

**DONCASTER METROPOLITAN BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**THURSDAY, 24TH OCTOBER, 2019**

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 24TH OCTOBER, 2019, at 10.00 am.

**PRESENT:**

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

Councillors Charlie Hogarth, Tosh McDonald, David Nevett and Co-Opted Member, Kathryn Smart.

**ALSO IN ATTENDANCE:**

Debbie Hogg - Director of Corporate Resources  
Peter Jackson - Head of Internal Audit  
Holly Wilson - Head of Corporate Procurement  
Scott Cardwell - Assistant Director of Development  
Steve Lowther - Head of Property Stores  
Paul Roberts - Stores / Depot Supervisor  
Paul Dossett - Grant Thornton (External Auditor)

17 **Declarations of Interest, if any.**

There were no declarations made at the meeting.

18 **Minutes of the meeting held on 24th July, 2019.**

**RESOLVED** that the minutes of the meeting held on Wednesday 24th July, 2019 be approved as a correct record and signed by the Chair.

19 **Audit Committee Actions Log.**

Members considered the Audit Committee Action Log, which updated the Committee on all actions agreed during previous meetings, and allowed Members to monitor progress made.

Members noted that all actions were progressing well, and all actions were currently green. Officers updated the Committee with regard to one of the outstanding actions on Income Management and it was noted that progress had now been made with regard to this, and this was now regarded as having been signed off with all recommendations in place and part of normal working practices. Training had been undertaken and further checks were now in place.

**RESOLVED** that the Committee note the report and all progress made against the actions agreed at previous meetings.

20 **Breaches and Waivers to the Council's Contract Procedure Rules**

Members were presented with a report which detailed the breaches and waivers to the Council's Contract Procedure Rules in the period for 1 March to 31 August 2019.

The report summarised the breaches and waivers and outlined from which Directorate each came from. Additional to this, the Head of Corporate Procurement circulated an addendum that detailed the comparisons between Quarter 1 and Quarter 2 on breaches and waivers.

Members noted that there had been four new breaches during the period, two that remained unresolved from earlier periods, as well as six that had now been resolved.

There had been twenty five waivers approved during the period. Members noted that changes to the CPRs had been approved in May 2019 which would result in a decrease in waivers due to the lower threshold limit being increased from £5000, to £25,000.

Additionally, Members were informed that a lot of work had been undertaken in relation to the procurement arrangements, and the process was now more simplified. Training had been offered to all officers who would have any need for it.

Following any updates, the Committee discussed the issues within the report, and posed any points of clarification to officers.

Queries were raised in terms of the following:-

- Training within Directorates and the possibility of making it mandatory across the Authority;
- How the process can be sped up
- How breaches or waivers are monitored
- Were there any trends in terms of certain directorates being more problematic than others

Officers provided information on all the queries raised and endeavoured to answer any questions. Additionally, officers informed Members that they would ensure the addendum be updated to reflect what percentage of the total contracts the breaches and waivers represented. This would be made available on the Council's web pages with the agenda and reports.

RESOLVED that

- 1) The information and actions contained within the report be noted; and
- 2) The Audit Committee commended Officers and recognised the work undertaken to overcome issues encountered with breaches and waivers in the past,

## 21 2018-19 Annual Governance Statement - Progress Update .

The Committee were presented with the Council's Annual Governance Statement Progress Update which provided a review of governance arrangements for the authority. The Committee were provided with a brief update outlining what progress had been made against issues and actions within the current Annual Governance Statement. Members were reassured that as the review and monitoring processes were now well embedded, any matters reported were considered to be under control and there were no issues for concern.

Members were invited to put any questions to officers regarding the report and Officers endeavoured to provide further information on any queries. With regard to next year's Annual Governance Statement, it was proposed that this would be looked at in a slightly different way,

with a more strategic overview taken. There would be a lot of challenges faced and it would be necessary to look at this more broadly in order to address these.

