

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

WEDNESDAY, 22ND JUNE, 2016

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on WEDNESDAY, 22ND JUNE, 2016, at 10.00 am.

PRESENT:

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

Councillors Susan Durant, John Healy and Alan Jones.

APOLOGIES:

Apologies for absence were received from Kathryn Smart (Co-Optee).

Also in Attendance:

Colin Earl – Head of Internal Audit
Scott Fawcus – Assistant Director of Legal & Democratic Services & Monitoring Officer
Pat Higgs – Assistant Director, Adult Social Care
Leanne Hornsby – Head of Transformation and Business Support
Peter Jackson – Internal Audit Manager
Steve Mawson – Assistant Director of Finance

1 **Declarations of Interest, if any**

Councillor Susan Durant declared a non-pecuniary interest in Agenda Item 12 by virtue of being a complainant in one of the cases referred to in the Monitoring Officer's Annual report.

2 **Minutes of the meeting held on 7th April, 2016**

RESOLVED that the minutes of the meeting of the Audit Committee held on 7th April, 2016 were agreed as a true record and signed by the Chair.

3 **Audit Committee Prospectus, Terms of Reference and Work Programme**

The Head of Internal Audit presented a report to the Committee that detailed the Terms of Reference and Work Programme for 2016/17. The report also contained a 'prospectus' which set out the scope and approach that would be taken by the Audit Committee. This had been produced for the first time, and it was intended to provide an oversight of the role that the Committee would carry out and would also look to set out the intended outcomes which would be achieved out of the Committee's work.

The Terms of Reference had been approved by Full Council at its Annual Meeting on 13 May, 2016, and minimal changes to these had been made. The most significant change that had been made was as a result of changes made to the Accounts and Audit Regulations which had been updated in 2015, which attributed responsibility for approval of the Annual Governance Statement to the Audit Committee.

The Work Plan aimed to ensure that all areas identified within the Terms of Reference were covered including the following:-

- Internal Audit
- External Audit
- Accounts / Financial Reporting
- Risk Management
- Ethical Governance
- Other Matters

RESOLVED that

- 1) The Audit Committee considered the prospectus that had been produced;
- 2) The Committee note the Terms of Reference for the 2016/17 Municipal Year as approved at the Annual Meeting of Council; and
- 3) The draft work programme be noted.

4 Review of Contract Breaches in Learning Opportunities, Children and Young People

Members of the Committee received an update report with regard to breaches identified since the last Audit Committee on 7 April, 2016 within Learning, Opportunities, Children and Young People Directorate.

Following the identification of a number of breaches of Contract Procedure Rules (CPRs), a review had been undertaken and as a result, a number of issues were highlighted. The Head of Transformation and Business Support was in attendance at the meeting in order to highlight any further issues to Members and answer any queries posed by the Committee.

Members noted that as a result of the findings, Internal Audit would now attend quarterly meetings with the Directorate's Senior Management Group in order to ensure progress was being made and performance was closely monitored.

Queries were raised regarding preventing future breaches, and assurances were given that any problems that arose in the future would result in serious consequences.

RESOLVED that the Audit Committee note the actions identified and progress made against the CPR Compliance Improvement Plan (attached at Appendix 1).

5 Adults, Health and Wellbeing Audit Recommendations progress report including the recovery of overpayment of Direct Payments

The Committee considered a report that detailed the current progress being made in relation to outstanding actions within the Adults, Health and Well Being Directorate, further to a request made by the Committee at its January meeting. The Assistant Director of Adult Social Care was in attendance at the meeting in order to respond to any concerns and questions posed by the Committee.

Members noted that progress had been made, and out of the original 84 actions, there were now only 9 outstanding, with 5 of these relating to Direct Payments Improvement Plan. However, progress was being made and the Assistant Director of Adult Social Care was confident that all actions would be completed and all outstanding reviews undertaken by September, 2016. Therefore as a result of this, Members felt it would be more beneficial to receive a conclusive report on the outstanding actions in November, concentrating solely on the overpayment of direct payments. This was supported by the Head of Internal Audit, who confirmed that he could incorporate any other issues relating to Adults, Health and Well-being within the Council-wide Strategic Risk report.

RESOLVED that

- 1) the Audit Committee note the update on current Audit recommendations;
and
- 2) a further report be brought to the November meeting of the Audit Committee for consideration.

6 Doncaster Market Follow Up Review

Following a review of the Markets Service in 2015 which resulted in a 'No Assurance' report being presented, a follow up audit of governance arrangements had been undertaken in order to ensure that progress was made in improving the service.

