

Audit and Scrutiny Committee

Minutes of a meeting held at County Hall
Colliton Park, Dorchester on 16 April 2013.

Present:-

Trevor Jones (Chairman)
David Harris (Vice-Chairman)
Colin Jamieson, Howard Legg and Tim Munro.

Officers:

Robin Taylor (Senior Policy and Performance Manager), Mark Taylor (Head of Internal Audit, Insurance and Risk Management) and Helen Whitby (Principal Democratic Services Officer).

The Following officers attended for certain items, as appropriate:

Fiona Case (Audit Manager, South West Audit Partnership), Don Gobbett (Head of Planning), Peter Illsley (Head of Corporate Finance), Helen Owens (Consultation and Research Group Manager) and Sally White (Audit Manager, South West Audit Partnership).

Apologies for Absence

82. Apologies for absence were received from Geoffrey Brierley, Derek Burt and William Trite.

Code of Conduct

83. There were no declarations by members of any disclosable pecuniary interests under the Code of Conduct.

Minutes

84. The minutes of the meeting held on 21 March 2013 were confirmed and signed.

Progress on Matters Raised at Previous Meetings

85.1 Members considered a report by the Director for Corporate Resources which updated members on progress made following discussions at previous meetings.

Minute 58.3 – Staff Profile of Children’s Social Work Teams

85.2 The Committee noted that a report on sickness absences would be provided for the Committee’s next meeting.

Minute 58.4 – Roundabout Sponsorship

85.3 The Chairman reported that he and the Vice-Chairman had recently met with the Director for Environment and discussed the Committee’s concerns about the Roundabout Sponsorship Scheme. The Chairman had received a letter from the Director acknowledging that some areas of the Scheme could have been better managed and that lessons had been learned. Members were provided with copies of the letter.

Internal Audit Exercise

85.4 The Chairman reported that the Internal Auditors were undertaking an audit of Democratic Services which included a review of their support for the Council’s Committees. He had been contacted by an auditor and had responded on behalf of the Audit and Scrutiny Committee. Members would be provided with copies of his response.

Minute 67.4 – LGA Peer Challenge

85.5 It was reported that the Leader of the Council and the Chief Executive had agreed to the Peer Challenge Review Team comprising two elected members. These would be identified following the forthcoming elections.

Minute 74 – Joint Scrutiny Review Panel

85.6 One member highlighted the potential benefits that closer joint working across Dorset councils could realise. Attention was drawn to the forthcoming review of joint asset management by the Joint Scrutiny Review Panel and that their report would be considered by the Committee in due course.

Joint Scrutiny Review Panel

86.1 The Committee received the minutes of the meeting of the Joint Scrutiny Review Panel held on 8 March 2013 and were provided with a summary of its terms of reference, current membership, their forward plan and frequency of meetings.

86.2 The Senior Policy and Performance Manager explained that members of the Panel had asked for meetings be held in public as this would provide greater transparency with the public having access to agendas, reports and minutes. It was suggested that a more detailed report be provided for consideration at the Committee's June 2013 meeting.

Resolved

87.1 That the minutes of the meeting of the Joint Scrutiny Review Panel held on 8 March 2013 be received.

87.2 That a report be provided on the future arrangements of the Joint Scrutiny Review Panel for consideration at the meeting on 11 June 2013.

Internal Audit Quarterly Report

88.1 The Committee considered a report by the Director for Corporate Resources which summarised the work of the Council's Internal Audit Service. This provided an overall positive assurance opinion on the Council's management of risk and the systems of internal control, a schedule of audits completed during the period and details of audit reviews which had either received a "Partial Assurance Opinion" or where risks had been identified which were considered to represent potential significant corporate risk to the Council.

