

To all Members of the

AUDIT COMMITTEE

AGENDA

Notice is given that a Meeting of the above Committee is to be held as follows:

VENUE Council Chamber - Civic Office
DATE: Thursday, 6th April, 2017
TIME: 10.00 am

Items for Discussion:

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1. Apologies for Absence	
2. To consider the extent, if any, to which the Public and Press are to be excluded from the meeting.	
3. Declarations of Interest, if any	
4. Minutes of the meeting held on 25th January, 2017	1 - 10
A. Reports where the public and press may not be excluded.	
5. Audit Committee Action Log	11 - 20
6. Public Sector Internal Audit Standards - Peer Review 2017.	21 - 42
7. Strategic Risk Management in Learning and Opportunities.	43 - 56
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Jo Miller
Chief Executive

Issued on: Wednesday, 29 March 2017

Governance Officer
for this meeting:

Sarah Maxfield
(01302) 736723

9.	Head of Internal Audit Annual Report 2016/17.	67 - 82
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15.	Breaches and Waivers to the Council Financial and Contract Procedure Rules.	171 - 194
16.	Adult Social Care Commissioning Review Programme 2017-2021.	195 - 202
B.	Reports where the public and press may be excluded in accordance with grounds specified in the Local Government Act 1972, as amended.	
17.	Solar Centre Update (Exclusion paragraph 3)	203 - 210

Members of the Audit Committee

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

Councillor Iris Beech, Susan Durant and John Healy

Co-opted Member: Kathryn Smart

Agenda Item 4

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

WEDNESDAY, 25TH JANUARY, 2017

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on WEDNESDAY, 25TH JANUARY, 2017, at 10.00 am.

PRESENT:

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

Councillors Iris Beech, Susan Durant and John Healy

Kathryn Smart (Co-opted member)

37 DECLARATIONS OF INTEREST, IF ANY

There were no declarations reported at the meeting.

38 MINUTES OF THE MEETING HELD ON 17TH NOVEMBER, 2016

RESOLVED that the minutes of the meeting held on 17th November, 2016 be approved as a correct record and signed by the Chair.

39 AUDIT COMMITTEE ACTIONS LOG

The Committee received a report detailing the Audit Committee Action Log which updated members on actions agreed during Audit Committee meetings, thereby allowing Members to monitor progress against these actions, ensuring satisfactory progress was being made.

It was reported that of the action identified within the Appendix to the report, the majority were classified as “green”, either having been fully addressed and for removal from the log or because arrangements were in hand and the actions were not yet due. Members were advised that one “red” action had been cleared since the last meeting which was in relation to a contract breach for payments relating to Older Peoples Alarm Systems, which were now regarded as grant payments, formerly under Supporting People Grant.

It was also advised that one item was rated ‘Amber’ which was with regard to the Solar Centre Contract Breach – Progress was being made in determining options for this service and in the meantime its use was being reduced as care packages were reviewed. In addition to the report, Members were advised that this action would not now be completed by March and a further waiver may be sought. This would be reflected within the next Breaches and Waivers report to Committee.

Kathryn Smart stated that in relation to the RIPA training that had been discussed with Audit Members, she had completed the on-line training which she had found useful. She also queried that with regard the Fraud Risk Register whether DMBC would be interested in looking into products supplied by CIPFA. In response, it was reported

that review was being carried out into the products and what the cost and benefit would be for the Authority.

The Chair requested an update in relation to SAPAT. In response, the Committee were advised that extensive work had been carried out in this area and this would be discussed at the Improvement Board shortly. It was noted that numbers had dropped significantly from 900 to 600. It was further acknowledged that the process had not been managed well and further work had been carried out on strengthening practices and procedures and because there were still some outstanding issues to be resolved it was envisaged that it would be a few months before this matter would be fully completed. A report would be brought to the next meeting of the Committee.

RESOLVED that the progress being made against the actions agreed at the previous meeting, be noted.

40 STRATEGIC BUDGET RISK MANAGEMENT.

The Committee considered a report which presented an in-depth review of how the budget risks were managed, reviewed and reported following consideration of the Strategic Risk Mapping report to the Audit Committee on 17th August 2016.

The Chair reminded members that the Committee should focus on the process of risk management and not on the details. Members were presented with a brief overview of how risks were managed within the service and the reporting mechanisms of those risks i.e. focussing on particular seasons such as gritting in the winter months.

A query was raised with regard to the pension deficit identified at page 26 of the report and why the Council were in the position it was. Members were advised that in the 1990's Local Authorities were given the opportunity to take a pension holiday, of which Doncaster did along with other authorities. Since that time, the recovery rate had been up and down but there was still a significant deficit to recover. It was noted that it was the Council's single biggest debt but the amount was going down and will continue to do so. With regard to pre-payment on debt recovery the Council would be looking to do this again to achieve resulting revenue budget savings. If the Council were to have good years then the deficit would decrease quicker. Members were assured that the Council were in a reasonably positive position compared to other local authorities.

It was asked whether the smaller risks were taken into consideration as well as the significant risks. Members were advised whilst the quarterly monitoring report details those risks which were above £250,000 it didn't mean that the others were not considered. As Members will see within the budget report due to be submitted to Cabinet on the 14th February, it will supply Members with a breakdown of the risks on reserves. It was noted that so far the risks come to less than the Council has within its reserves. It was also advised that within that Cabinet report a further breakdown of the risks would be provided within the risks and assumptions paragraph of that report.

Comments were sought from an Internal Audit perspective. It was reported that it had been a couple of years since this issue had been looked at in detail, but through examining quarterly monitoring reports there was no evidence of the Council not having any financial resilience and this wasn't an area of significant risk for the Council.

It was queried whether Brexit would be considered as part of risk management. It was reported that Brexit was on the risk register but it was noted that business rates presented a fluid picture at present and the ebbs and flows of companies was high. Unfortunately at this time it would be too far in advance to predict what may happen but the Council would be making every effort in devising long term plans. The Chair indicated that there could be potential opportunities for the Council and should be seeking the advantage now to enable Doncaster to get the best available deals. It was reported that work was continuing by bringing business into Doncaster. Members were reminded that Brexit was still an unknown quantity and it was likely that the same rules would apply as they do now in relation to EU procurement. With regard to inward investment Doncaster is ahead in terms of growth, the Council is in a much better position than other local authorities.

With regard to Pensions, it was asked whether it would be possible to report back to the Committee so Members could be assured of the financial situation. It was reported that at present it wouldn't be the right time to send information to Members as the picture was still unsure. It was advised that there would be six pools of investment within the Country and as far as the Council were aware, Doncaster would still work with South Yorkshire Pensions, it will be the person who is employed to deal with investment that would sit somewhere else within the country. It was noted that there would be no change to administration but this may change in the future and would be subject to another debate.

In relation to the Children Trust realistic annual budget target identified at page 30 of the report, the Chair asked whether the target score of 2 was realistic and what monitoring takes place on the projections. It was reported that the Council were working closely with the Trust through the contract review process. The Council had also asked for KPMG's input and opinion from both sides. It was advised that regular meetings take place as well as the quarterly performance cycle. There had been marginal positive changes and the Council were fairly positive regarding the projections. Further work was required with regard to robustness of practices and the Council were seeking information on a much quicker basis. With regard to the risk share for 2017/18 it was envisaged that this would reduce but the Council should not forget that the children were still under the Council's responsibility as a corporate parent.

Concern was raised as to whether enough pressure was being applied on the Trust. It was also queried whether any effort had been made into working more closely to try and mitigate expenditures. It was reported that discussions had taken place with regard to collaboration of services for example an Adoption Service, of which the Trust may take a lead. Other examples included residential/home investment to avoid the need to use external/out of the borough placements. It was advised that all these issues were being looked into not just at a senior level meetings but throughout the staffing levels.

The Chair sought a financial opinion on the medium term future prospect for the next 3 to 4 years. It was reported that the prospect was reasonably positive. Levels of savings should be secure and management levels should be back to normal. It was envisaged that by the year 2020 the Council should be back to normal levels of budgetary reductions. However, investment and demand management may prove to be a challenge for the Council but it was felt that the Council were self aware of these issues.

The Chair asked whether there were any other ways where directorate service risks identified can be improved. It was reported that a pragmatic approach had been the preferred approach for a number of years and where risks had needed to be escalated then this has happened. Officers were reasonably happy with this approach and it had yielded good results.

With regard to the Children's Trust, KPMG had identified this as a risk within their report, it was asked how the work KPMG were undertaking would fit in with the work of the Council. It was reported that this would be carried out with the continuation of liaising with Finance to ensure there was a clear conclusion at the end of the process.

RESOLVED that the report be noted.