The initial review had been undertaken following concerns raised by market traders regarding working practices within the Markets Team, with the main issues relating to general administration, allocation of pitches, procurement and health and safety. Following this review, the further follow-up review by Internal Audit focussed on ensuring that progress had been made and included the following:-

- The implementation of a cashless collection system via the Sundry Debtors System.
- Checks on new Traders were carried out in order to ensure that they held the specific licenses required and that, if appropriate, they were entitled to live and work in the UK.
- Contract Procedure Rule compliance had improved significantly since the report first presented in February 2015.

There were still some outstanding actions to be completed, but it was reported that partial assurance had now been reached and good progress had been made. The actions that remained outstanding were as detailed below:-

- Work was needed on ensuring that a comprehensive and robust recovery policy was in place; and
- A new markets management system to manage market tenancies was under procurement and was expected to be implemented in Quarter 3 of 2016.

Following consideration of the report, Members of the Committee were afforded the opportunity to comment on the issues raised. Members were pleased that the problems were being tackled by management and that the service was being closely monitored to ensure that improvements were made. The Chair commented that it was encouraging that the Markets Service had moved from No Assurance to Partial Assurance already, and was reflective of the changes implemented and improvements made. However, the Committee requested assurances that the deadline of 31 July, 2016 would be met for the improvements, and asked that a further update be provided at the next Audit Committee meeting. In conclusion however, it was considered to be a very reassuring and positive report.

RESOLVED that the Audit Committee note the outcome of the Audit Review and progress made by the Markets and Town Centre Management Team.

7 Annual Payroll Overpayments Update Report - 2015/16

The Assistant Director of Finance presented a report to the Committee that provided an annual update on progress made with regard to recovery of salary overpayments for both current and ex-employees of the Council. Members were informed that it was believed that the Authority had now got to a point where this was at a manageable level, and although errors were still occurring, this was always likely to be the case due to salaries being paid 2 weeks in advance, 2 weeks in arrears.

Following consideration of this, the Committee was afforded the opportunity to ask questions on the report. A number of queries were raised in relation to overpayments, and if any pattern had emerged as to specific issues or Directorates. It was reported that whilst there were no obvious problems in specific areas, it did appear that it was generally related to manual or casual staff where the turnover of employees was higher. However, training for Managers was ongoing and problems were followed up far more effectively, with improved monitoring and exception reporting carried out.

Members acknowledged the work undertaken in improving this issue and welcomed the positive developments. The Chair commended Officers for how far they had come with this. It was felt that as a result, this no longer needed to be presented to the Committee on a regular basis, and it would be satisfactorily monitored by Internal Audit. However, if any problems arose in the future, it could be brought back to the Committee at any point.

RESOLVED that

- 1) the Audit Committee note the report, the key actions in place and the detailed breakdown and summarised analysis provided in Appendix A to the report; and

- 2) An annual report for overpayments no longer be presented to the Audit Committee, unless it was deemed necessary by the Head of Internal Audit at a future date.

8 Strategic Risk Update

The Audit Committee considered a report that provided them with an update on Quarter 4 2016/17 for Strategic Risks. Members noted that as a result of the Corporate Plan refresh, a review of Strategic Risks had been undertaken, and as a result, 6 risks had been nominated for demotion, 5 new risks proposed and 2 risks reworded, all of which were detailed within the body of the report.

The Chair commented that the Audit Committee had requested that 'mapping' be undertaken in order to allow a 'deep dive' into the risks. The Mapping Process would identify where each risk was accountable to and who was responsible and if necessary, would allow the Committee to get more involved in the process and allow them to hold strategic risk owners to account where necessary. It was requested that this be presented to the Audit Committee at the August Meeting in order they had a clear plan to follow. However, Members were advised that it would be difficult to look closely at each risk and it may be more meaningful to look at just a couple of risks. Additionally, it would be more beneficial to wait until the Corporate Plan had been refreshed and agreed by Full Council, before undertaking this exercise.

RESOLVED that

- 1) The Audit Committee note the review of the Quarter 4 Strategic Risk Profile as attached at Appendix A;
- 2) The Audit Committee note the review of Strategic Risks for 2016/17 (paragraphs 8-10 of the report);
- 3) The Audit Committee note the proposed approach to mapping and reporting strategic risks throughout 2016/17; and
- 4) The Quarter 4 Strategic Risk Profiles attached at Appendix 4 to the report be noted.

9 Data Quality and Information Management Update

The Assistant Director of Finance provided the Audit Committee with an update with regard to the Strategic Risk of Data Quality and Information Management in the Council.

It was reported that Data Quality was important to the Council in order to ensure the provision of accurate and timely information to manage services effectively. Therefore a new Data Quality Strategy was being developed in order to set out the vision for data quality for the next four years, improving data quality across the Council.