88.2 The Head of Internal Audit, Insurance and Risk Management summarised that overall the South West Audit Partnership (SWAP) had provided a positive assurance opinion. Where partial assurance opinions had been given, actions had been identified to address weaknesses. The one area of significant risk identified in the report related to the possible use of Council staff user accounts by software contractor's staff to resolve technical support issues despite them being given their own specific account for this purpose. Assurance was being sought that the contractor had clear methods of entering the system to maintain it, was operating within proper procedures and that data was safeguarded. The Audit Manager added that they had been concerned about the security of service user data and that a meeting between the software provider and ICT was to take place that day to ensure that measures put in place by the software provider to safeguard service user data were robust. A follow up audit was scheduled for later in the current quarter.

88.3 Members were concerned about this significant risk and discussed it at length. Members asked whether a mirrored database could be used, whether there was any means of maintaining the system but ensuring that data was safeguarded and raised the possibility of a breach of agreement and remedy. In response officers confirmed that discussions between the contractor, legal services and ICT had confirmed that there had been no breach of security but that there had been a breach of contract and data protection legislation and officers agreed to look at other ways for data delivery.

88.4 One member asked how the significant audit findings would be addressed. The Audit Manager explained that following legal advice the Acting Director for Children's Services had issued a letter reinforcing the concerns and that assurances would be obtained through regular service review meetings. She confirmed that there had been the potential for a breach of data security which could have put the authority at some risk but this risk had not materialised. The Head of Internal Audit, Insurance and Risk Management added that there would be clear monitoring arrangements in place in future and an expectation that these would be followed.

88.5 In view of members' concerns, officers agreed to provide a report on the outcomes of the review meeting being held that day, assurances about the process, mechanisms in place and possible remedies for consideration at the Committee's meeting on 11 June 2013.

88.6 Attention was drawn to the Youth Service audit and the possible fraudulent use of funds. The Audit Manager explained that a small number of snack bars at Youth Centres had been reviewed and that measures had been put in place to implement proportionate controls which would reduce the possibility of fraud and also protect staff. The Children's Services Overview Committee would consider the findings in due course.

88.7 In response to a question about debt write off, the Head of Internal Audit, Insurance and Risk Management explained that any request for debt write off should be accompanied by supporting evidence and with the assurance that steps had been taken to ensure that these circumstances would not be repeated. Such requests were decided by himself or the Chief Financial Officer. A more detailed report was scheduled for the Committee's meeting on 11 June 2013.

88.8 With regard to debt recovery, it was explained that invoices were raised through the DES system which issued reminders to debtors and final demands prior to the debt being referred to legal services. These actions were in line with the recognised standard approach. A report on debt recovery was to be considered at the Committee's meeting on 23 July 2013 and an outline of this process, the use of bailiffs and response rates to reminders and final demands would be included for members' information.

88.9 Following a question, the Audit Manager explained that the Passenger Transport Audit had identified issues relating to income from some passenger tickets and bus companies had been asked to carry out further analysis of fares to provide assurance that the authority was receiving monies due to them. Further information would be provided in the Internal Audit third quarter follow-up audit in October 2013. The Head of Internal Audit, Insurance and Risk Management added that follow up audits would be carried out where any partial assurance opinions had been given.

Resolved

89.1 That work undertaken by SWAP, the positive conclusion reached that risks were generally well managed and the systems of internal control were working effectively be noted.

89.2 That progress made by managers in implementing agreed actions be noted.

89.3 That those audit assignments which had been given a "Partial" assurance opinion, but were not considered to present significant risks to the Council's overall operations be noted.

89.4 That those audit assignments which had been allocated either a "Comprehensive" or "Reasonable" assurance opinion, where it had generally been concluded that controls were operating satisfactorily be noted.

89.5 That a report as set out in minute 88.5 above be provided for consideration at the Committee's meeting on 11 June 2013.

Internal Audit Plan 2013-2014

90.1 The Committee considered a report by the Chief Financial Officer regarding the Internal Audit Plan for 2013-2014. The report included an “Internal Audit Charter” which set out the operational relationship between the County Council and the South West Audit Partnership (SWAP).

