

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 27TH JULY, 2017

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 27TH JULY, 2017, at 2.00 pm.

PRESENT:

Chair - Councillor Austen White

Councillors Iris Beech, Susan Durant and David Nevett

Co-opted Member

Kathryn Smart

APOLOGIES:

An apology for absence was received from the Vice-Chair, Councillor Richard A Jones

76 DECLARATIONS OF INTEREST, IF ANY

Kathryn Smart declared a non-pecuniary interest in Agenda Items 7, 8, 9 and 10 by virtue of being an employee of RDASH.

77 MINUTES OF THE MEETING HELD ON 21 JUNE, 2017

RESOLVED that the minutes of the meeting held on 21st June, 2017 be approved as a correct record and signed by the Chair.

78 AUDIT COMMITTEE ACTION LOG

The Committee considered the Audit Committee Actions Log which updated members on actions agreed during Committee meetings. The action log showed details relating to 16 actions requested in previous meetings of these:

- 4 have been completed and will be removed from the next action log
- 8 have yet to reach the agreed action date and were on track
- 3 are partially completed relating to the provision and take-up of training in relation to covert surveillance and the Regulation of Investigatory Powers Act
- The final action stays on the log as incomplete. This is in relation to the Solar Centre Contract Breach – as previously discussed, further progress to address this issue.

In relation to the RIPA training identified on page 17 of the report, the Chair, Councillor Austen White asked how many managers were still to complete the training. It was reported that 7 manager out of the 24 listed were still to complete the on-line training. It was envisaged that these would be picked up within the next month and a reminder had been forwarded to them. If for any reason these were not completed an update

would be submitted to the next Committee meeting. It was also requested that Members be asked to complete the on-line training.

Councillor White also stated that since the inspection last year where the Council were asked to focus on training, he asked whether the efforts made would satisfy the comments made by the inspector. It was reported that through discussions with Helen Potts and the introduction of the annual refresher training, it was felt that the Council had gone over and above what was required particularly with offering the on-line training to members as well as officers.

RESOLVED that the progress being made against the actions agreed at the previous committee meetings be noted

79 DEPRIVATION OF LIBERTY SAFEGUARDS (DOLS) INTERIM AUDIT REPORT.

The Committee were presented with an interim report highlighting significant weaknesses identified by Internal Audit in the Council's processes for managing and monitoring the carrying out of Deprivation of Liberty Safeguards (DoLS) assessments. It was noted that the report was presented at this stage in view of the reference to the matter in the Council's Annual Governance Statement 2016/17, which the Audit Committee was responsible for approving. Members also noted that there were no safeguarding issues found as part of the review; the clients in question were receiving the care that they needed. The review, however, identified that the operational management of the DoLS process was poor and it was supported by systems that were heavily manual and not fit for purpose.

The following headline key issues were identified:-

- The return of assessments distributed to assessors was not routinely monitored or outstanding assessments actively chased up when overdue;
- No performance information was available routinely to monitor the service, with significant amounts of manual input required to determine the level of outstanding cases at any one point in time;
- The inappropriate payment of employees undertaking best interest assessments through the Accounts Payable (creditors) system rather than via payroll;
- Little or no consideration of the working time directive when allocating best interest assessments to employees to do in their own time on top of their existing day job;
- In one case particular the allocation of a volume of assessments that was significantly in excess of what could reasonably be achieved within the set deadlines;
- In some cases, payments were made in advance of the work (assessments) being completed, in contravention of the Council's Financial Procedure Rules, this also leading to overpayments being made for assessments that were never completed;
- In many other cases payments were made at the point of receiving assessments but before the assessments had been quality checked, i.e. essentially before it was checked that the assessments were satisfactory, because of a significant backlog that existed;
- There was heavy and inappropriate reliance on spread sheets to record the Teams activity and assessments;

- Linked to the above point, there was poor data quality, with numerous examples of missing information and erroneous data including missing assessments dates, missing and incorrect information on who the assessment was completed by/allocated to and even in some case client names.

