

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

FRIDAY 31ST JULY, 2015

A RECONVENED MEETING of the AUDIT COMMITTEE was held at the CIVIC OFFICE, DONCASTER on FRIDAY, 31ST JULY, 2015, at 10.00 A.M.

PRESENT:

Chair – Councillor Austen White
Vice-Chair – Councillor R. Allan Jones

Councillors Susan Durant, John Healey and Alan Jones.

Also in attendance:

Simon Dennis, KPMG
Colin Earl, Head of Internal Audit
Nicola Frost-Wilson, Internal Audit Manager
Howard Monk, Head of Policy and Performance
Jill Parker, Head of Organisational Development

Apologies

An apology for absence was received from Kathryn Smart.

11. DECLARATIONS OF INTEREST, IF ANY

There were no declarations made at the meeting.

12. AUDIT COMMITTEE TERMS OF REFERENCE AND DRAFT WORK PROGRAMME 2015/16

Members considered a report that detailed the Committee's Terms of Reference and work plan for 2015/16 Municipal Year. This had been agreed by Council at the Annual Meeting on 22 May 2015 and was now presented to Committee purely for information. Members were informed that no significant changes other than a straightforward change which reflected who the Council would liaise with over the appointment of external auditors. The Terms of Reference were in place to ensure that the Committee met its legal obligations in relation to audit activity, accounts and financial management risk management.

The report also included the Committee's Work Programme for the 2015/16 Municipal Year, and the production of this assisted the Council in fulfilling these requirements by outlining clearly what would be considered when and ensuring that the Committee

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covered all areas of work required during this period. The report informed Members that a number of regular items would be considered by the Committee on a six-monthly basis, these being:-

- External Audit Progress Plan
- Progress made by the Council in implementing Inspection and Audit Recommendations
- Compliance with Contract Procedure Rules and Procurement breaches
- Governance Plan Progress
- Regulation of Investigatory Powers Act 200 (RIPA) Surveillance.

Members thanked Officers for the report, and noted the work programme for the coming year.

RESOLVED that the Audit Committee:-

- 1) Note the Terms of Reference for the Audit Committee for the 2015/16 Municipal Year; and
- 2) Consider the draft work programme for 2015/16.

13. ANNUAL PAYROLL OVERPAYMENTS UPDATE REPORT – 2014/15

Members received a report that provided an update on the progress made with regard to recovery action taken in regard to salary overpayments for both current employees and those who have left the Council in the 2014/15 financial year.

Jill Parker, Assistant Director of Human Resources and Communications, outlined that the Council was in a much better position than it had been in the past with regard to this issue, and the amount recovered had increased continually over the last 3 years. A number of key actions were now in place in order to recover the outstanding debt and reduce the risk of future debt.

Members noted that currently, the Council was owed £392,425 which related to 421 cases at the beginning of the financial year. This related to both current and former staff. One of the main reasons for salary overpayments still occurring related to the late notification by managers of any changes, particularly with regard to those leaving the Council. This issue was not helped by the fact that the Councils pay date occurred in the middle of the month.

RESOLVED that the Audit Committee note the report, the key actions in place and the detailed breakdown and

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summarised analysis provided in the Appendix attached to the report.

14. RISK MANAGEMENT – REVIEW OF POLICY AND Q4 UPDATE

Members considered a report that provided them with information on the strategic risks faced by the Council for Quarter 4 2014/15. It was noted that there were 15 risks linked to the Corporate Plan in Quarter 4, which were detailed in Appendix A attached to the report. However, the Risk Register was currently under review as part of the Corporate Plan refresh, so further changes would be reported in the Quarter 1 Risk Management Report.

Furthermore, the Committee was informed that 'light touch' review had been carried out of the Risk Management Framework in order to ensure that it was slightly clearer and was updated with regard to any changes that had been made. However, Members noted that very little had changed.

One point that the Head of Policy and Performance brought to Members' attention was the issue of sickness. This had long been a cause for concern for Members as it had been a long standing strategic risk that was being tackled. However, Members were asked for their support to now demote this risk in light of the figures relating to this reducing more and more. The Committee noted that the number of days sickness on average had now been reduced from 15.5 days to 9.5 days. This was largely due to a great deal of work done by the Council to manage sickness effectively, and as a result, it was now felt that this no longer needed to be reported as a strategic risk.

Members held a discussion on the issues raised within the report, and were given the opportunity to query any of the risks on which they had concerns. One issue raised, was that there used to be a nominated 'Risk Champion'. It was reported that Councillor R. Allan Jones had now been appointed as Member Champion.

Queries were also raised with regard to Health and Safety for Managers and whether all training had now been carried out. This wasn't included within the Risk Register, and there was a concern that training given may lapse after a certain time.

Councillor Durant raised a concern with regard to external buildings used by the Council and asked what Risk management was done to ensure that these were fit for purpose prior to being used. Members were assured there should be arrangements in place for ensuring responsibilities were known in these instances, but Officers would check and report back on any issues arising.