41 QUARTER 2 2016/17 STRATEGIC RISK UPDATE

Members received a report which provided an overview of the Strategic Risks profiles in Quarter 2 2016/17. In a response to an action from the last Audit Committee regarding Members receiving more timely updates, the Strategic Risk Register for Quarter 2 had already been emailed to Members in December 2016.

It was reported that there are 18 Strategic Risks and all had been updated as part of the Quarter 2 reporting process. A new risk had been proposed to highlight the increasing impact of cyber threats; the wording for this risk had been developed and would be profiled at Quarter 3. No risks had been identified as being removed, 14 risk profiles had remained the same during the quarter.

Members were advised that effective mitigation actions had reduces 3 profiles, detailed as follows:-

- Failure to set robust assumptions on pensions deficit recovery ad future contribution rate for the 2016 valuation;
- The potential personal financial position facing individual citizens across Doncaster Borough may result in an increase of poverty and deprivation; and
- Failure to achieve the budget targets for 2016/17 and 17/18

It was also noted that 1 profile had also increased in relation to the devolution deal. Given national political uncertainties around devolution deals the risk had increased to reflect the question mark of the Northern Powerhouse and Metro Mayors. Mitigating actions had been identified and their effectiveness will be reviewed during the quarter 3 challenge.

The Chair asked members opinion on the new format for reporting updates on strategic risks. It was reported that discussions were still on-going regarding options and timings for meetings in 2017/18 and an option may be to link reporting risks in conjunction with performance reports. Options were under discussion but it was clear there was a need to avoid duplication.

A query was made in relation to how other Council's report their strategic risks and whether a benchmarking exercise would be useful. It was reported that most Authorities were similar but it was noted that within the NHS, a triangulation method was used which had proved to alleviate repetition. An opinion was sought from

Internal Audit on this type of reporting. In response, it was stated that this method may improve focus but Committee should be mindful not to lose its role over risk assessments. The Committee's interest in this area had led directly to improvements in risk management across services.

RESOLVED that the report and the proposed addition of a Strategic Risk around cyber threats.

42 INTERNAL AUDIT REPORT FOR PERIOD: AUGUST 2016 TO DECEMBER 2016

The Head of Internal Audit presented a report which provided an update on the work carried out by Internal Audit for the period August to December 2016, shown in the context of the audit plan for the year. The report also included performance information and details on the implementation of internal audit recommendations.

A summary of the main points from each of key areas were provided within paragraphs 4 to 14 of the report.

As there were no amendments or additions to the report, Members were afforded the opportunity to make comments and ask questions. A comment was made about the Council not spending all voluntary sector grants and a question raised about outcomes of this work. More information was also asked about the Adult Education Board investigation highlighted at page 54 of the report. It was recalled that Members had flagged up issues around the Voluntary Sector Funding and a report could be provided to Members on this issue as required. In relation to the Adult Education Board, this had been raised as a specific issue as anomalies had been identified by the Service Manager with regard to claims that the training had not been provided although a claim for payment had been submitted by the training provider. It was reported that negotiations were on-going to reach a satisfactory settlement.

A member raised an issue with regard to ICT equipment and the apparent lack of control of an inventory. It was reported that an inventory in some cases was not as complete as the ICT service would like it to be and when the Council were subjected to the power surge the inventory was found to be unsatisfactory. However, there had been a lot of work carried out in relation to laptop utilisation and it was envisaged this would be extended for other devices used by Council staff.

A query was raised with regard to non-major outstanding recommendations highlighted at page 45 of the report and whether it was thought these were still outstanding. In response, it was reported that there were around 100 outstanding but this needed to be seen in the context of these issues being a low level risk category and the Council were not exposed to significant risk. It was also noted that further discussions were scheduled to take place on the issues within the next few weeks with Directors and members would be updated on the outcomes.

With regard to Procure to Pay and confirmation orders, it was asked whether there was anything else the Council needed to do with regard to this process. It was reported that the procedure followed was working effectively and a reduction in confirmation order numbers was achieved. Members were advised that details could be provided within the Annual audit report.

The Chair asked what responses had been received from management in relation to Aiming High Processes and Systems Audit highlighted on page 44 of the report. In

response, it was stated that this issue had been raised by new leadership which had resulted in immediate actions in change of responsibilities. It was noted that Internal Audit felt comfortable with the actions on this matter. It was hoped that this issue would have been resolved by December but it was advised there would be more time required to address certain issues. Although concern had been raised, it was pleasing to see that immediate action had been taken.

RESOLVED that:-

- (1) the minor changes to the original audit plan be noted;
- (2) the internal audit work completed within the period be noted;
- (3) the progress made by officers in implementing previous audit recommendations be noted; and
- (4) the information relating to Internal Audit's performance in the period be noted.

43 EXTERNAL AUDITORS (KPMG) ACTION PLAN 2016/17

The Committee received a report which presented the programme of work to be undertaken by KPMG in order to deliver their Code of Audit Practice audit which will cover work on the financial statements and the value for money conclusion for the 2016/17 financial year. Attached to the report at Appendix 1, was KPMG's plan for completing the review of the Council's Financial Statements and associated disclosure notes and providing an audit opinion on the Council's 2016/17 Statement of Accounts.

The report identified that there were no significant changes to the accounting standards and financial reporting framework in 2016/17 and based on initial planning work, KPMG had identified two significant risks for the audit which were as follows:-

- Significant changes in the pension liability due to LGPS Triennial Valuation; and
- The valuation of Property, Plant and Equipment.

It was also reported that they had also identified one significant VfM risk which was the Children's Services Trust Overspend. Further details regarding this issue were highlighted on page 11 of the Audit Plan.

Members were advised that the main year end audit was currently planned to commence on 4th July, 2017. An interim visit was scheduled to commence on 27th February 2017 when KPMG will evaluate and test controls over key financial system identified as part of our risk assessment; review the work undertaken by the internal audit function on controls relevant to our risk assessment; review the accounts production process and review progress on critical accounting matters.

Following the introduction of the report, Members were afforded the opportunity to make comments and ask questions. The Chair asked whether KPMG would be providing a report to Audit Committee once they had completed their review of the Children's Trust risk. It was reported that once meetings had been organised, if there were any significant issues to be flagged up then these could be reported immediately

to Members. Otherwise details of the review would be reported to Committee in July, 2017.

With regard to Elector Challenge, it was asked how many of these would be received. It was reported that this was difficult to estimate as for Doncaster recently they had been few and far between, although there could be 2 to 3 in the same year. It was also noted that they were usually the same individuals that raise the challenge.

Details were provided to Members on how the figure in relation to materiality had been reached. Discussion also took place in relation to pension liability and triennial valuation. Further details with regard to the roles of South Yorkshire Pensions Authority and actuaries in relation to liabilities were presented to members.

RESOLVED that the content of KPMG's Audit Plan 2016/17 be noted.

44 Arrangements and Timetable for Preparation of Accounts 2016/17

The Committee considered a report which provided details of the audit plan and timetable for producing the 2016/17 Statement of Accounts. The statutory deadlines for producing the draft accounts and the approved audited accounts were set out in regulation and were currently 30th June to 30th September respectively.

It was advised that the Accounts and Audit Regulations 2015 bring forward the timetable for the preparation and approval of the 2017/18 draft accounts to 31st May and an audit deadline of 31st July. The Government believes that this change will reduce the burden of the closure process, enabling finance staff to give more to in-year financial management.

Members were advised that the Council will quicken the production and subsequent publishing of the draft and audited accounts over this year and the following year to meet these future timescales. It is the intention for the draft accounts for 2016/17 to be certified and published by 31st May with the audited accounts to be finalised and published by 27th July.

It was reported to the Committee that there hadn't been the same level of interest from the public with regard to the accounts. A lot more information was now made available to the Public on an on-going basis through the publication of transactions as required for the transparency agenda.

RESOLVED the arrangements being put in place to close down future years' accounts and the draft timetable to meet the revised deadlines for 2016/17 be noted.

45 DONCASTER COUNCIL GOVERNANCE PLAN 2017 AND UPDATE ON ACTIONS FROM PREVIOUS YEARS.

The Committee received an update report on the actions from previous years with regard to the Doncaster Council Governance Plan 2017. It was reported that the Annual Audit Letter 2015/16 identified one priority, two rated risk recommendation in relation to the Waste Management PFI Contract. It was noted that KPMG had recommended that this asset be re-valued at the earliest opportunity and recognised at its up to date value on the 2016/17 financial statements in line with the

requirements of the code and this activity be included in the Governance Plan 2017 as recommendation 6 (R6).

Members were advised that the Governance Plan had been incorporated into the Council's Corporate Plan in order to improve the efficiency and effectiveness of managing performance and assessing progress. It was reported that since the last Audit Committee meeting the following recommendations had been implemented:-

- R4 – Medium term financial planning. The authority should ensure that it develops savings plans to meet the full budget gap of £109m identified for financial years up to 2016/17;
- R5 – Digital Region Limited. The Authority should ensure it has appropriate arrangements in place to manage the closure of Digital Region Limited and to minimise the financial impact on the Authority.