Following the presentation of the report, members were given the opportunity to make comments and ask questions.

In relation to paragraph 2 of the report, Councillor Iris Beech asked what would happen to a person who had a lack of mental capacity and had no immediate family to assist, would the Council endeavour to obtain a person who would have power of attorney. She also commented that in relation to 511 cases where the assessments were obsolete, this be avoided from liaising with electoral services for instance when they are notified of a death, this would ensure that unnecessary work was carried out.

In response, it was reported that DOLS assessments were only undertaken within Residential Care Homes and hospitals so the information required would already be supplied. It was advised an independent advocate could be used to assist the person. In relation to notification of a death, the Council would be advised of these through the manager of the home or the hospital and it was envisaged that when the electronic system was in operation this would alleviate the backlog problems being incurred in respect of these.

Kathryn Smart asked whether there had been any suspicions raised around allegations of fraud with regard to staff payments. It was reported that through investigations, there had been nothing to suggest that any fraudulent activities had taken place. However, members were advised that there had been one individual who had claimed for assessments without carrying them out and this had been dealt with.

Kathryn made comment in relation to the backlog and whether this would leave the authority at risk of challenge. It was reported that although the authority was technically in breach, Doncaster was no different to other local authorities. It was advised that the vast majority of people were quite happy to be where they were but where there was a chance this might not be the case, these were being prioritised for assessment, to minimise any risk. Kathryn asked for Members to be advised whether the Council had a responsibility to notify clients that the assessments needed to be completed and it was agreed to provide the Committee with a response.

Kathryn asked whether there were any internal controls that could be used to alleviate the problems being incurred in a number of areas within Adults Services. It was reported that as we saw with Childrens Services following Damian Allen's appointment, he had put processes in place to ensure the services improvement and we were starting to see the same improvements in Adults. It was stated that extra budget provision had been put in place and regular monthly meetings were being held to ensure the service was working as it should.

In response to a question regarding the how long a DOLS assessment takes, it was reported that although this would depend of the individual concerned the maximum length of time for an assessment would be 12 months by law. However,

majority should be completed within 21 days or shorter and urgent cases within 7 days. It was reported that at the moment very few meet the 21 days.

With regard to the 1637 outstanding assessments, the Chair, Councillor Austen White asked whether any progress was being made into clearing the backlog. A breakdown was presented to Members and it was stated that the numbers were likely to change on a regular basis in line with the validated information. It was noted that with the introduction of care first, numbers were decreasing although there was no definitive number identified until all the data cleansing had been carried out. It was envisaged that a clearer picture would be provided at the next meeting of the Committee. It was also noted that 250 cases had been outsourced to an outside company and were expected to be completed by the end of October 2017. Members were advised that weekly spread sheets were provided by the company on the progress being made.

Councillor David Nevett commented that whilst work had been outsourced there was still a significant amount of backlog. He asked how this was going to be managed. Committee were advised that every Social Worker should be undertaking training to enable them to carry out a Best Interest Assessment (BIA) and whilst some of the work had been outsourced it was envisaged that social workers would be carrying out assessments in for the future. Members were also advised that at one time the authority had around 70 external assessors that could be called upon but a hold had been placed on this resource. It was hoped that once the Care First System was available, external assessors could be brought back in to assist. It was envisaged that it would take 9-12 months to clear the backlog.

In response to a question raised in relation to early payments, it was reported that early payments no longer exist. It was also stated that work was continuing with the team and the transfer of data and the work would take 2-3 months to be completed.

The Chair, Councillor Austen White made reference to the Officer Decision Record (ODR) that had not provided the capability to deliver and asked whether any lessons had been learnt from this. It was stated that there was always an opportunity to learn lessons for future service delivery. In this particular circumstance an increase in the number of cases had been tenfold which was very rare but it was important that the authority looks into why the ODR wasn't followed through. It was suggested that a further updates be provided within the Audit Committee action log at the next meeting relating to progress in clearing the backlog of assessments, and a fuller update provided in February 2018.

