimise disruption to other branches of the Authority.
  - XI. To receive periodic reports from appropriate Directors on probity and corporate governance issues not specifically referred to elsewhere within the Committee's Terms of Reference.
  - XII. To review the Council's policy under the Regulation of Investigatory Powers Act 2000 annually and to monitor compliance with the policy on a twice yearly basis.
3. Accounts
- I. To approve the **audited** annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
  - II. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

4. Ethical Governance

- I. To promote and maintain high standards of conduct by Members and Officers.
- II. To grant dispensations to Councillors and Co-opted Members from requirements relating to interests set out in the Members Code of Conduct, where not delegated to the Monitoring Officer.
- III. To hear appeals against decisions of the Monitoring Officer not to grant a dispensation.
- IV. To monitor and review the Council's Whistleblower's policy.
- V. To monitor and review protocols for standards of behaviour for Members and Officers.
- VI. To monitor and review protocols for Members and Officers on relationships and dealings with outside organisations and individuals.
- VII. To monitor and review Member and Officer procedures relating to gifts and hospitality and disclosable pecuniary interests and other interests.
- VIII. To monitor and oversee the response by the Council to complaints to the Ombudsman.
- IX. To deal with complaints of alleged Member misconduct referred to the Monitoring Officer under Section 28(6) of the Localism Act 2011.
- ~~X. To approve the granting and supervision of exemptions from posts being designated as politically restricted.~~
- ~~XI.~~ X. To arrange for the exercise of all the above functions in relation to Parish Councils wholly or mainly in its area and to the

members of those Parish Councils.

## **HEARINGS SUB-COMMITTEE**

### **TERMS OF REFERENCE**

This Sub-Committee is a Sub-Committee of the Council constituted under Sections 101 and 102 of the Local Government Act 1972.

1. To consider complaints referred to it by the Monitoring Officer in consultation with the Independent Person in accordance with Section 28 of the Localism Act 2011.
2. To hear appeals against decisions of the Monitoring Officer not to grant a dispensation.



Doncaster  
Council

# Audit Committee Prospectus, Terms of Reference and Work Plan 2018/19

*The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.*

## The Audit Committee at Doncaster Council

The Audit Committee has primary responsibility for ensuring there are effective governance arrangements in place and operating throughout the organisation, and is the principal advisory function to the Council and Executive on governance related matters.

This Prospectus sets out the scope and the standards of the Audit Committee, which are consistent with Local Government standards. It also describes the approach that will be taken by the Audit Committee and outlines its 2018/19 work programme.

### Scope and Standards

In accordance with the Chartered Institute of Public Finance and Accountancy's Position Statement and guidance on Audit Committees, the Audit Committee will:

- ✓ Satisfy itself and others that the Annual Governance Statement reflects the Council's arrangements and position
- ✓ Monitor the effectiveness of the internal control environment<sup>1</sup> and assurances obtained about its operation
- ✓ Consider the accuracy and effectiveness of risk management
- ✓ Ensure Internal Audit is independent and effective. In particular the Committee will:
  - review and approve the responsibilities of the internal audit function and ensure the function has the necessary resources to enable it to perform in accordance with appropriate professional standards
  - review and assess the annual internal audit work plan
  - receive a report on the results of the internal auditor's work and its compliance with its professional standards on a periodic basis
- ✓ Review the arrangements for employees to raise concerns, in confidence, about possible

wrongdoing in financial reporting or other matters (whistleblowing)

- ✓ Review the Council's arrangements for managing the risk of fraud
- ✓ Review and approve the external auditor's annual audit plan and ensure that it is consistent with the scope of the audit engagement
- ✓ Review the findings of the external auditor's work with the external auditor, including a discussion of any major issues which arise during the audit
- ✓ Review the financial statements and the external auditor's opinion on the statements. In particular, the Committee will review and challenge where necessary:
  - the consistency of, and any changes to, significant accounting policies
  - the methods used to account for significant or unusual transactions where different approaches are possible
  - whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor
  - the clarity and completeness of disclosure in the financial reports and the context in which statements are made
- ✓ Consider external audit and inspection recommendations and ensure these are fully responded to.

The Audit Committee has *Terms of Reference* that reflect the scope and standards, and agrees an annual work-plan showing how the Committee will deliver its responsibilities. The 2018/19 work-plan, which is a 'live' document that is updated throughout the year, is attached at **Appendix 1**.



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<sup>1</sup> The internal control environment is comprised of all the checks and balances in place, including risk management, to ensure the Council's actions are completed properly and recorded accurately

The Audit Committee has a current membership of five Council Members and one independent Co-opted member. It will meet five times per year. The Committee's operating model ensures that it:

- ✓ Has clear rights of access to other committees and functions, for example scrutiny
- ✓ Will have as regular attendees, the Chief Financial Officer & Assistant Director of (Section 151 Officer), the Head of Internal Audit and the External Auditor. Other attendees may include the Chief Executive and the Monitoring Officer
- ✓ Is able to meet privately and separately with the External Auditor and with the Head of Internal Audit
- ✓ Has the right to call on any other officers as required
- ✓ Will report regularly on its work to the Council.

### **The Role of the Audit Committee**

The Audit Committee has a lead role in ensuring risks are managed effectively across the Council. The Committee challenges the Council and its managers to demonstrate their awareness, reporting and controlling of any risks that could either prevent the Council from achieving its objectives or could cause major disruption of any nature.