90.2 The Head of Internal Audit, Insurance and Risk Management explained that the Audit Plan had been compiled following an organisation wide consultation exercise which identified high risk areas of activity to be reviewed over the coming year. The purpose of the Audit Plan was to review the County Council’s key areas of activity and areas of change and their potential impact on the control environment. Attention was drawn to the potential for the County Council to benefit from benchmarking with other local authorities within the Partnership.

90.3 With regard to the External Auditor’s previous concerns about the SAP system and the Committee’s continuing concerns, it was confirmed that KPMG’s work would follow up concerns about access issues and that Internal Audit would support this work to ensure that appropriate measures were in place to reduce risk to the authority. With regard to whether this would incur additional cost, none were expected unless the External Auditors were requested to undertake additional work. It was hoped that the reduction in Audit fee would not result in additional work being directed to Internal Audit but the situation would be monitored.

Resolved

91. That the Internal Audit Plan 2013-14 be approved.

Citizen’s Panel Survey 28

92.1 The Committee considered a report by the Director for Environment on the third survey conducted since the County Council’s Panel merged with that managed by NHS Dorset.

92.2 The Head of Planning explained that the report summarised the findings and responses to the latest Citizen’s Panel Survey and he drew attention to the under-representation of younger people and over-representation of older people on the Panel and those from the Panel who had responded to this survey. He cautioned that this situation had almost certainly influenced some of the findings of the survey.

92.3. In response to a question, the Consultation and Research Group Manager briefly explained how Dorset Police and District and Borough Councils undertook surveys. As part of her work and the Meeting Future Challenges Programme, she was setting up meetings to look at ways for the County Council and District and Borough Councils to work more closely together on consultation. The Chairman welcomed exploration of joint working on consultation and suggested that the outcome be reported to the Leaders and Chief Executives Group.

92.4 With regard to the results of the latest survey, the Consultation and Research Group Manager explained that this was the first survey where the results had been so skewed by the over-representation of 65-75 year olds on the Citizen’s Panel. As to whether the results could be weighted to take account of this, she agreed that this was possible but pointed out that this would assume that the responses received were representative of specific age groups - this may not be the case. The Head of Planning drew attention to the need to find appropriate ways for the different generations and groups to be able to comment. A member suggested that the County Council have access to Panels used by District and Borough Councils as their age profile might be different.

92.5 The Chairman was concerned that information provided by the surveys was used and asked that the next report include examples of where information had influenced policy or procedure.

92.6 The Consultation and Research Manager then summarised the findings of the survey. Members drew attention to particular questions within the survey where responses could have distorted by the content of previous surveys and the need for local members to be informed if the results related to a particular area prior to any decisions being taken.

92.7 The Committee noted that people were approached randomly across the County to become members of the Panel and that Panel members received a newsletter on the results of surveys undertaken.

Resolved

93.1 That the report be noted.

93.2 That the possibility of a County/Districts Joint Citizen's Panel survey be explored.

93.3 That information about the influence of survey evidence be included in the next Survey Report to be considered by the Committee.

Corporate Evidence Strategy, including a Review of the Use of Evidence in Committee Reports

94.1 The Committee considered a report by the Director for Environment which set out progress with the action plan arising from the Corporate Evidence Strategy and the results of the recent review of the use of evidence in committee reports.

94.2 The Head of Planning reminded the Committee that the Corporate Evidence Strategy had been approved by the Cabinet in September 2012 and drew attention to progress with the action plan. The Consultation and Research Manager then summarised the results of the recent review of the use of evidence in support of Overview Committee reports. The exercise had proved difficult as the detail captured in reports varied and it was hard to establish whether sound and appropriate evidence had been used and whether this had influenced the decision to be taken. The Monitoring Officer had suggested that instead of reports being reviewed following meetings, that they be reviewed prior to consideration by the Committee.