RESOLVED that:-

- (1) the audit review and the actions taken to date to address the issue by the Adults, Health and Well-being Directorate be noted;
- (2) an update on progress in clearing the backlog be provided within the Audit Action Log at the next Committee meeting; and
- (3) a full update be provided in February 2018.

80 2016-17 ANNUAL GOVERNANCE STATEMENT

The Committee received the Annual Governance Statement for 2016/17. The Council's governance arrangements in place during 2016/17 had been reviewed and an annual governance statement had been produced which was attached at Appendix A to the report.

Members noted that there had been 2 significant weaknesses reported in 2016-17, which were, Adults, Health and Well-being – Contract and Commissioning Arrangements and DOLS (Deprivation of Liberty Safeguards) – Best Interest Assessments as detailed at page 6 of Appendix A of the report.

The Annual Governance Statement highlighted the following:-

- Key areas of improvement from 2015-16 that have been completed and have been effectively managed to the extent that they were no longer significant in 2016-17;
- Identifies new significant issues arising from the 2016-17 review of effectiveness of the corporate governance arrangements; and
- Provides an update on the key areas identified during previous years that remain an issue in 2016-17

RESOLVED that:-

- (1) the Annual Governance Statement be approved; and
- (2) noted that the Mayor and Chief Executive be asked to sign the final statement as soon as possible after the Audit Committee on 27th July and prior to its publication along with the Statement of Accounts.

81 STATEMENT OF ACCOUNTS 2016/17 - ISA REPORT TO THOSE CHARGED WITH GOVERNANCE.

The Committee received a report stating that in accordance with International Standard on Auditing (ISA) 260, the Council's external auditor was required to issue a report detailing the findings from the 2016/17 audit and the key issues that the Committee should consider before the external auditor issues their opinion on the financial statements. It was advised that the ISA 260 report attached at Appendix A of the report had to be considered by 'those charged with governance before the external auditor can sign the accounts which legally has to be done by 30th September, 2017.

It was reported that the external auditor expects to issue an unqualified audit opinion on the Council's financial statements for 2016/17; subject to all outstanding queries being resolved to their satisfaction. Members were advised that overall the ISA 260 report was a positive one, with the majority of the adjustments being largely presentational with no impact upon the primary statement and reserve balances. It was noted that following discussions on the accounting for the pension liability held by St Leger Homes, the Council has produced a consolidated set of group accounts to prevent their being a material misstatement in the accounts.

Since the production of the report, Matthew Ackroyd, KPMG highlighted that an additional recommendation had been identified and the opinion for the statement of accounts would not be signed off until Friday 4th August, 2017. In light of this, it was stated that the amended version of the report would be made available on the Councils website once completed.

Following the introduction of the report, members made a number of comments as follows:-

Kathryn Smart stated that given KPMG's 2 audit recommendations not being fully implemented, she asked what the Audit Committee could do in order to follow these issues up. It was reported that these were minor issues and would be monitored and picked up within recommendations report presented at Committee.

In relation to the completion deadline of the 31st January, 2018 for IT User Documentation and Processing, Councillor Iris Beech asked that when employees leave the Council and hand their badges in, why it didn't trigger the removal of their details on other systems within the Council. It was reported that most of the systems were internal and there was no absolute way of taking somebody off every system as there was no automated mechanism to do so. It was suggested that a central register kept within IT would be beneficial.

In conclusion, the Chair and Members of the Committee thanked KPMG and Steve Mawson and his team for the work done and the positive results that had been maintained this year.

RESOLVED that:-

- (1) the contents of the external audit ISA report be noted;
- (2) the letter of representation be endorsed; and
- (3) the Statement of Accounts 2016/17 be approved subject to amendments being made and final sign off on Friday 4th August, 2017.