The Committee were also advised that the Governance Plan for 2017 included:-

- Issues raised by the Governance Group that contribute to the effective delivery of the Council's Corporate Plan priorities shown at Appendix A as R1-R3;
- Recommendations arising from the Annual Audit Letters provided by KPMG. Currently there were only three recommendations included from previous Annual Audit Letters which were from the 2013/14 Annual Audit Letter and were shown at Appendix 1 as R6;
- One recommendation arising from the Annual Audit Letter 2015/16 shown at Appendix 1 as R6;
- Updates on progress made against the improvement issues identified in the Annual Governance Statement shown at Appendix B as R7; and
- Any relevant updates on the Council's Internal Audit Governance Strategy Action Plan of which there were none.

The Chair requested that the hard work carried out on the issue that had arisen relating to the European funding of the White Rose Way development scheme which had resulted in the objection being withdrawn be noted and the hard work of the officers involved be recognised.

An update was requested with regard to partnerships identified at page 93 of the report particularly in relation to the number of actions taken. It was reported that there was still quite a bit of work to be carried out in relation to partnerships and it was anticipated that a report would be submitted to Directors and Audit Committee shortly. Members were advised that the process of defining partnerships had been carried out. As a result 82 partnerships had been defined. It was noted that the Council were keen to see where they were sighted within the partnerships activities. It was reported that through the work carried out some anomalies had been identified which need to be ironed out which will strengthen the Council's arrangements.

Members noted that with regard to the Waste Management PFI Contract highlighted at page 97 of the report, there was no clear date for re-evaluation. It was reported that an update would be sought from Rotherham and a response would be confirmed to Members through the accounts closedown process.

The Chair sought an update on completion date for improvement for Learning Disability/Supported Living Reviews. In response, it was noted that there was an on-going review of this issue and it was due to be completed by the end of February, 2017, confirmation of this would be contained within the report at the next Audit Committee.

RESOLVED that the progress made in relation to the activities and progress in taking forward the Governance Plan for 2017 be noted; in particular the following activities that had now been completed and be removed from the Governance Plan:-

- R4 – Medium term financial Planning. The authority should ensure that it develops savings plans to meet the full budget gap of £109m identified for financial years up to 2016/17; and
- R5 – Digital Region Limited. The authority should ensure it had appropriate arrangements in place to manage the closure of Digital Region Limited and to minimise the financial impact on the Authority.

46 INCOME MANAGEMENT PROGRESS REPORT.

Further to the request from Members at the August 2016 meeting, the Committee received an update report on the Income Management Project. The report provided an update on progress made to date, current on-going projects and future plans.

It was reported that Income Management reviews had been undertaken in key risk areas which commenced in December 2015 and since that date had resulted in:

- the identification and billing of £190k of additional income;
- £66k of outstanding doubtful debt having being recovered through pro-active debt collection; and
- Systems and processes had been improved to ensure that billing take place for all goods and services provided details of which are included in Appendix B.

It was noted that further reviews were planned and these were detailed at Appendix C to the report. Members were advised that a report would be submitted to the Management Team once the review of all the services is complete.

It was queried whether any benefits could be gained from a benchmarking exercise on the Council's fees and charges. It was reported that whilst a benchmarking exercise could prove useful, fees and charges setting and principles were included within the budget process. It was noted that discussions do take place with the Executive on an on-going basis and commercial opportunities were discussed.

Members requested that once the review had been completed they be informed of progress.

The Chair asked that from what had been learnt from the process so far, had any training requirements be identified and fed into the programme particularly with regard to markets. In response, it was reported that in relation to markets, extensive manual intervention had been carried out to solve the issues. Members were advised that there had been training provided by the Debtors team to ensure staff know how to use

the system. It was reported that vast improvements had been made and the information was being used in a much better way. With regard to Markets, Members noted the improvements that had been made and appreciated the difficulties with regard to billing. It was requested that further update be provided to them on the Markets at a future meeting.

RESOLVED that the progress and future plans of the Income Management Project be noted and an further update be provided to Committee once the review of all services was complete.

CHAIR: _____

DATE: _____

To the Chair and Members of the AUDIT COMMITTEE

AUDIT COMMITTEE ACTIONS LOG

EXECUTIVE SUMMARY

1. The Committee is asked to consider the Audit Committee Actions Log which updates Members on actions agreed during Audit Committee meetings. It allows Members to monitor progress against these actions, ensuring satisfactory progress is being made.

EXEMPT REPORT

2. The report does not contain exempt information.

RECOMMENDATIONS

3. The Committee is asked to;
 - Note the progress being made against the actions agreed at the previous committee meetings and
 - Advise if any further information / updates are required.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. Regular review of the actions agreed from the Audit Committee meetings enables the Committee to ensure it delivers against its terms of reference and is responding to important issues for citizens and the borough. The action plan update helps support openness, transparency and accountability as it summarises agreed actions from reports and issues considered by the Audit Committee.

BACKGROUND

5. The Audit Committee Issues Log, which is updated for each Audit Committee meeting, records all actions agreed during previous meetings. Items that have been fully completed since the previous Audit Committee meeting are recorded once as complete on the report and then removed for the following meeting log. Outstanding actions remain on the log until completed.
6. Of the actions identified in the report, all except one are classified as “green”, either having been fully addressed or because arrangements are in hand to complete the

actions as agreed. The one outstanding 'Red' rated item is in relation to the Solar Centre Contract Breach – A separate report is being provided to committee to outline actions taken to date and those proposed for the future to address the this issue.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

7. There are no specific options to consider within this report as it provides an opportunity for the Committee to review and consider progress made against ongoing actions raised during previous Audit Committee meetings.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

8.

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	

	Council services are modern and value for money.	Effective oversight through the Audit Committee adds value to the Council operations in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough
	Working with our partners we will provide strong leadership and governance.	The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.

RISKS AND ASSUMPTIONS

9. The Audit Committee contributes to the effective management of risks in relation to audit activity, accounts / financial management risk management and other governance / regulatory matters.

LEGAL IMPLICATIONS

10. There are no specific legal implications associated with this report

FINANCIAL IMPLICATIONS

11. There are no specific financial implications associated with this report.

HUMAN RESOURCES IMPLICATIONS

12. There are no specific human resources issues associated with this report.

TECHNOLOGY IMPLICATIONS

13. There are no specific technological implications resources issues associated with this report.

EQUALITY IMPLICATIONS

14. We are aware of the Council's obligations under the Public Sector Equalities Duties and there are no identified equal opportunity issues within this report.

CONSULTATION

15. The Audit Committee Action Log has been produced following consultation with members of the Audit Committee to address the risk of agreed actions not being implemented.

BACKGROUND PAPERS

16. None

REPORT AUTHOR & CONTRIBUTORS

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**Steve Mawson
Chief Financial Officer &
Assistant Director of Finance**

AUDIT COMMITTEE ACTION LOG – April 2017

Follow-up actions from previous meetings:-

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting January 2017				
Audit Committee Action Log				
39	Update on Safeguarding Adults Personal Assets to be brought to next meeting	Completed – report added to April 2017 agenda	Colin Earl	Yes – Update Report provided to April Audit Committee meeting
Internal Audit Progress Report				
42a	Provide an update on the number of confirmation orders at a future meeting	The table below shows a positive trend in the reduced use of confirmation orders	Colin Earl	Yes – Update provided to April Audit Committee meeting

Confirmation Orders:

Financial Quarter:	Total Orders	Number of Confirmation Orders	Confirmation Orders as % of all orders
15/16 - Q1	4684	1134	24%
15/16 - Q2	3784	1064	28%
15/16 - Q3	3329	830	25%
15/16 – Q4	3286	637	19%
16/17 - Q1	4057	557	14%
16/17 - Q2	2837	361	13%
16/17 - Q3	2528	334	13%
16/17 - Q4	1614	178	11%

The overall reduction in the number of orders has been achieved by the move towards annual 'call-off' orders, which reduce time in setting up separate but regular orders to suppliers

42b	Internal Audit to provide numbers of outstanding lower level recommendations in future progress reports	Report to be provided to July 2017 Audit Committee	Colin Earl	Scheduled - Not yet due
Income Management Progress Report				
46	Follow-up report on income management to be received in Autumn 2017	Report to be provided for November 2017 Audit Committee	Steve Mawson	Scheduled - Not yet due