For 2018/19, the Committee will:

- ✓ Keep an active interest in the maintenance of the Council's overall risk management framework, policy and strategy,

In addition, the Committee aims to strengthen its own contribution. It will:

- ✓ Provide an opportunity for public questions at the start of committee meetings.
- ✓ Carry out a detailed self-assessment against revised CIPFA guidance for audit committees, released in May 2018.
- ✓ Receive regular, detailed, update sessions on relevant topics throughout the year.
- ✓ Receive other development and support as required, individually and/or collectively.

### **How will we know we have succeeded?**

The role of the Audit Committee is crucial. The Committee has primary responsibility for ensuring there are effective governance arrangements in place and operating throughout the organisation.

The Audit Committee will be accountable for meeting its responsibilities. We expect the following outcomes to be achieved:

- ✓ Comprehensive risk registers, including fraud risks, with risks demonstrably controlled
- ✓ Demonstrable implementation of audit and inspection recommendations
- ✓ A clear risk-based Internal Audit plan that is adequately delivered
- ✓ The achievement of a clear opinion on the Statement of Accounts
- ✓ An Annual Governance Statement, external audit Value for Money opinion and Internal Audit control environment assessment that fairly reflect the Council's position.

The Audit Committee will produce an Annual Report which will show how the Audit Committee is delivering these success measures and contributing positively to improving risk, governance and control and adding value to the organisation.

.....  
**Councillor Austen White, Chair**

.....  
**Councillor R. Allan Jones, Vice-Chair**

**21 June 2018**

## APPENDIX 1

### Doncaster Council- Audit Committee Workplan 2018/19

Objective and Agenda Item	June 2018	July 2018	Oct 2018	Jan 2019	April 2019
<b>Satisfy itself and others that the Annual Governance Statement reflects the Council's arrangements and position</b>					
Draft Annual Governance Statement 2017/18	✓				
Final Annual Governance Statement 2017/18		✓			
Update on Annual Governance Statement Issues 2017/18			✓		
Audit Committee Annual Report 2018/19					✓
Audit Committee Prospectus, Terms of Reference and draft work programme	✓				
Internal Audit Plan 2019/20					✓
Draft Annual Governance Statement 2018/19					✓
<b>Monitor the effectiveness of the internal control environment</b>					
Internal Audit– Progress Report		✓	✓	✓	
Annual Report of the Head of Internal Audit 2018/19					✓
Monitoring Officer Annual Report	✓				
Internal Audit review of Deprivation of Liberties Safeguards (DOLS)			✓		
Money Laundering Regulations Policy		✓			
Update Report on Contracts and Commissioning in Adults, Health and Wellbeing		✓		✓	
Report on any non-compliance with Financial Procedure Rules and Contract Procedure Rules			✓		✓
Internal Audit Plan 2019/20					✓
Update Report – Adults Health and Wellbeing Transformation programme		✓			
Internal Audit Review of Smartlight Project		✓			
Direct Payments Update – Internal Audit Report			✓		
Income Management Progress Report			✓		
<b>Consider the effectiveness of Audit Committee</b>					
Audit Committee Actions Log	✓	✓	✓	✓	✓
Audit Committee Prospectus	✓				
Audit Committee Annual Report					✓
<b>Consider the accuracy and effectiveness of risk management</b>					

Internal Audit– Progress Report		✓	✓	✓	✓
Review of Risk Management Framework		✓			
<b>Objective and Agenda Item</b>	<b>June 2018</b>	<b>July 2018</b>	<b>Oct 2018</b>	<b>Jan 2019</b>	<b>April 2019</b>
<b>Ensure Internal Audit is independent and effective.</b>					
Internal Audit– Progress Report		✓	✓	✓	✓
Internal Audit Charter and Strategy			✓		
Internal Audit Plan 2019/20					✓
Internal Audit Annual Report 2018/19					✓
<b>Review the Council’s arrangements for managing the risk of fraud</b>					
Annual Fraud Report 2017/18			✓		
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA)	✓		✓		
Money Laundering Regulations Policy		✓			
Preventing and Detecting Fraud and error – October 2017 to September 2018			✓		
<b>Review the council’s ethical arrangements including those for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters (whistleblowing)</b>					
Annual Whistleblowing and Complaints Report	✓				
<b>Review the findings of the external auditor’s work</b>					
External Auditor’s Audit Plan 2018/19				✓	
Report to Those Charged With Governance (ISA 260 Report) 2017/18		✓			
External Auditor’s Annual Audit Letter 2017/18			✓		
Certification of Claims and Returns – Annual Report 2017/18					✓
<b>Review the financial statements and the external auditor’s opinion on the statements</b>					
Unaudited Statement of Accounts 2017/18	✓				
Audited Statement of Accounts 2017/18		✓			
Report to Those Charged With Governance (ISA 260 Report) 2017/18		✓			
Arrangements and Timetable for Preparation of Accounts				✓	
<b>Consider external audit and inspection recommendations and ensure these are fully responded to</b>					
Update report on the Implementation of Inspection and External Audit Recommendations		✓	✓	✓	✓
Review of Outstanding Internal Audit Recommendations		✓	✓	✓	✓