82 INTERNAL AUDIT REPORT FOR THE PERIOD: APRIL 2017 TO 4 JULY 2017

The Committee received a report which updated members on the work done by Internal Audit for the period April 2017 to 4 July 2017 and showed it in the context of the audit plan for the year. The report included details on the implementation of internal audit recommendations. Performance information was also detailed which incorporated an update on the section's Quality Assurance Improvement Plan which ensures compliance with the Public Sector Internal Audit Standards.

A summary of the main points for each of the four sections of the audit were highlighted at paragraphs 4 to 14 of the report. It was also reported that in relation to paragraph 5 of the report, it should be noted that there were currently 8 on-going investigations which had been omitted from the report.

Following the brief introduction of the report, members made a number of comments which were as follows:-

Kathryn Smart asked whether there was any root cause as to the unprecedented negative impact on the planned work. It was advised that the size of the business and the complexity of some transactions meant that overall this was a relatively low level concern albeit more than the service was used to. It was reported that there tended to be an peak within April/May which could be a direct impact of the close of accounts and budget work but it wasn't felt that there wasn't anything underlying emerging at this point.

Members were presented with other reasons as to why there had been a negative impact on planned work, such as more in-depth work being carried out with Partnerships, more operational risks emerging rather than strategic as in the past and Audit being called in regularly to act as a friendly policeman.

Kathryn Smart requested clarification as to why actions had not been fulfilled in relation to unbilled income for Business Waste and Recycling follow up. It was reported that there had been a lack in the reconciliation process and inadequacies in the IT system. It was noted that these problems had now been dealt and a much improved fit for purpose system was now in place. It was suggested that a report 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. It was noted that this would also tie in with the Income Management report which was due to be considered in October.

The Chair, Councillor Austen White asked if there were any cause for concerns in relation to the variance percentages highlighted on page 227 of the report. It was advised at this stage there were no concern albeit it wasn't where the service wanted to be. However, it was expected that with the increase of resources, improvements would be made. The Chair also sought clarity with regard to Car Park income identified on page 229. Members were advised that in the past where there were discrepancies between actual and expected cash received of £20 or more, these had been investigated but were no longer in operation, however, these had now been reinstated. Members were also advised that the Councils Policy and Procedures needed to be reviewed and updated.

Councillor Iris Beech asked whether all Car Parking machines were to become card only and expressed some concern for those people who didn't have a card. It was reported that there needed to be an alternative in place for the use of cash as it was the most expensive to process. It was noted that some car parks were completely cashless.

RESOLVED that:-

- (1) the changes to the original audit plan, be noted;
- (2) the internal audit work completed in the period, be noted;
- (3) the progress made by officers in implementing previous audit recommendations, be noted; and
- (4) Information relating to Internal Audit's performance in the period, the arrangements made to manage the demand for responsive work and progress in implementing actions set out in the Quality Assurance Improvement Plan; be noted

83 INTERNAL AUDIT STRATEGY AND INTERNAL AUDIT CHARTER

The Committee received a report which referred to the Internal Audit Strategy and the terms of reference for Internal Audit, which were set out in the Internal Audit Charter. The Audit Committee has responsibility for considering the Internal Audit terms of reference.

Members were advised that the Strategy and Charter were last produced in April 2015 and set the strategy for the period 2015-2018. The documents had been reviewed and updated annually to take into account and changes required. Following significant changes to Internal Audit Standards and recommendations made in the peer review carried out by Kirklees Council earlier in 2017, the Charter and Strategy had now been re-written to adopt the new requirements. The update version is application for the three years.

The Key changes made to the Strategy and Charter in order to comply with the 2017 Standard changes were identified at paragraphs 10 and 13 of the report.

RESOLVED that:-

- (1) the Internal Audit Strategy for the period 2017-2020 be approved; and
- (2) revisions to the Internal Audit Charter be approved.

84 PARTNERSHIPS GOVERNANCE ARRANGEMENTS.

The Committee considered a report updating members on the Councils arrangements for improving the oversight of partnerships activities and, by doing so, strengthen the governance arrangements relating to its partnerships working.