Members asked if any key milestones had been met and if the Council was on track with actions as the Committee needed reassurance in order that they had an awareness of the situation. Members were informed that whilst progress was being made, they were not in a position to remove any of the items, but they were constantly being monitored. The Director of Corporate Resources assured the Committee that they were happy with the current position, and whilst there were many financial challenges, they were broadly content as to where they were now.

With regard to Action 1, Major Technology Upgrades, queries were raised in terms of what was critical. Members were informed that good progress was being made with technology upgrades, and all deadlines were being hit, and as a lot of systems needed to be Microsoft compliant, it was therefore important that Microsoft licensing was up to date. Currently, 85% of desktops had been upgraded so the Council was on track to achieve this action.

A query was raised with regard to the Organisation Workforce Action, and if this was an area where there were any concerns over progress. A number of additional queries arose as a result with a discussion held on these issues. However, the Committee were assured that the Council were committed to developing their staff, and whilst there were some areas that were more challenging in terms of recruitment and development, it was something they were looking to address. However, this was an action that was on going, with no end date as such and support was given where needed to staff, apprentices and other members of the workforce across the Council on an ongoing basis. It was noted that some of the wording used in the report could be improved in order that it was clearer for members of the public reading and officers would undertake to improve this in future.

The Committee discussed in detail the report and raised a number of points that required further clarity to ensure that they were happy with the progress being made against the Annual Governance Statement. These also included:-

- Alarm Receiving Centre
- Data Quality Arrangements
- Doncaster Children's Services Trust ALMO
- Financial Position moving forward

RESOLVED that the Audit Committee note the content of the briefing paper and the attached appendix.

## 22 Preventing and Detecting Fraud and Error - October 2018 to September 2019.

The Committee considered a report that summarised the work done by the Council from October 2018 to September 2019 with regard to the prevention, detection and investigation of fraud and corruption.

Members noted that overall, levels of fraud across the authority remained low, and the work done by the Council in terms of preventing fraud was an area of focus. There had been many proactive fraud activities undertaken across the Council, with the results proving to be effective.

Particular points that were referred to in the report include:-

- 1054 Council Tax Single Persons Discounts cancelled;
- 16 prosecutions, 24 cautions and 26 pending cases related to Blue Badge Fraud;
- 521 Blue badges cancelled;

- Housing Benefit – the reinstatement of recovery proceedings for 568 benefit overpayment cases after information received on the claimant; and
- 118 people removed from the social housing waiting list

Members discussed the issues contained within the report and through the course of the discussion a number of points were raised for clarification. A query was raised regarding the low level of fraud and whether this was comparative with other local authorities. It was reported that it was actually very difficult to make comparisons and quantify as everyone measured it differently. However, a rough benchmarking exercise had been undertaken in previous years, and Doncaster appeared to be performing well.

A query was also raised in terms of whistleblowing and whether people were too intimidated within the office culture to speak up if they were aware of something. Officers assured the Committee that they were happy in terms of this area and the open culture of the organisation, and whilst whistleblowing itself may not appear to be particularly high, many issues were dealt with behind the scenes when problems were reported. However, it was accepted that it would be beneficial to remind staff that this avenue was an option to this and the process could look at being refreshed.

The Chair commended the work of Officers and it was acknowledged that the report was user friendly and clearly demonstrated the positive work undertaken by the Team.

RESOLVED that the Audit Committee support the production of the Preventing Fraud and Error 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.

## 23 Internal Audit Report for the period July to September 2019.

Members received a report that updated the Committee with regard to work undertaken by Internal Audit for the period July to September 2019. The report included information on the implementation of the internal audit recommendations, and the internal Audit Team's performance information. The report was broken down into four main sections with information provided on each of these in greater depth within the body of the report:-

- The Audit Plan and any revisions to the Plan;
- Audit work undertaken during the period July to September;
- Implementation of Audit Recommendations;
- Internal Audit Performance

The Head of Internal Audit, Peter Jackson provided a brief update on the issues contained within the report, and informed Members that everything appeared to be positive, with performance on target, a significant reduction in audit recommendations and a lot of proactive work undertaken, as well as Internal Audit having provided better levels of assurance than had been the case in previous periods.