Meeting November 2016				
Adults, Health And Wellbeing Audit Recommendations Progress Report In Relation To Direct Payments				
27	Internal Audit to consider this area for a further review in 2017/18 as part of its audit planning process	Captured within the Internal Audit planning process to be carried out during Q4 16/17	Colin Earl	Yes – Internal Audit Plan considered at April Audit Committee Meeting
Adults, Health and Wellbeing - Learning Disability/Supporting Living Review				
28	Internal Audit to consider this area for a further review in 2017/18 as part of its audit planning process	Captured within the Internal Audit planning process to be carried out during Q4 16/17	Colin Earl	Yes – Internal Audit Plan considered at April Audit Committee Meeting
Breaches And Waivers To The Council Financial And Contract Procedure Rules				
29	Future reports to provide more detail in respect of the proposed actions to address the breaches.	To be incorporated into next report to Audit Committee	Denise Bann	Yes – Report provided to April Audit Committee Meeting includes the additional details requested

Covert Surveillance - Regulation Of Investigatory Powers Act 2000 (RIPA) - Update				
30 a	Assess with HR whether RIPA training could be made mandatory for relevant Line Managers.	HR has confirmed this can be classified as mandatory training for relevant officers. Details of all officers who need to complete the training has been provided to HR who will ensure the training is completed. A completion date for the training has been revised to 30 th June 2017 (from April 2017).	Helen Potts	In progress and not yet due
30 b	Assess with HR if Audit Committee Members could undertake RIPA training on-line.	HR has confirmed that members can complete the RIPA training on-line as long as they are set up on the system. Instructions have been provided to members on how to do this. A completion date for the training has been set as 30 th April 2017.	Helen Potts	In progress and not yet due

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting August 2016				
Strategic Risk Report Mapping				
18	Provide a report for the committee to carry out reviews on and attain a more in-depth picture of how the following nominated strategic risks were managed reviewed and reported:-			
18 c	SR09, SR10 and SR14 – (Learning and Opportunities, Children and Young Peoples Service Directorate) - to be considered at the meeting scheduled on 6th April, 2017.	Scheduled for April 2017 Audit Committee	Damian Allen	Yes – Report provided to April Audit Committee Meeting
Safeguarding Adults Personal Assets Team - Responsive Review				
21	Provide a report to Committee upon finalisation of Internal Audit's work	Audit Review still ongoing	Colin Earl	Review and management actions still ongoing but further Interim Report provided to April Audit Committee

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting April 2016				
Financial and Purchasing and Contract Procedure Rules				
49 b	Solar Centre – Individual reviews taking place. Update to be provided in the next audit committee report.	A community based service approach is being developed. Solar centre is part of that work. Senior managers from DMBC, Care Commissioning Group and RDaSH have met to confirm direction of travel for services provided to clients. Use of the Solar Centre has diminished and continues to do so, as reviews are completed and care plans revised although use of the Solar Centre is not anticipate to cease being used until 31 st March 2018	Jon Tomlinson	No - options are being considered for the service - full report has been supplied to April Audit Committee Meeting
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update				
51	Refresher training to be provided in 12 months' time.	In process of being arranged for April 2017.	Helen Potts	Scheduled – not yet due

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To the Chair and Members of the AUDIT COMMITTEE

PUBLIC SECTOR INTERNAL AUDIT STANDARDS – PEER REVIEW 2017

EXECUTIVE SUMMARY

1. The Committee is asked to consider the report attached resulting from an external peer review of the Internal Audit Service, which was completed to fulfil a requirement of the Public Sector Internal Audit Standards (Audit Standards). The peer review was completed by the Head of Audit and Risk at Kirklees Council, supported by an Internal Audit Manager from Kirklees Council's audit team.
2. The conclusion from the review is that Doncaster Council's Internal Audit Service complies with the Audit Standards, achieving the highest level of compliance, i.e. "*general conformance*" with the standards. This is a pleasing outcome for Internal Audit, which enables the Audit Committee & St Leger Homes to have confidence that the annual opinion of the Head of Internal Audit is supported by a professional and competent service and is evidenced based.
3. The report notes that the following good practices were identified during the external assessment:
 - Sufficient and relevant expertise exists in order to effectively fulfil the roles and responsibilities of the Internal Audit Service.
 - The Head of Audit is respected, professionally qualified and supportive. The audit team is also well respected within the organisation providing constructive, pro-active support to deliver improvements.
 - The Internal Audit Service receives a high level of satisfaction based upon management interviews and individual audit review feedback forms.
 - The Internal Audit Service effectively contributes to the role of the Audit Committee by providing sufficient, reliable and timely information along with professional support.
 - The Internal Audit follow-up arrangements are valued by the Audit Committee and management and the arrangements were found to be robust and effective.
4. The report identifies seven observations noted either by the reviewers themselves, or by Members and officers interviewed by the reviewers. The observations are scheduled in Appendix B of the attached peer review report. It should be noted that these are not questions of compliance; they are provided for the Service consider adoption where the Service feels they can benefit from the comments made. It is

worth noting for comparison purposes that in 3 other peer review reports issued to date in the region, the numbers of 'observations' made have been 7, 13 and 14, so Doncaster's is low relative to the current average.

5. We are grateful for the observations provided and have given a response and proposed action to each of them – see appendix B to the attached report. The peer review report does confirm that we were already aware of many of the observations and were already planning to implement improvements relating to them. Briefly, the seven observations and current status are provided in the table below. The minor nature of some of the observations can be noted in the table:

Observation / Action	Status
<p>The audit planning process should be widened to include reporting of the audit universe to the Audit Committee. This change may dovetail with the assurance mapping exercise being co-ordinated by the Head of Internal Audit</p>	<p>The audit universe and current assurance mapping will be presented to management and the Audit Committee alongside the draft Audit Plan 2017/18.</p> <p>Further development of assurance mapping is planned for 2017/18 as part of the Governance Group work plan</p>
<p>The Head of Internal Audit should add explanation to reporting arrangements of plan completion in the performance information section in Progress Reports. This would help management and Members monitor plan completion progress and to understand the implications of undertaking unplanned commissions</p>	<p>Information in the audit progress reports and annual report will be extended to include details of the calculation methodology and, where relevant, the implications of prior year and unplanned work.</p>
<p>Formal collaborative working with a neighbouring authority was undertaken for a period of years, partly to widen the opportunities to maintain and extend skills, knowledge and competencies of the Internal Audit Service. This arrangement has ceased</p> <p>Opportunities for more horizon scanning and wider dissemination of best practice generally in areas under audit review, that may be gleaned from other authorities with landlord responsibilities, which they identified would be particularly welcome</p>	<p>A team development plan already exists that is designed to ensure the service has the skills it needs to deliver current and future requirements. Personal Development Plans are agreed each year and aim to achieve personal developments consistent with business requirements.</p> <p>Opportunities for collaboration, information sharing and service development are kept under review on an ongoing basis.</p> <p>A formal assessment of service needs will be completed during 2017/18, to inform the internal audit service provision from 2018/19.</p> <p>A review step will be built into audit work to explicitly consider alternatives to assist services in their development, to add better value to the audits completed.</p>

Observation / Action	Status
<p>Service management interviews raised the importance of the three current management staff in concluding the most complex assignments, and highlighted the need to consider resilience, continuity, and development issues on an ongoing basis and in particular how capacity could be addressed if any of the three were to leave in the short to medium term. Options would include developing and providing more opportunities and exposure to other staff within the team, mainly principal auditors.</p>	<p>The completion of complex work and the enhanced involvement of other staff in finalising and reporting complex work will be considered through the 2017/18 Personal Targets and Development Planning Processes.</p> <p>A formal assessment of service needs will be completed during 2017/18, to inform the internal audit service provision from 2018/19.</p>
<p>For the purpose of clarity and transparency, the details of the audit services provided to St Leger Homes and Drainage Boards should be included within the Internal Audit Charter and the Strategy should be updated in respect of the ending of the audit of the Children's Services Trust</p>	<p>An updated Audit Charter and Strategy will be presented to the Audit Committee in July 2017, to incorporate comments made by the Peer Review and changes to auditing standards that are currently being consulted on.</p>
<p>Internal Audit job descriptions should be revised to include reference to the PSIAS.</p>	<p>All job descriptions will be updated as part of the full service assessment referred to in earlier points.</p>
<p>The standards self-assessment identified a number of development issues which were incorporated into an action plan. Several of these have been completed but a number remain ongoing. The Head of Internal Audit should ensure full implementation of the remaining issues in the self-assessment action plan.</p>	<p>The action plan will be merged with the Quality Assurance and Improvement Programme referred to in the recommendations made in the peer review, and reported to the Audit Committee on a regular basis to enable monitoring of progress.</p>

6. The actions identified in the report have been added to the service's current Quality Assurance Improvement Plan, and progress against them will be reported to the Audit Committee on an ongoing basis in the future.

