

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 25TH OCTOBER, 2018

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 25TH OCTOBER, 2018, at 10.00 am.

PRESENT:

Vice-Chair - Councillor Richard A Jones (in the Chair)

Councillors Iris Beech, Mark Houlbrook and Invitee Kathryn Smart.

APOLOGIES:

Apologies for absence were received from Councillors Austen White and David Nevett

18 **Declarations of Interest, if any**

There were no declarations made at the meeting.

19 **Minutes of the meeting held on 26th July, 2018**

RESOLVED that the minutes of the Meeting of the Audit Committee held on Thursday, 26th July, 2018, be approved as a true record and signed by the Chair subject to the addition of the following point made by Councillor Mark Houlbrook to page 8, paragraph 5:-

“Councillor Houlbrook stated that £100,000 was a massive amount of money at a time when the Council was trying to cut back with its finances. It was reported that the Council needed to look forward to the future and it was very positive that the Smartlight Project was in place, however it was a large oversight which obviously wasn't intentional.

Councillor Houlbrook commented that there needed to be lessons learned to make sure this never happened again as it was embarrassing that this amount of money had been overspent.”

20 **Audit Committee Action Log**

Members considered a report that provided an update on the Action Log, which provided an overview of actions agreed at previous Audit Committees.

Members welcomed the report which informed the Committee that all outstanding actions had been cleared and the two long running issues, which had been of previous concern to the Committee were being dealt with.

With regard to the Business Waste Income Reconciliation, Internal Audit now regarded this action as fully complete.

With regard to Smartlight, Andy Rutherford, Highways and Street scene was in attendance at the meeting to provide Members with a full update of where they currently were in terms of the stock position.

Members noted that there had been a lot of work done in working to progress this issue, and negotiations were ongoing with the supplier and a very cautious plan was now in place. This should see the stock fully utilised by 2022.

The Committee were informed that the service was continuing to work with the NHS and other partners in order to utilise the resources and stock they had remaining. Whilst lessons had been learned, and a number of things could have been done better, the Authority had successfully delivered a very large project in a short space of time, and the position they now found themselves in with regard to the surplus stock was not dissimilar to a number of other local authorities.

Members welcomed the update provided, and were pleased to see that Officers had addressed the concerns that had been raised at the last Committee meeting, but still requested that a further update be provided at a later date with regard to surplus stock and how they would be utilised in the coming months. However, it was acknowledged that actually, whilst there still remained a lot of unused stock, which was perceived to be 'a waste of money', this stayed on the Council balance sheet as they were going to be used and therefore was not seen as a loss. In fact, the Committee were informed that in Phase 2 of the Smartlight Project, which totalled over £14M, it was still underspent, and had actually achieved £1.2M of savings for the Council.

RESOLVED that:-

- 1) A further update on the Smartlight Project be provided to the Audit Committee at a future Committee Meeting; and
- 2) The Audit Committee note the progress made against the actions agreed at the previous Committee Meetings.

21 Deprivation of Liberty Safeguards (DoLS) - Update - Progress Report.

Members were presented with an update report following an earlier report in April 2018 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. This substantial project had been ongoing, and 49 Audit recommendations had been agreed by Management out of which, 26 had now been completed and almost all others were currently in progress.

It was noted that significant progress had been made by the DoLS Team over a relatively short period of time, and whilst further work was still needed in some areas, it was felt that this area could now be removed from the 'critical list' as a result of satisfactory improvements.

Members were invited to address Officers with any questions or concerns that they may have in relation to this issue in order to accept the recommendations contained within the report.

The Committee welcomed the positive report, and in relation to a number of queries regarding the outstanding actions and risks, Members were assured that whilst there had been some slippage of dates on some actions, progress was still considered to be good.

The Assistant Director of Social Care and Safeguarding was in attendance at the meeting and endeavoured to provide Members with any further information they required in relation to issues they raised.