Member's attention was drawn to paragraph 10 of the report, whereby it informed readers that a survey had been carried out in order to indicate a view on the data quality of the system. The results had indicated that it was felt that data was generally of a good quality with 80 of 86 assessments completed coming out as low risk.

However this view was contradicted by Internal Audit and as a result, a new plan was being developed which would hopefully be completed by the end of September, 2016.

It was acknowledged that there were a number of challenges being faced as across the Authority, there were number of different systems being used, and it was imperative that these were all brought together within the new data strategy.

Members raised the issue of a 'Data Champion', which was something that had been in place in previous years. The Committee felt that the appointment of someone into this role may be helpful in driving a new Data Strategy forward. There was some uncertainty voiced by Officers as to how this would work with the new Data Strategy and the process being undertaken, but it was something that could be taken forward and fed in as part of the process.

RESOLVED that

- 1) The Audit Committee note the content of the report; and
- 2) A further report providing a further update be presented to the Audit Committee at its November meeting.

10 Annual report of the Monitoring Officer

The Monitoring Officer was in attendance at the meeting to present his Annual Report to the Committee which dealt with matters covered by both the current Monitoring Officer, and his predecessor who retired in February, 2016. The report detailed both complaints made against Councillors for breach of the code of conduct, and activity related to the Councils whistleblowing policy.

Members noted that the Monitoring Officer dealt with standards matters not only for the Elected Members of the Council but also for the large number of Parish and Town Councils within the area. Most complaints received related to Parish Councillors rather than borough Councillors and only matters which led to formal complaints were detailed within the report.

The Committee were informed that over the past year, two formal complaints had been made against Borough Councillors, and five against Parish Councillors, and out of these, the Monitoring Officer felt that only one warranted further investigation and referral to the Audit Committee's Hearings Sub-Committee. This was heard by the Sub-Committee on 14th June, 2016, and an overview of the outcome was provided by the Monitoring Officer at the meeting.

With regard to the Whistleblowing returns for 2015/16, the Committee noted that eight had been received for this period, five of which had resulted in recommendations to make improvements in the service area, but no official breaches were found as a result of these.

RESOLVED that

- 1) The Audit Committee note the Monitoring Officer's Annual Report on complaint handling activity for the period 1st April 2015 to 31st March, 2016; and

2) The whistleblowing returns be noted by the Committee for 2015/16.

11 Statement of Accounts 2015/16

The Assistant Director of Finance presented the Council's unaudited Statement of Accounts for the 2015/16 year, which highlighted the overall financial position for the year. Whilst there was no longer any requirement to present the draft accounts to Members prior to the commencement of the external audit process, the Council had chosen to continue with this course of action in the interest of good practice.

Members noted that they had managed to achieve a shorter deadline by 3 weeks than in previous years and was down to a lot of hard work from teams within Finance. The accounts had been prepared in accordance with the IFRS and had been approved by the Council's responsible Financial Officer on 2 June, 2016. They had now been made available for the statutory 6 week period for public scrutiny and they would be subject to external audit from 4 July to 5 August, 2016, following which the Council would finalise the accounts and would be presented to the Committee on 17 August, 2016.

Following consideration of the report, Members were afforded the opportunity to comment and ask questions, which Officers endeavoured to provide clarity on.

RESOLVED that Members note the 2015/16 Statement of Accounts.

12 2015-16 Annual Governance Statement

The Committee were presented with a report that detailed the Annual Governance Statement for 2015/16.

The Council was responsible for ensuring that its business was conducted in accordance with the law and proper standards, and that public money, was safeguarded, properly accounted for and used effectively and that there was good governance and system of internal controls in place. Members were informed that it was a statutory requirement by virtue of the Accounts and Audit Regulations (England) 2015, that an annual review of Governance arrangements was carried out and the subsequent publication of an Annual Governance Statement be undertaken. The governance arrangements that had been held in place for 2015/16, had been reviewed and a new Annual Governance Statement had been drafted.

Members noted that there had been two significant weaknesses reported in 2015/16, which were detailed on page 6 of the statement attached to the report. The two issues reported as in need of further improvement were detailed as follows, and greater information was provided within the body of the Statement:-

- Safeguarding Adults Personal Assets Team (SAPAT); and
- Learning Disability / Supported Living Reviews

Following consideration of the Annual Governance Statement, Members of the Committee were afforded the opportunity to comment on the report.

RESOLVED that

- 1) The Audit Committee note the report; and

- 2) Members note that following the approval of the draft Annual Governance Statement at the Audit Committee in August, the Mayor and Chief Executive of the Council will be asked to sign the Statement prior to its publication along with the Statement of Accounts in September, 2016.

CHAIR: _____

DATE: _____