EXEMPT REPORT

7. The report does not contain exempt information.

RECOMMENDATIONS

8. The Audit Committee is asked to:
- Note the content of the assessment and approve the action plan.
 - Seek further information / updates as required.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

9. Effective Internal Audit arrangements add value to the Council in managing its risks and achieving its key priorities. The peer review of the effectiveness of Internal Audit provides assurance to citizens and the borough that the Internal Audit arrangements contribute effectively to the Council’s system of internal control in order to manage risks to the required level and helps ensure that resources are being utilised efficiently in providing value for money services.

BACKGROUND

10. The Audit Standards require an external assessment of internal audit services to be conducted at least once every five years, from 2013. The peer review was arranged through the West and South Yorkshire Heads of Internal Audit Group, where it was agreed that each head of audit would undertake a peer review assessment of another audit service within the group. The assessment for Doncaster was led by the Head of Audit and Risk from Kirklees Council during February 2017.
11. The Head of Internal Audit has set out his agreed actions in response to the service improvement opportunities action plan within the report. It is also noteworthy that the number of recommendations made (6 no.) is the lowest of the reviews conducted to date.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

12. There are no specific options to consider within this report as it provides an opportunity for the Committee to review and consider the results from the assessment with the PSIAS standards.

IMPACT ON THE COUNCIL’S KEY OUTCOMES

13.

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster’s vital services</i> 	

	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	<p>The work undertaken by Internal Audit improves and strengthens governance arrangements within the Council.</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	<p>The work undertaken by Internal Audit improves and strengthens governance arrangements within the Council and its partners.</p>

RISKS AND ASSUMPTIONS

14. Internal Audit contributes to and strengthens the effective management of risks in relation the Council's governance and control arrangements.

LEGAL IMPLICATIONS

15. There are no specific legal implications associated with this report.
16. There is a statutory requirement on the Council to have in place an adequate and effective internal audit function. This review provides independent external assurance to the Committee that the Councils Internal Audit Function meets best practice professional auditing standards as required by the regulations through achieving the highest rating possible from this review.

FINANCIAL IMPLICATIONS

17. There are no specific financial implications associated with this report. The only cost will be the opportunity cost of Doncaster's Internal Audit review of Bradford's Internal Audit Service as part of the reciprocal arrangement. The direct costs of having to pay for an assessment undertaken outside the group would be well in excess of £10k per organisation and so these arrangements are considered to provide good value for money.

HUMAN RESOURCES IMPLICATIONS

18. There are no specific human resources issues associated with this report.

TECHNOLOGY IMPLICATIONS

19. There are no specific technological implications resources issues associated with this report.

EQUALITY IMPLICATIONS

20. We are aware of the Council's obligations under the Public Sector Equalities Duties and there are no identified equal opportunity issues within this report.

CONSULTATION

21. Audit Committee, at its April 2014 meeting, approved the proposals for the peer review arrangements through the West and South Yorkshire Heads of Internal Audit Group. The review team consulted with key stakeholders and service users in carrying out their work and took account of their views and contributions in making their recommendations for the improvement of the service.

BACKGROUND PAPERS

22. United Kingdom Public Sector Internal Audit Standards and audit working files.

REPORT AUTHOR & CONTRIBUTORS

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Colin Earl
Head of Internal Audit



Contents:

1. Introduction
2. Scope and Methodology
3. Conclusions
4. Opinion as to Conformity to the PSIAS
5. Key Findings
6. Service Improvement Opportunities
7. Recommendations

Appendix A - List of Interviewees and Audit Reports Examined

Appendix B – Service Improvement Opportunities

Circulation:

Colin Earl, Head of Internal Audit

Steve Mawson, Chief Financial Officer & Assistant Director of Finance

Members of the Corporate Leadership Team

Director of Corporate Services, SLH

Doncaster Internal Audit Service - External Assessment - Peer Review

1. Introduction

- 1.1 This report provides the Audit Committee, Head of Internal Audit, Chief Financial Officer and other key stakeholders with details of the recent external assessment of Doncaster Council's Internal Audit function against the Public Sector Internal Audit Standards (PSIAS). These standards require an external review of the Internal Audit function every five years, commencing April 2013.
- 1.2 The external assessment has been undertaken by the Head of Audit & Risk from Kirklees Metropolitan Borough Council's Internal Audit Service.
- 1.3 This report has been discussed and agreed with the Head of Internal Audit (HoIA). The results of this external review will be reported to Doncaster's Corporate Leadership Team on 20 March 2017 and to the Audit Committee on 6 April 2017.
- 1.4 The external assessment builds on the internal self-assessments of compliance which are reported to the Audit Committee in the HoIA's Annual Internal Audit Reports. The 2016 Self-Assessment showed full compliance with the Standards.
- 1.5 Doncaster's Internal Audit Service also provides the Internal Audit function for St. Ledger Homes (SLH). In addition to Doncaster Council this assessment is also to provide assurance to the SLH Board and Audit Committee, that Doncaster Internal Audit Service is professionally competent to meet their internal audit needs.

2. Scope and Methodology

- 2.1 Internal Audit is a statutory obligation for a local authority. This section of the report identifies the statutory requirements, how this review complies with the statutory responsibilities and the organisations this review covers.
 - **Accounts and Audit Regulations 2015**
Under the Accounts and Audit Regulations 2015 5.—(1)
“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”
 - **Public Sector Internal Audit Standards (PSIAS) (CIPFA Local Government Application Note)**
The objectives of the PSIAS are to:
 - define the nature of internal auditing within the UK public sector
 - set basic principles for carrying out internal audit in the UK public sector
 - establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
 - establish the basis for the evaluation of internal audit performance and to drive improvement planning.
- 2.2 The purpose of the review is to ensure that Internal Audit conforms to the PSIAS. This includes the requirements for a quality assurance and improvement programme which must include both internal and external assessments.

Doncaster Internal Audit Service - External Assessment - Peer Review

The review was conducted in conformance with the PSIAS using a combination of enquiry, observation and sample testing techniques.

- 2.3 The review has been undertaken by Martin Dearnley (Head of Audit & Risk) and Simon Straker (Audit Manager) who are both CIPFA qualified accountants with over 40 years combined management experience in Internal Auditing.
- 2.4 The methodology for the external assessment was agreed by the West & South Yorkshire Heads of Internal Audit Group following the introduction of the PSIAS in April 2013 and includes an added value element of suggested areas for further development. The scope of the external assessment was subsequently agreed by Doncaster's Audit Committee.
- 2.5 The external assessment required an independent desktop review of Doncaster's own self-assessment against the PSIAS, structured interviews with key stakeholders of the services and a review of a representative sample of Internal Audit reports and files which were selected by the assessor. Appendix A provides a list of the interviewees along with details of the audit reports examined.

3 Conclusions

- 3.1 The evidence identified in the external assessment has confirmed the results arising from the HoIA's 2016 PSIAS self-assessment that Doncaster Internal Audit Service complies with the Standards and the treatment of a small number of areas as improvement opportunities rather than non-compliance issues. A decision has been taken to continue to not comply with one requirement, (the Audit Committee to approve decisions relating to the appointment and removal of the HoIA), as this does not currently reflect local government practice.
- 3.2 This assessment opinion enables the Audit Committee and SLH to have confidence that the annual opinion of the HoIA is supported by a professional and competent service and is evidenced based.
- 3.3 A small number of improvement opportunities and areas for development have been identified and are raised here for consideration, several of which have already been flagged up by the HoIA and are being addressed.

Doncaster Internal Audit Service - External Assessment - Peer Review

4. Opinion as to Conformity to the PSIAS

Based on the findings and conclusions made in this report a “**Generally Conforms**” to the PSIAS & Code of Ethics opinion has been allocated, this is the best rating available.

The classifications suggested in Guidance issued are shown below.

Assurance Opinion	Definition
Generally Conforms	Internal audit activity has a Charter, policies and processes that are judged to be in conformance with the Standards.
Partially Conforms	Deficiencies in practice are noted that are judged to deviate from the Standards but these did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.
Does not Conform	Deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities

This assessment opinion enables the Audit Committee to have confidence that the annual opinion of the HoIA is supported by a professional and competent service and is evidenced based.

5 Key Findings

5.1 PSIAS are broken down into four areas and this assessment has reviewed Doncaster Internal Audit Service against each.

- **Definition of Internal Auditing**

Internal Audit activity is independent and objective being a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation.

The Internal Audit Service complies with this definition.

- **Code of Ethics**

The Standards require the Internal Audit service to have integrity, be objective and maintain confidentiality. Audit resources and training were also taken into account.

The external assessment and the interviews with key individuals undertaken have established that the Internal Audit Service abides by the Codes of Ethics of the Standard.

- **Attribute Standards**

The attribute standards include assessing the purpose, authority and responsibility of Internal Audit, its organisational independence, professionalism and how it attains quality assurance.

Compliance has been confirmed by reviewing the documentation that supports the operation of Internal Audit Services which is supported by the interviews with key staff.