Issues with regard to assessments and referrals were raised as Members were concerned that these had increased and that there were a number of outstanding assessments. The Committee was reassured that whilst it there had been an increase in assessments waiting to be undertaken, there were always peaks and troughs within this service and this could also be seen nationally across the board, where the national trend had shown an increase in 10% per annum for referrals and subsequent assessments. However, Members were also informed that figures were affected by working to a managed level of a waiting list of 20% which had been assessed as realistic to manage and that there could never be no waiting list due to the processes involved. There were complications in relation to a number of individuals across the Borough who currently resided in settled placements but who were battling a condition such as dementia, and therefore there was continuing conflict as to how to deal with these cases. However, this issue was being looked at in more depth in order to ensure that the problem regarding prioritisation of referrals and assessments was legitimately addressed,

With regard to a query regarding staffing levels and problems, team motivation and morale, Members were informed that whilst there were some staffing issues, a new full time DoLS Manager had been appointed and this had made a big change with an improved focus by the team overall, and they looked to be in a much better place moving forward. Additional staffing had been put into place for the next 12 months, and the team had adapted well to the Improvement Plan that had been put into place.

Councillor Jones thanked Officers for the report and Members were pleased with the progress made but still felt there was a way to go and felt that the Committee would be neglecting their responsibility if they did not look at this issue again.

RESOLVED that:-

- 1) Members receive an update report at a future meeting; and
- 2) The Audit Committee note the current DoLS position and the progress made.

22 Direct Payments Update - Internal Audit Follow Up Report.

The Committee were presented with a report that provided an update on Direct Payments following a review of the audit undertaken in the 2017/18 Financial Year. Officers informed the Committee that following a limited assurance opinion, a lot of work had been done in this area and good progress was being made and was on track to be removed from the Annual Governance Statement.

Debbie Crohn, Head of Service, Care Management was in attendance at the meeting, along with Anthony Patterson, Professional Business Support, who looked to provide further updates where needed and endeavoured to answer any queries put forward by Members.

Questions were raised with regard to a number of issues, most of which largely centred on whether the debts identified and raised were recoverable or not. Members were assured that whilst there was a lot of identified debt, the Council was looking to recoup as much of this as possible, although some would be written off due to being irrecoverable. However, in the future they were looking at reducing the occurrence of debt in the first place. This was already progressing through moving more people onto prepayment card accounts which would also allow the Council to claw back any money unused in the event of death. Additional staff were being used for a short period to work on recovering the outstanding debts more quickly than the existing resources allowed, reviewing packages where budgets were not being spent, and supporting people receiving Direct Payments until the Direct Payment Service was fully operational.

A further action was to create an identified Direct Payment Champion within each locality team. One Member raised a concern that this was in fact just devolving responsibility from one area to another. However, assurance was given that the Champions were experts in their fields, and were more widely supported by people within their teams to assist and ensure that the public had adequate guidance in this area. It was also noted that the Citizens Advice Bureau offered a lot of support to local people, and links in this area were being extended with a view to providing additional help. A lot of positive engagement was taking place, which complemented the work undertaken by Direct Payments Team and long term would be of benefit to all. Members applauded the work being done and looked forward to seeing the progress made in the future.

Queries were raised with regard to any timescales that the Team had in place for the recovery of debt, and were informed that additional actions were due to be put in place very soon. With regard to the ongoing implementation of the new DIPS system, it was considered that once fully operational would be much more efficient and following implementation could be relied on to work effectively.

From the Chair, Councillor R. Allan Jones thanked Officers for their update, but based on a number of issues still unresolved, asked for a further update at a future meeting.

RESOLVED that

- 1) An update report be provided to the Audit Committee in 6 months with regard to any further progress made; and
- 2) The Audit Committee note the content of the report, and the actions taken, along with any outstanding actions still to be resolved.

23 Income Management Progress Report.

Members were presented with a report that provided an update on progress with regard to Income Management since the previous report considered in October 2017. Members noted the change in direction now required in training management to carrying out their income reconciliations and the amended guidance would shortly be uploaded onto the Council's intranet for information.

Members were pleased to see that progress had been made in this area, and that the Income Management Working Group that had been established was working well to produce a training plan and establish good communication links with staff in order to ensure greater awareness.

It was reported that there was still progress to be made in this area, and whilst the main areas of concern had been targeted, there was still some further work to be done, and officers would look to update the Committee with regard to this in another 12 months.

RESOLVED that:-

- 1) An update report be provided to the Audit Committee in 12 months with regard to any further progress made; and
- 2) The Audit Committee note the content of the report and the actions taken, along with any outstanding actions still to be resolved.