The Chair thanked Officers for their work, and was pleased to see that there was a significant reduction in the number of internal audit recommendations. They were moving in the right direction, positive steps were being made, and hopefully figures would look to reduce further in the future.

A number of queries were raised on points including the Doncaster Children's Services Trust, and its transfer to an ALMO. Members noted that the lines of operation relating to this matter

in terms of this were still being developed and defined, and as an ALMO, the Trust would have its own Internal Audit Team.

A further query raised related to North Bridge Stores which had been the subject of concern at the previous Audit Committee due to a number of overdue recommendations. Managers from the Service explained that whilst some actions were still outstanding, all of these actions were in progress. Some of these actions had expected to have been completed by now, but difficulties had been experienced with the actions that were in place to address the initial problem. The Audit Committee stated that they wished to receive assurances that the recommendations had been implemented at the next Audit Committee. Officers assured the Committee that actions were being put into place, and training issues were being addressed in order to resolve the problems. The Committee requested that a further review of the Stores function took place early in the 2020/21 Financial Year.

RESOLVED that

- 1) The Audit Committee note the changes to the original Audit Plan;
- 2) The internal audit work completed in the period be noted;
- 3) Progress made by officers in implementing previous audit recommendations be noted;
- 4) A further review of the Stores function take place early in the 2020/21 Financial Year; and
- 5) The information relating to Internal Audit's performance in the period be noted.

24 Grant Thornton - Audit Progress Report and Sector Update.

The Audit Committee were presented with a report from the Council's External Auditors, Grant Thornton, that provided information with regard to any work undertaken over the previous year and what would be carried out in the future.

Members were informed that this was largely an informative document that provided an overview of the positive findings of 2018/19 and that work would begin towards the 2019/20' accounts in January 2020.

RESOLVED that the Audit Committee note the report received from Grant Thornton.

25 Grant Thornton - External Audit Reform.

Members considered a report presented by Paul Dossett, Grant Thornton that outlined proposals with regard to the review of current national audit regulations.

Members noted that there were reviews ongoing in both the public and private sectors with regard to audit arrangements and processes undertaken as a result of a number of issues that had arisen in recent years.

It was widely acknowledged that in comparison with audits undertaken 10 years ago, the fees had drastically decreased and it was acknowledged that a number of processes that Auditors had historically undertaken had been reduced. It was anticipated that there would be a number of changes coming forward in the future in order to provide an audit which would

provide greater levels of assurance than currently given. Once these were determined, feedback would be provided.

RESOLVED that the Audit Committee note the report.

26 Grant Thornton - The Annual Audit Letter for Doncaster Metropolitan Borough Council.

Members considered the Annual Audit Letter provided by Grant Thornton, the Council's external auditor. The Annual Audit Letter is a statutory requirement, and summarised the key findings arising from the work carried out by Grant Thornton at Doncaster Council for the 2018/19 financial year.

The Annual Audit Letter signifies the formal sign off, of the Audit to the Audit Committee, and in signing off, the letter confirmed the external auditor that:-

- Was satisfied that the Council put in place the proper arrangements to ensure economy, efficiency and effectiveness in its use of resources;
- Certified that the audit of financial statements of Doncaster Council have been completed in line with the Code of Audit Practice.

Through the course of discussion, Members noted that the Council had been issued with an unqualified opinion, that Doncaster had good financial arrangements in place, and were in a much stronger position than many other Local Authorities. Members were given the opportunity to question the report produced by Grant Thornton. It was noted that there were still a significant number of Councils who had not had their accounts signed off, so for Doncaster, it was a very positive position.

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

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

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