- **Performance Standards**

The performance standards include assessing the: management of internal activity; the nature of work performed; engagement planning, performance and communication of results; monitoring progress of management actions to risks highlighted in audit work; and communication to senior management of any risks that are accepted that may not be appropriate for the Council.

From the external assessment and interviews held with key individuals, the Internal Audit Service was found to be PSIAS compliant in this area. There are some potential areas for improvement (rather than relating to compliance) which are raised in Appendix B, several of which have already been flagged up by the HoIA and are already being addressed.

The external assessment of the performance standards particularly focused on the review of a representative sample of 4 audit reports and supporting documentation, which assessed the audit reports as being professionally written, accurately reflecting the findings of the review, with the conclusion and audit opinion reached being consistent with the findings. Relevant recommendations were made in respect of control weaknesses identified,

Doncaster Internal Audit Service - External Assessment - Peer Review

adequacy or application, which were appropriately classified. The recommendation classifications were reviewed as appropriate with the supervisor providing sound reasoning, demonstrating the application of professional judgement for selecting the relevant recommendation classification. A clear audit trail between the audit working papers and the audit report was evident.

The Internal Audit Service's planning and reporting cycle were also found to be effective and robust.

5.2 Level of Resources

The level of resources available to internal audit is a decision for the Audit Committee, the Council's Chief Financial Officer (Section 151) and the HoIA. The external assessment view on the level of resources supporting both the Council and SLH suggests that the current position is satisfactory. The Director of Finance and Corporate Services and the Chief Financial Officer have indicated a willingness to provide additional temporary resources should the need arise. Whilst there is the margin for a reduced level of resources to be deployed if circumstances were appropriate, the Council would have to be conscious that any substantial reduction in resources could present a risk that the service would be unable to carry out the minimum level of audit required to fulfil the statutory requirements identified in this report.

If the service was to lose its work with SLH, or the Council was to withdraw from any significant service areas then the resource position of the service would need to be reappraised.

5.3 Training

The HoIA and the supporting Audit Managers have the relevant qualifications and experience to manage and support the service. The current levels of qualification held, experience and knowledge enable the service to meet PSIAS requirements as evidenced by the internal audit work reviewed.

5.4 Based upon discussions with key stakeholders and appropriate documentary evidence, the following good practices were identified during the external assessment:

- (i) Sufficient and relevant expertise exists in order to effectively fulfil the roles and responsibilities of the Internal Audit Service.
- (ii) The HoIA is respected, professionally qualified and supportive. The audit team is also well respected within the organisation providing constructive, pro-active support to deliver improvements.
- (iii) The Internal Audit Service provides a high level of satisfaction based upon management interviews and individual audit review feedback forms.

Doncaster Internal Audit Service - External Assessment - Peer Review

- (iv) The Internal Audit Service effectively contributes to the role of the Audit Committee by providing sufficient, reliable and timely information along with professional support.
- (v) The Internal Audit follow-up arrangements are valued by the Audit Committee and management and the arrangements were found to be robust and effective.

6. Service Improvement Opportunities

- 6.1 As part of the assessment, the review looked at the current practices adopted by the Internal Audit Service. This report identifies a small number of observations made that the Audit Committee, Corporate Leadership Team and the HoIA may wish to consider in terms of the future development of the service. These are outlined in the Appendix B. The HoIA has added the proposed actions in respect of each of the observations.
- 6.2 Any developments need to be considered in the context of how they will 'add value' with the available resources both to the Internal Audit Service and to the Council as a whole. It needs to be recognised that the approach taken is the responsibility and decision of the Audit Committee, the Corporate Leadership Team, the Chief Financial Officer and the HoIA along with the application of their professional judgement in accordance with the Council's strategic objectives.

7. Recommendations

- 7.1 It is recommended that:
 - (i) This report is presented to members of the Corporate Leadership Team and the Audit Committee.
 - (ii) The Chief Financial Officer along with the HoIA utilises the observations and actions to consider from the report and incorporate agreed actions into the HoIA Quality Assurance and Improvement Programme (QAIP) that is maintained as a live document.
 - (iii) The HoIA presents the QAIP to the Audit Committee and thereafter reported periodically to monitor progress and the continued development of the Internal Audit Service.

Appendices

- A Interviewees & Reports Examined
- B Service Improvement Areas

Acknowledgement

The assistance and co-operation of Colin Earl, Peter Jackson, Nici Frost-Wilson, Julie Lyon and the rest of the Audit team during this review is gratefully recognised.

Doncaster Internal Audit Service - External Assessment - Peer Review



Doncaster Internal Audit Service - External Assessment - Peer Review

Appendix A

Interviewees:

Colin Earl, Head of Audit

Steve Mawson, Chief Financial Officer & Assistant Director of Finance

Simon Wiles, Director of Finance & Corporate Services

David Wilkinson, Assistant Director Trading Services & Assets

Leanne Hornsby, Assistant Director Learning & Achievement

Pat Higgs, Assistant Director Adult Social Care

Austen White, Chair of Audit Committee

Julie Crook, Director of Corporate Services, St Leger Homes

Linda Christon, Chair of Audit Committee, St Leger Homes

Internal Audit Reports Examined on Teammate:

School Recruitment

Debtors & Income Management

Markets Interim Update

Mutual Exchanges, St Leger Homes



Doncaster Internal Audit Service - External Assessment - Peer Review

Summary of Key Documents Reviewed:

- Audit Strategy & Charter 2015/18
- PSIAS Self-assessment
- Annual Report of Internal Audit 2015/16
- Audit Resourcing Calculations 2016/17
- Audit Plan 2016/17
- Internal Audit Progress Reports 2016/17
- Head of Internal Audit Job Description
- Audit Quality Assurance Process
- Audit Team Development Plan
- Retention Policy

- St. Leger SLA for Internal Audit
- SLH Audit Committee Progress Reports 2016/17



Doncaster Internal Audit Service - External Assessment - Peer Review

Appendix B

Ref	Observations	Actions to Consider	Management Response
1.	At present the Audit Committee does not receive oversight of the full audit universe to be able to consider and challenge audit coverage in all aspects of Council activity as part of the approval of the Audit Plan.	The audit planning process should be widened to include reporting of the audit universe to the Audit Committee. This change may dovetail with the assurance mapping exercise being co-ordinated by the HoIA, in terms of clarity concerning sources of assurance about key risk areas in any one year and identifying if there are any gaps that may need to be addressed.	Agreed – The audit universe and current assurance mapping will be presented to management and the Audit Committee alongside the draft Audit Plan 2017/18. Date 6 April 2017 Further development of assurance mapping is planned for 2017/18 as part of the Governance Group work plan
2.	Delivery of planned work is reported as a % figure to the Audit Committee in the Progress Reports of the HoIA. The calculation methodology includes account for work in progress. Examination of the profile of delivery and work carried forward into the following year suggests there can often be a time lag in the actual completion of planned work, partly due to the nature of unplanned work required.	The HoIA to add explanation to reporting arrangements of plan completion in the performance information section in Progress Reports. This would help management and Members monitor plan completion progress and to understand the implications of undertaking unplanned commissions and to consider the need to revise the annual plan.	Agreed. Information in the audit progress reports and annual report will be extended to include details of the calculation methodology and, where relevant, the implications of prior year and unplanned work. Date: from 6 April 2017
3.	Formal collaborative working with a neighbouring authority was undertaken for a period of years, partly to widen the opportunities to maintain and extend skills, knowledge and competencies of the Internal Audit Service. This arrangement	The need and scope for collaboration including any joint working arrangements should be reviewed on an ongoing basis.	Agreed. A team development plan already exists that is designed to ensure the service has the skills it needs to deliver current and future requirements. Personal



Doncaster Internal Audit Service - External Assessment - Peer Review

	<p>has ceased, although established links and other mechanisms enable informal consultation and knowledge sharing to continue. The service also uses regional networks to keep up-to-date with and share good practice. In view of the ongoing pressures on audit services, all opportunities for collaboration should continue to be reviewed.</p> <p>This view was partly reinforced through discussions with SLH regarding opportunities for more horizon scanning and wider dissemination of best practice generally in areas under audit review, that may be gleaned from other authorities with landlord responsibilities, which they identified would be particularly welcome.</p>		<p>Development Plans are agreed each year and aim to achieve personal developments consistent with business requirements.</p> <p>Opportunities for collaboration, information sharing and service development are kept under review on an ongoing basis.</p> <p>A formal assessment of service needs will be completed during 2017/18, to inform the internal audit service provision from 2018/19. Date 31 December 2017</p> <p>A review step will be built into audit work to explicitly consider alternatives to assist services in their development, to add better value to the audits completed. Date: From April 2017</p>
4.	<p>Service management interviews raised the importance of the three current management staff in concluding the most complex assignments, and highlighted the need to consider resilience, continuity, and development issues on an ongoing basis and in particular how capacity could be addressed if any of the three were to leave in the short to medium term. Options would include developing and providing more opportunities and exposure to other staff within the team, mainly principal auditors.</p>	<p>The HoIA to monitor the position and tailor the team development plan to ensure, perhaps by way of coaching and exposure of principal auditors to working at this level, the service can continue to meet future requirements.</p>	<p>Agreed</p> <p>The completion of complex work and the enhanced involvement of other staff in finalising and reporting complex work will be considered through the 2017/18 Personal Targets and Development Planning Processes. Date 31 July 2017</p> <p>A formal assessment of service needs will be completed during 2017/18, to inform the internal audit service provision from 2018/19. Date 31 December 2017</p>