24 Risk Management Strategy Review.

The Committee considered the review of the Risk Management Strategy which had been revised following the conclusions of an internal audit review, and aimed to embed risk

management within the Council's planning and business processes and organisations in order to create an environment in which continuous improvement in service delivery was achieved.

The review that had been carried out saw the amalgamation of the current risk documents into one key document which looked to focus on:-

- Simplifying the approach
- Outlining a risk appetite
- Ensuring risks were owned and managed
- Embedding operational risks into the Resource Management process
- Standardising the approach to managing risks within transformational programmes by using Pentana
- Adding a date field to the 'target risk' profile.

Members raised a number of points during the course of the discussions, with focus placed on some of the terminologies used, with Members feeling that there was not enough clarity when reference was made to risk appetite, and that there could benefit in adding in greater separation between the issues of risk tolerance and appetite.

Officers commented that whilst they were happy to accept Members views, it was something that they would reflect on as time moved forward, as currently; they were trying to provide a more simplified strategy as it was embedded across the organisation.

A number of points were discussed and concerns raised with regard to ensuring that everything linked together properly to ensure that the strategy was considered alongside and in conjunction with the performance management framework. Members were assured that the process and strategy would be monitored and evaluation undertaken, and then relooked at.

RESOLVED that:-

- 1) The Audit Committee note the review of the Risk Management Strategy and the contents of the report; and
- 2) The Risk Management Strategy be brought back to the Committee following consideration of a number of points made by the Committee with regard to terminology used.

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

Members were presented with the six monthly update report in terms of breaches and waivers made to the Financial Procedure Rules and Contract Procedure Rules for the period 28 February, 2018 and 31 August, 2018.

The table contained within the report detailed the number of new waivers and breaches during this period and there were a total of 3 breaches and 21 waivers. Officers reported that progress had been made over the past 12 months, and whilst there were still further improvements that could be made, it demonstrated that good systems were in place.

Members were afforded the opportunity to speak on the issues contained within the report, and raised any concerns that they had. Members were informed that officers were continuing to work closely with managers across different directorates, and a corner had been turned with a lot of positives to take from recent reports. Members welcomed this but reinforced that whilst the values contained within reports had decreased a great deal over the period of the last 5 years, there was still the need to be proactive and remind Teams and Staff about the processes to ensure further improvements were made.

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

26 Adjournment of Meeting

RESOLVED that in accordance with Council Procedure Rule 32.1, the meeting stand adjourned at 12.00pm, to be reconvened, on this day at 12.10 pm.

27 Reconvening of Meeting

The meeting reconvened at 12.10 pm.

28 2017-18 Annual Governance Statement - Progress Update

The Audit Committee had been presented with the 2017/18 Annual Governance Statement (AGS) in July 2018, and following this, now considered an update on any progress made against the actions and issues that had been initially identified.

Officers reported that the report was generally quite self-explanatory and good progress had been made to date and the majority of issues were on track for completion against their target dates.

Following consideration of the report, Members of the Committee were provided with the opportunity to ask any questions of officers at the meeting in relation to the issues that were presented.

Queries were raised on the following issues, on which Officers provided more depth and clarity where necessary.

GDPR continued to be an issue on which Members sought reassurance, as it still remained a high risk across the Authority and it was queried as to why this wasn't reported as a separate risk, independent to the Annual Governance Statement. It was reported that as this was such a significant issue for the organisation when the AGS was being drafted and finalised, it had been included on the Annual Governance Statement to raise awareness. Good progress had been made, and arrangements were being embedded across the Council, but it was still felt that it was prudent to keep it on the Statement in order to allow reflection and evaluation.

RESOLVED that the Audit Committee not the content of the report.

29 Internal Audit Report for the Period: July to September 2018.

Members were updated with the work undertaken by Internal Audit for the period July to September, 2018 and provided detail with regard to any internal audit recommendations and Internal Audit's performance information.

Members were updated with regard to the work undertaken, and were advised that 6 new jobs had been added to the plan in relation to emerging risks and concerns. In order to accommodate this, some planned work has been removed from the plan.