It was reported that the Council formally makes appointments to a wide range of partnerships including the Combined City Region Authority, various joint committees, various commercial arrangements and even a number of small, local charities.

Key points arising from the report for the Committee in view of its role in relation to the Council's governance arrangements were highlighted at paragraphs 6a-h of the report.

The Chair, Councillor Austen White asked when the 27 partnerships highlighted within the report would be removed and how this would be carried out. It was reported that Scott Fawcus, Assistant Director of Legal and Democratic Services had been assigned to lead on this issue and he had tasked each of his managers with reviewing the partnerships. It was noted that this review had taken place and a report had been presented to the Mayor's office.

Members were advised that as part of the quarterly review process the list of partnership would be looked at to identify whether a review was required and also whether there were any new partnerships to be added. The Chair asked whether a report on how the new arrangements were working could be submitted to Committee in February 2018. It was reported that the lead officer identified would provide support to the appointed persons and give assurances to the Council that no concerns were identified. Members were also advised that this would also feed into the Annual

Governance Statement so any activity would be encompassed within that report to Committee.

RESOLVED:-

- (1) the Council report and the actions approved by the Council at its meeting on 19th May, 2017, be noted;
- (2) noted the provisions relating to partnerships; and
- (3) the actions in progress following approval of the recommendations in the Council be noted.

85 IMPROVING GOVERNANCE AT DONCASTERS' INTERNAL DRAINAGE BOARDS

The Committee received an update report on improving governance at Doncaster's Internal Drainage Boards as follows:-

Danum Drainage Board

It was reported that following original concerns in 2014 and the follow-up review in 2015, it was pleasing to note that considerable progress had been made in implementing the actions agreed by the Board and that no further action has been undertaken by Internal Audit as it was considered that the Board was now sufficiently well placed to operate in accordance with good governance.

Black Drain

Members were advised that although problems in good governance were around appointing appropriate persons to the Board and poor attendance records, these had been dealt with on an on-going, predominantly through the Council's Democratic Services Team and ultimately through the Elected Mayor of Doncaster using her powers of appointment.

Doncaster East Drainage Board

It was reported that following Internal Audits review, initial governance arrangements over a major project were inadequate. Concerns centred around potential/perceived conflicts of interest, project award, access payments and the justification for project management fee increases. It was noted that whilst arrangements were improved following a Board audit, they still did not provided an appropriate level of governance. A series of recommendations were presented to the Board which were unanimously agreed. The two fundamental actions were agreed as follows:-

- To engage consultants to provide an independent technical assessment of the work undertaken and of the management of the project; and
- To look further at the access payments made by the Board.

Kathryn Smart expressed her thanks to the team for carrying out this work and asked whether the time and effort put into the review can be recharged to the Drainage Board. It was reported that investigations had taken place in pursuing recharging the drainage board for the work audit had carried out which have been discussed with the Chair of the Board.

In response, to questions raised by Councillor David Nevett, it was reported that the external Independent Technical Consultant appointed to carry out the review had not been involved prior to their appointment. In respect of accountability and on-going work, it was advised that from a national perspective there seemed to be very little accountability. The issues have been subject to conversations with the National Audit Office (NAO) and these consultations would continue. It was advised that locally it falls to the Council to hold boards to account. In respect of the conflict of interest identified, it was noted that it couldn't be certain that work had been of best value to the Board and this was why the Independent Technical expert had been brought in.

The Chair, Councillor Austen White asked whether there were any risks to the authority and any issues the Committee needed to be aware of. Members were advised that risks would mainly rest with the Drainage Board and not fall with the authority.

RESOLVED that:-

- (1) the progress made to date and the further actions proposed to improve governance at Doncaster's Internal Drainage Boards be noted; and
- (2) Internal Audit's influential involvement in the National Audit Office's work and NAO's report on drainage boards governance; be noted.

CHAIR: _____

DATE: _____