Doncaster Internal Audit Service - External Assessment - Peer Review

5.	<p>The Standards require that the Audit Charter includes details of assurance services provided to parties external to the organisation. Internal Audit provides an audit service to SLH and ad hoc work to Drainage Boards.</p> <p>The details of the audit services provided to these external parties have been included within the Strategy but are not mentioned in the Charter, albeit that it forms an appendix to the Strategy. The Strategy has not been updated to reflect the end of the audit provision for the Children's Services Trust.</p> <p>The transparency of this information would help enable a fuller appreciation of what the audit service resources are being applied to.</p>	<p>For the purpose of clarity and transparency, the details of the audit services provided to SLH and Drainage Boards should be included within the Internal Audit Charter and the Strategy should be updated in respect of the Children's Services Trust.</p>	<p>Agreed. An updated Audit Charter and Strategy will be presented to the Audit Committee in July 2017, to incorporate comments made by the Peer Review and changes to auditing standards that are currently being consulted on.</p> <p>Date 27 July 2017</p>
6.	<p>The Standards require that up-to-date job descriptions should exist that reflects roles and responsibilities and those personal specifications define the required qualifications, competencies, skills, experience and personal attributes.</p> <p>Whilst the HoIA job description makes specific reference to compliance with the PSIAS, those for the remainder of roles in Audit do not.</p>	<p>Internal Audit job descriptions should be revised to include reference to the PSIAS.</p>	<p>Agreed. All job descriptions will be updated as part of the full service review scheduled for 2017/18</p> <p>Date 31 December 2017</p>



Doncaster Internal Audit Service - External Assessment - Peer Review

7	The PSIAS self-assessment identified a number of development issues which were incorporated into an action plan. Several of these have been completed but a number remain ongoing.	The HoIA should ensure full implementation of the remaining issues in the self-assessment action plan.	Agreed. The action plan will be merged with the Quality Assurance and Improvement Programme referred to in the recommendations made in the peer review, and reported to the Audit Committee on a regular basis to enable monitoring of progress. Date 6 April 2017
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Report Prepared by

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March 13th 2017.

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**To the Chair and Members of the
AUDIT COMMITTEE**

STRATEGIC RISK MANAGEMENT IN LEARNING AND OPPORTUNITIES

EXECUTIVE SUMMARY

1. This report sets out the way in which Learning Opportunities, Children and Young (LOCYP) manages strategic risks, as requested at the Audit Committee meeting in August 2016. It details the grip the directorate has on its specific strategic risks and the variety of ways in which the key components of the risks are focussed.
2. Strategic risks are managed more rigorously and transparently than ever before and are linked directly to strategic plans and managed in line with the governance and reporting arrangements of those plans. This includes reporting to internal leadership meetings such as the Senior leadership team and the Extended Leadership Team and Elected Member groups, such as the Children's Overview and Scrutiny panel and externally to public meetings and independent boards and perhaps most significantly, to Ofsted and other Government inspectorates across a range of inspection frameworks.
3. The LOCYP Leadership Team has confidence that risks are robustly managed and challenged using the processes outlined in this report. The team also accepts that improvement to current arrangements is always possible and therefore external help, support and review from internal corporate services is routinely considered to make sure that best practice is implemented; including attendance of audit services and the strategic performance unit at the directorate's extended leadership group meetings.
4. As part of the development of the way in which the directorate manages and reports on risks, the directorate has ambition to design a more 'dynamic' register of risk against plans and priorities. The transformation and changing national context over recent years means that new plans and priorities have been developed. The completion of key strategic plans will, as the commentary below indicates, enable a more dynamic risk register to be compiled.

EXEMPT REPORT

5. Not exempt

RECOMMENDATIONS

6. That Audit Committee note and comment on the management of LOCYP strategic risks.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. Although this report in itself has no specific implications for the people of Doncaster, the management of strategic risks is important in ensuring that the Council's priorities are delivered.

8. This report concentrates on the 3 key LOCYP strategic risks requested by the Audit Committee and effective management of these risks will contribute towards ensuring that individuals are kept safe and that services are modern and provide value for money.

BACKGROUND

9. At the Audit Committee meeting on 17th August 2016, Members considered a report that listed the Council's strategic risks and highlighted the reports that were scheduled to be produced during the year for each of the risks, as set out in Appendix A of that report. Members were asked to nominate the strategic risks into which the committee wished to carry out 'deep-dive' reviews.
10. This is the first 'deep-dive' report by the committee into the requested strategic risks (SR 09, SR 10 and SR 14), based on the criteria of the overall risk score being greater than a factor of 10 as at quarter 2 2015/ 16.
 - SR 09 – Children and young people do not achieve in line with national expectation (current score impact 4 (major) likelihood 3 (possible) = 12
 - SR10 - Failure to adequately implement effective joint working arrangements which could lead to ineffective delivery of children's services across the wider partnership (current score, impact 4 (major) likelihood 3 (possible) = 12
 - SR14 – failure to obtain assurance as to the safeguarding of children (current score, impact 5 (*critical*) , likelihood 3 possible) = 15

RISK MANAGEMENT ARRANGEMENTS

11. The narrative in the LOCYP strategic risks which is reported in the Corporate report is detailed in Appendix A attached to this report.
12. Strategic risk **SR09** relates to the following specific attainment measures:

Key stage 1 – Reading, writing and mathematics
Key stage 2 – Reading, writing, mathematics and Grammar Punctuation and Spelling (GPS)
Key stage 4 – 5 A*-C Including English and Mathematics, Progress 8 and Attainment 8
13. In response to the challenges and to mitigate the risk of future poor performance the council has responded with the following:
14. The introduction of the revised school improvement strategy in the autumn term 2016, has seen a more targeted approach to the way that schools are supported, reducing the categories from 5 to 3, making it easier to identify those schools that require targeted or intensive support.
15. A new Raising Aspirations and Achievement Strategy has been introduced, identifying a vision for 'All Schools aspiring to be Outstanding - No One Left Behind'.
16. The strategy illustrates the Council's commitment to achieving excellence in education and believes that all children and young people are entitled to be educated in successful local schools. These schools should be good or outstanding and improving. The Council is challenging all school leaders, Multi Academy Trust (MAT) leaders and governors to move their schools to

outstanding within five years. It is only by accessing outstanding provision do children and young people have the best chance of fulfilling their potential and competing on favourable terms with their peers nationally for higher education places at prestigious universities or for high value apprenticeships.

17. The improvements to the quality of provision in Doncaster schools colleges and settings will lead directly to improved outcomes for children and young people at all stages. This will be reflected in the position of Doncaster in performance tables where, by 2018, Doncaster will be at the national average for key outcomes. These improved outcomes will not be limited to a narrow range of academic areas but across the whole curriculum. Children and young people will be skilled and enthusiastic learners who are willing to embrace new learning challenges. Their learning success will not stall at the point of transfer to another school, college or into the workplace.
18. The Independent Commission on Education and Skills in Doncaster in their '*One Doncaster*' report identifies the need for the education and skills system in the borough to thrive. The Local Authority (LA) will work with strategic partners, school leaders and governors, national agencies and other partners and stakeholders to ensure that the system delivers what is expected and required
19. The Standards and Effectiveness Partners (StEPs) programme has transferred into the Partner's in Learning (the teaching school) alliance and this, aligned to the work of the Council's school standards and effectiveness team will ensure robust, rigorous and external scrutiny of schools, teaching and learning and their capacity to improve further.
20. Partners in Learning and the Council meet regularly to assess the findings of any reviews, visits or inspection and to decide on the strategic direction the partnership must take in order to improve in line with and beyond the trajectories/targets set.
21. In 2016 the council launched the 'Move On Move Up' initiative that incentivised revision for GCSE exams with access to leisure facilities across the borough. The initiative proved successful with Doncaster becoming the 5th most improved in the country for 5 A*-C including English and mathematics, rising from a figure of 50% of pupils who achieved at least five GCSE grades A* to C including English and Mathematics to one of 55 % achieving this measure, an increase of five percentage points, only exceeded by Rochdale, Merton, Haringey, Darlington and Middlesbrough.
22. The programme has been extended this year to include key stage 2, linked to the Council's wider literacy strategy.
23. Finally, the council has now published its response to the findings made by the Education and Skills commission; the Statement of Implementation was launched on 1st February 2017. The response will be monitored through Education and Skills Board.
24. Strategic risk **SR10** is the overarching risk attached to the 'children's estate' and concerns the effectiveness of team working by the partnership under S10 of the Children act 2004, the statutory duty placed upon the Council to make arrangements to promote cooperation between the LA each of the relevant partners and such other persons or bodies working with children in the LA area

as the authority considers appropriate. These arrangements are made with a view to improving the wellbeing of children in the authority's area, which includes protection from harm and neglect.