94.3 With regard to whether this matter should be pursued further, the Head of Planning drew attention to the need for reports to be based on good quality evidence and for there to be a consistent approach across the whole authority. The Head of Internal Audit, Insurance and Risk added that it was vital for evidence to support decisions to be made in order to minimise risk to the authority.

94.4 Members considered whether there would be benefit in pursuing this matter further and concluded that a review of Committee reports on a trial basis for six months should be undertaken as suggested by the Monitoring Officer. They asked that the report on the findings include types of evidence used and be clear about the consequences of the exercise.

Resolved

95.1 That the findings of the review be noted.

95.2 That a review of evidence used in committee reports on a trial basis for six months be undertaken as suggested by the Monitoring Officer and a report on the findings be provided for consideration at a future meeting of the Committee.

Corporate Governance Framework – Annual Compliance Assessment 2012/13

96.1 The Committee considered a report by the Director for Corporate Resources which presented the draft Annual Governance Compliance Assessment for 2012/13, which was a statutory requirement under the Accounts and Audit Regulations.

96.2 The Head of Corporate Finance presented the report drawing attention to the two areas where the compliance assessment process had diverged from the government framework recommended by CIPFA and SOLACE, the nine aspects of partial compliance and that there were no areas of non-compliance. He then drew attention to the significant issues and the file note issues set out in the Director's report.

96.3 The Committee noted that effective communication between members and officers remained a concern and they asked for more detail about the instance referred to in paragraph 3.4. Details were unknown but would be provided outside of the meeting including whether the member had been informed about the action taken.

96.4 One member suggested that procurement be included as a file issue as it should be under continuous review so that best value could be achieved. The Head of Corporate Governance confirmed that it was kept under review but did not present a particular risk for inclusion in the Governance report. Members were reminded that the Joint Scrutiny Review Panel would be reviewing joint procurement in due course. Members expressed their view that procurement could support local businesses and this might prove more beneficial to the County Council in the longer term rather than accepting the lowest quotations. Members were reminded that a report on the support the County Council provided to local businesses would be considered at the Committee's next meeting on 11 June 2013.

96.5 In response to questions raised, the Head of Corporate Finance confirmed that the risk of management accounting systems going down was low, that there were no particular concerns about inconsistent practice in partnership working and outsourcing, and that training on the DES system was available for managers although not everyone had taken advantage of this which led to inconsistency in the way managers obtained information. It was not mandatory for managers to undergo training, but ways of accessing information needed to be clear and easily accessible, and then use could be monitored and followed up through the PDR process. Continuing concern about the level of PDRs undertaken was expressed. Members noted that in recognition of the failures of the current PDR process, a review had been undertaken and significant changes were being implemented so that the PDR process was easier to undertake, was linked to performance and which was then recorded on the system. In view of members' continued concern about PDR completion the Head of Corporate Finance would include information about the role of the Dorset Manager in a future report to the Committee.

96.6 The Head of Internal Audit, Insurance and Risk Management referred to a recent publication on Annual Governance Statement best practice which cited the County Council's approach as being transparent. The County Council used the document as a learning tool to highlight issues and record actions to address them. Some other authorities did not use the assessment in this way.

Resolved

97.1 That the report be noted.

97.2 That information about the role of the Dorset Manager be included in a future report to the Committee.

98.1 The Committee considered a report by the Director for Corporate Resources which set out the findings of a review of the savings suggested by the 50 Ways to Save document and the extent to which they had been, or could be, applied and where further work might be appropriate. The Committee had requested this report at their meeting on 15 January 2013.

98.2 The Head of Corporate Finance drew attention to the savings suggested by the DCLG and identified those which the County Council had progressed in some way. Three areas had been highlighted for further work – open a coffee shop in the library, hire out the town hall and help the voluntary sector save the County Council money. The latter formed part of the future work of the Meeting Future Challenges Programme.

98.3 Members discussed individual suggestions and noted that the County Council had taken action to reduce refreshments provided and that the State of Dorset Survey was no longer undertaken.