Members were afforded the opportunity to raise any questions on the issues arising from the report, in order to gain clarity on any concerns they may have. Members worried if there were enough resources in place in order to deal with all the audit recommendations, as there was a great deal of activity to follow up. Members were informed that the Internal Audit Team had the full support of their Directors, and tight arrangements were in place to ensure that the necessary work was undertaken in working towards completing the recommendations.

Concerns were voiced regarding 12 outstanding items, and the Committee sought assurance that progress was being made. Members were informed that these were being progressed through Management Teams as well as Directors and whilst exact timescales as to when they would be completed could not be guaranteed, good progress was being made.

Queries were also raised with regard to Performance Indicators for Internal Audit Performance and as to whether or not these were affected due to the percentage of planned Audit work being reduced as a result. On the back of this, it was also queried if issues within directorates that caused the initial problems were related to problems such as sickness and training and if these were why work was not carried out to its full potential. Concerns were voiced that staff were not being motivated well enough and if they were looked after, such problems may not initially arise. In response, Members were assured that the Health and Well-Being of staff was taken very seriously, and whilst managers endeavoured not to place too much pressure on staff there was a balance required in ensuring work was completed. The Internal Audit Team worked well together, and it wasn't felt that any shortfalls in completing the work was down to work related sickness; there was a series of issues affecting performance of which sickness was not the most significant.

It was acknowledged by the Committee, that the Internal Audit Team carried out a lot of very good work and worked hard in undertaking required investigations and implementing recommendations. This sentiment was shared by all Members of the Committee.

RESOLVED that

- 1) The Committee note the changes to the original audit plan;
- 2) The Committee note the internal audit work completed in the period;
- 3) Audit Committee note the progress made by Officers in implementing previous audit recommendations; and
- 4) Audit Committee note the information relating to Internal Audit's performance in the period.

30 Preventing and Detecting Fraud and Error - October 2017 to September 2018.

The Head of Internal Audit presented the Committee with the Preventing and Detecting Fraud and Error report for the period from October 2017 to September, 2018. The report summarised the work undertaken by the Council during this period to prevent, detect and investigate fraud and corruption.

Members noted that overall the incidence of fraud remained very low when the Council's activities were taken into account, and proactive counter fraud activities continued to be a big focus in the Council's strategy.

Members commented that they were pleased to see that the overall level of fraud was low when looking at the size of the organisation, and whilst the amount of savings recovered were only a small percentage of the Council's finances, it still demonstrated the good work being carried out.

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

31 External Auditor (KPMG) Annual Audit Letter 2017/18.

The Audit Committee considered the External Auditor Annual Audit Letter for 2017/18 that had been issued by KPMG, the Council's outgoing external auditor. The Annual Audit Letter signified the formal sign off of the Audit to the Audit Committee, and in signing off, the letter confirmed the external auditor:-

- a) Issued an unqualified opinion on the Council's Core financial statements and associated disclosure notes included in the Council's 2017/18 Statement of Accounts;
- b) Concluded that the Council made appropriate arrangements to secure financial resilience and economy , efficiency and effectiveness in the use of its resources; and
- c) Issued an audit certificate to demonstrate that the full requirements of both the Audit Commissions Code of Practice and the Audit Commission Act 1998 had been discharged for the year.

There were no high priority recommendations from KPMG, but two medium priority recommendations had been raised. The first of these had been identified previously in 2016/17 regarding Universal Housing password controls. The second recommendation related to the contract with Link Asset Services for Treasury Consultancy Services. Members queried if these had been dealt with, and Officers informed the Committee that the recommendation in relation to Link Asset Services had been resolved while the other recommendation was in progress and was awaiting the implementation of a new system.

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

32 Grant Thornton - 2018/19 Progress Report and Sector Update

The Committee welcomed Perminder Sethi from Grant Thornton to the meeting who was in attendance in his capacity as External Auditor. Grant Thornton were newly appointed as the Councils External Auditors, and Mr Sethi explained that himself and Sarah Howard would be working closely with the Council on Grant Thornton's behalf and would look to actively engage throughout the year in order to build a good working relationship.

The Committee were given an overview and background of Grant Thornton and their areas of work and expertise, and an outline of what would be undertaken in the coming year and it was mutually acknowledged that they would look forward to working alongside each other.

RESOLVED that the Audit Committee note the update given by the representative from Grant Thornton.

CHAIR: _____

DATE: _____