Further comments were also made by the committee in terms of future risks in relation to the diminished workforce and the potential loss of many experienced and highly qualified staff as this was surely a huge risk when faced with restructures and job cuts. It was acknowledged that this indeed was a risk, and work was being done on assessing the skills of the workforce to ensure that the best staff were retained.

Members had a thorough discussion on this report and debated all their concerns thoroughly prior to agreeing the recommendations.

RESOLVED that the Audit Committee:-

- 1) Note the report;
- 2) Note the revised Risk management Framework (Appendix B); and
- 3) Note and comment on the key development areas as detailed in Paragraph 8 of the report.

15. ANNUAL FRAUD REPORT – 2014/15 EXECUTIVE SUMMARY

The Committee received a report which informed them of the work done throughout 2014/15 to both prevent and detect fraud and corruption. There were two different types of fraud, benefit and general fraud, and Members noted that overall, in terms of the Councils spending and general activities, fraud itself remained low although there had been an increase in referrals to Audit for investigation for the second year running. Whilst it was difficult to ascertain why this was the case, it was suspected that this could be influenced by the current economic climate and increased awareness of the Council's Governance arrangements.

With regard to benefit fraud, it was reported that there had been 730 potential cases investigated in 2014/15, of which the Council obtained 47 prosecutions and 15 cautions. However, it was reported that with effect from September, the process of investigation would change with the introduction of the Single Fraud Investigation Service and would result in the transfer of housing benefits investigators from the Council's Revenues and Benefits Service to the Department of Work and Pensions (DWP) to undertake this role. It was however noted that there was the proposal to retain 1 Investigator and 1 support staff along with a single designated point of contact.

Members were informed that benchmarking had been carried out,

and whilst the number of cases referred for investigation had risen, this appeared to be in line with other authorities.

Members held a brief discussion on this item, with a number of concerns raised in relation to the transfer of the housing benefits fraud to the DWP. Members were assured that Officers would keep a close eye on this issue and would provide a further update on this issue at the next meeting. It was pointed out that Council Tax fraud and general fraud was remaining within the control of the Council.

The Head of Internal Audit proposed that it would be beneficial to hold a session on this prior to the next meeting which would aim to further alleviate any concerns the Committee may have.

Additional comments were made with regard to the Blue Badge scheme and issues of fraud relating to this, as it was felt there needed to be greater control regarding the issue of new badges with more stringent checks put into place at the initial application stage. Members were informed they would be provided with more detail on this issue.

With regard to the issues raised in the report, Members were informed that a Press Release would be issued highlighting the work undertaken by the Council in order to outline to the public that the Council operated a zero tolerance attitude with regard to fraud, hoping that this would act as a deterrent to further fraud.

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

16. UPDATE ON THE ANTI-FRAUD AND BRIBERY AND CORRUPTION FRAMEWORK

Colin Earl, Head of Internal Audit, presented a report to Members which detailed an update to the Councils Anti-Fraud, Bribery and Corruption Framework. Members noted that following changes in best practice, the framework had been updated to reflect these.

Members noted that the Framework had undergone significant changes in order to bring it in line with Local Government Strategy – Fighting Fraud Locally and additionally, changes recommended by the new CIPFA Code of Practice for Managing the Risk of Fraud and Corruption. The changes included updated definitions, language changes to make the Framework clearer and easier to understand, removal of sections that were duplicated in

Colin Earl /
Geraldine
Morton

Colin Earl

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other policies and greater clarity.

Members were informed that a factsheet in clear and plain English would be produced in order to identify the main points of the framework and would be launched in the near future to ensure that staff were fully aware of it. Members queried how this would be communicated to staff as it was an issue of high importance. The Chair was pleased to hear that this would be done in a number of ways with a proposal for reference to be made to it in the Chief Executives Blog with a link to the new Framework, and additionally, an article in the Staff Magazine.

RESOLVED that the Audit Committee approve the revised Anti-Fraud and Corruption Framework.

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17. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE, JUNE 2015

Simon Dennis, from KPMG, was in attendance at the meeting and presented Members with the progress report for June 2015. Members were informed that there were two main points to note, these being the Progress Report and the Technical Update.

The Committee noted that staff from KPMG, were now on site at Doncaster Council undertaking their annual audit of the Financial Statements prior to these being signed off in September.

The interim Audit had shown no issues for immediate concern and it was hoped that the annual audit would give an unqualified audit opinion on the financial statements and good Value for Money (Vfm) conclusion which would indicate there was excellent internal control in place safeguarding Doncaster Council. The Statement of Accounts would be signed off by the Mayor and Cabinet in September, and would be presented to the Audit Committee at their next meeting on 16 September, 2015.

RESOLVED that the Audit Committee note the content of the report.

All to Note