98.4 The Chairman referred to his request some time ago that the Dorset Finance Officers Group consider the checking of single person's Council Tax discount. The Head of Corporate Finance explained that a tender had been prepared for this work to be undertaken but this had been delayed by the pressure of work arising from the Olympics and the preparation for the localisation of Council Tax Benefits. The Dorset Finance Officers Group were due to reconsider the position in June 2013. In the meantime the Stour Valley Partnership had reviewed their claimants and the outcome of this exercise would inform the decision as to whether a tender exercise should be undertaken. The Chairman was disappointed that this matter had not been pursued earlier as other councils had benefitted financially by exploring this and it might provide the authority with additional income.

98.5 Members discussed how this matter could be taken forward and it was agreed that as this involved the District and Borough Councils it would be more appropriate for the Joint Scrutiny Review Panel to deal with this matter.

Resolved

99.1 That the report be noted.

99.2 That an update report be provided on the single person's discount for consideration by the Joint Scrutiny Review Panel at their June 2013 meeting.

Mobile Devices – Update Report

100.1 Further to information considered by the Committee at their meeting on 18 October 2012, the Committee considered a report by the Director for Corporate Resources which updated them on progress with actions taken to address identified weaknesses in the control of the County Council's telecommunication/mobile devices assets and associated expenditure, together with an action plan which summarised the current position in respect of each of the six recommendations made by the County Management Team.

100.2 Members welcomed the report for its clarity and the assurance it provided but asked for a further report on savings achieved by the actions being taken.

Resolved

101. That a report on savings achieved be provided for consideration at a future meeting of the Committee.

Six Month Progress Report on the Committee's Work

102.1 The Committee considered a report by the Director for Corporate Resources which detailed a six monthly update on the outcomes of issues considered by the Committee that had not already been completed.

102.2 Attention was drawn to the Lessons Learned Log which was a recent addition to the report format. Any lessons learned from the Committee's future work would be added to this, both successes and failures.

102.3 It was noted that from the items where a determination was required to keep them on the progress report, or to remove them, the following decisions were made:

- 1. Planning Obligations – Developer Contributions to Highways and other Infrastructure Projects – Retain
- 2. Protocol for Involving Local Members in Matters Affecting their Electoral Division – Retain
- 3. Review of the County council's Consultation Arrangements – Retain
- 4. Queen Elizabeth's School Call to Account – Retain
- 5. Investigation and call to account on the failure of the home to school transport service in Dorset – Retain but with an amended title
- 6. Schools' Repairs and Maintenance (repairs and maintenance implications of schools becoming academies) – Retain
- 7. Learning Lessons from Success: Scrutiny of significant savings achieved by the County Council under MFC Phase 1 – Remove
- 8. Overpayment Notifications – Remove
- 9. Highways Asset Management Plan (volume 1) – Retain
- 10. Initial Assessments – Retain
- 11. Olympic Costs not covered by Government Funding – Remove
- 12. Audit and Scrutiny Committee's contribution to Risk Management – Retain
- 13. ICT Incident – 14 September 2012 – Retain
- 14. The Government's Requirements for Data Transparency – Retain
- 15. Code of Practice on Local Authority Publicity – Remove
- 16. Officer role in supporting a recommendation from a Committee which was contrary to the Director's recommendation - Remove

Resolved

103. That the actions detailed within the report be removed or retained as set out in minute 102.3 above.

Work Programme

104. The Committee considered its updated work programme and items were added as specified in minutes 85.2, 87, 89, 95, 99 and 101.

Forward Plan

105. The Committee received the County Council's Forward Plan which was to be published on 7 May 2013.

Thank You

106. The Chairman thanked members for their contributions to the work of the Committee over the last four years. In response members expressed their thanks to the Chairman for his leadership during this period.

Questions

107. No questions were asked by members under Standing Order 20(2).

Audit and Scrutiny Committee – 16 April 2013

Meeting duration: 10.00am to 12.50pm