25. The Children and Families Partnership Board (CFPB) discharges the S10 responsibility. An 'Interim Executive Group (IEG) of selected key partners (DMBC; the Trust; Police; Clinical Commissioning Group; schools) has been introduced, reporting to the CFPB to oversee specific programmes of activity and provide further rigour and pace to drive forward critical strategic tasks, these tasks have included: the production of a Joint Strategic Needs assessment (JSNA), a Children and Young People's Plan (CYPP) and an accountability framework and a Partnership and Engagement Strategy (PES).
26. Work is now rapidly approaching completion on these major projects which support the effective discharge of the S10 duty and contribute to the management and mitigation of risk. The CYPP is heavily underpinned by the JSNA and the PES and the former two documents have been signed off by the CFPB meeting on 15th March, 2017. The suite of documents will be formally launched at a high profile event on 23rd May, 2017
27. An additional task overseen by the IEG has been to review and redevelop CFPB governance, there were, for example, a myriad of sub groups which had developed over time whose membership and terms of reference did not logically support the work of the Board.
28. The governance review has recommended the establishment of a 'strategic Forum' which will meet 3 – 4 times per annum to comment, plan and shape the CYPP championing the voice of children and young people and an Executive Board which will meet monthly and will provide overarching governance across the partnership and delivery oversight of the CYPP, this proposal has been approved by the Children and Families Partnership Board at its meeting on 15th March, 2017. The new sub group structure will reflect the new outcomes framework in the CYPP for areas of delivery and cross cutting themes and will include, the partnership and engagement sub group and a performance sub group. This will be instrumental in helping the partnership to deliver against the CYPP.
29. Management and mitigation of this risk is further enhanced by the Partnership Agreement which exists between the Council and the Trust, amplifying the strategic relationship and operational intent set out in the service delivery contract. Joint and distinct roles are set out for both parties as 'systems leaders' to produce policies and strategies to improve outcomes for Children and young people to support the strategic children's partnership with co-production alongside those areas mentioned above and including, the early help strategy, the mental health transformational plan. Encouragingly, both Ofsted and the LGA peer review found that 'Leadership, Management and Governance' across both organisations is 'strong with evidence of growing trust between senior leadership of both parties'.
30. In short, the changes to the governance of the Children's partnerships and the publication of 'best of breed' major strategies will go a long way to ensure that this risk is robustly managed and mitigated.
31. Strategic Risk **SR 14** is an overall assessment as to the safety and risk of harm for children and young people in need of help and protection in the borough and thereby the likelihood of an 'Inadequate inspection' occurring.

32. Children's services (save for a small element of the inspection of training provision by the Council) remains the only statutorily inspected area of commissioning and delivery and is the most regulated of all Local authority services being subject to either singly, or jointly, no less than seven inspection frameworks. This in itself provides an additional layer of risk management via assessment, challenge and assurance which is not replicated for other Council services.
33. The Ofsted inspection of services for children in need of help and protection in September 2015, found the authority to be 'Inadequate', but this was qualified in that this grading reflected the fact that one of the (limiting) judgement areas for services for children who need help and protection remained inadequate, but that other areas of service, had demonstrated improvement since 2012, when at that time, all services inspected were judged to be 'Inadequate'. In the 2015 inspection, there was evidence of the progress made with services for children looked after and care leavers that are judged as requires improvement. Adoption is 'good'. Overall, this was a reflection of the progress leaders and managers were beginning to make in improving outcomes through better services for children in Doncaster.
34. Over the past 12 months there have been no less than 10 inspections and monitoring visits by regulatory bodies across the range of service areas delivered by the Trust and Council where inspectors and evaluators have reported on the evidence of progress made.
35. Whilst there remain areas in which both the Council and Trust recognise that progress and practice still need to strengthen and are resolute in our determination that further improvements are realised in order that the children's service meets the performance directions according to the timeframe set out within the service delivery contract. We are assured by a combination of these external evaluations and by the performance monitoring of the contract, that our progress is encouraging and have a trajectory to meet the contractual requirement of achieving a judgement of 'good' by October 2017.
36. The results of those evaluations and visits is, in essence, affirmed by the following:-
37. The first two Inspection monitoring reports have found, among other things, that there had been significant progress made to improve services for children and young people on need of help and protection in Doncaster. Ofsted confirmed that no children were deemed to be at risk of significant harm, with the quality of provision reported to be better and prompt and that appropriate action was taken to address safeguarding concerns with improvements evident in the quality of assessment and enquiry; that children are seen alone and their views are heard. Inspectors have praised the 'comprehensive and detailed' (joint), post inspection action (improvement) plan which is leading to improvements across the service. The second monitoring visit took place with a focus on quality of practice the quality of and effective use of performance and QA work. Overall, and acknowledging that there is further work to be undertaken the report found that the Council and Trust had 'made significant progress in improving the quality of work since the 2015 inspection.' Inspectors have praised the continued pace of improvement and noted that as in the first monitoring visit no children were seen to be in situations of unassessed, unmanaged, or unacceptable risk.

The Third monitoring visit has recently taken place and the formal letter was published by Ofsted on 22nd March, 2017 which identified significant progress in the quality of services provided for children 'looked after' since the 2015 inspection, that both parties have responded thoroughly to the actions required and that children and young people are placed at the heart of strategic planning and operational work, with recognition that both parties are ambitious for this cohort. The letter confirmed progress for the education of children looked after, with further development planned to achieve wider impact.

38. Good self-awareness is also critical in managing this risk and the LGA Peer review found that the Trust knows itself well and both it and the Council are aware of the actions requiring further improvement.
39. The Early Help offer is also critical in further mitigating demand pressures on the safeguarding and social care front door in preventing early and sometimes unnecessary escalation to the social care pathway and the view of the DfE appointed evaluator is that the service is 'improving well' a point also reaffirmed by Ofsted. The proposed integrated family support service contingent upon the Secretary of State's approval promises an enhanced early help service. The detailed assessment of performance and the Council's forensic challenge of that performance is evident in the quarterly 'split screen' reports which the directorate submits to the children's Overview and Scrutiny panel, which provides extensive analysis, commentary and evidence of robust challenge by the Council of the Trust against the key performance indicators by which the Director of Learning, Opportunities and Skills is held accountable for the effectiveness of challenge and rigour of the performance of the Children's Trust and secondly, the Chief Executive of the Trust is held accountable for the Trust's performance.
40. In summary, that specific detailed performance assessment against the contractual and 'volumetric' indicators shows good and improving performance for children in need with an open and current plan; child protection visits in timescale; children subject to a child protection plan (CPP) for a second and subsequent time within 2 years; children on a CPP for two years or more; the average length of care proceedings; care leavers in suitable accommodation; short term and long term stability of children in care placements and youth offending measures.
41. The areas of concern/potential concern, include timeliness of single assessments; the percentage of case file audits which are rated as Requires improvement or better; care leavers in employment education and training; demand pressures on the social care front door, dental checks for children in care and placement pressures for children in care.
42. In recognising the improvements which have taken place, in particular to address quality of practice before the re – inspection (which is expected to take place in the autumn of 2017) the 2015 /2016 Annual Contract Review has highlighted a number of risks and challenges linked to the financial position and future sustainability of the Trust. Taken alongside the operational considerations, the current oversight will enable the Trust as our strategic partner to develop the necessary systems leadership and innovative practice to continue to improve outcomes for children and young people within the context of challenges arising from financial pressures, devolution and continued public sector reform,
43. The three most pressing impediments to this risk remain effective demand management, placement policy and quality of practice. The parties believe that the latter will be ameliorated by the impact of the single 'front door' as this becomes the mainstream default means of handling contacts and to that end

there is an encouraging trend of increased demand for Early help services which in time should (simplistically) translate into a correspondingly reduction in contacts requiring social care intervention. For its part, the Trust recognises the contribution that a sustainable placement strategy makes towards achieving the best outcomes for children in care.

44. The other governance arrangements for addressing this risk are monitored in a number of reports to fora which Ofsted recognised, 'went beyond contractual requirements' and currently comprise:-
- The Performance Accountability Board – a Team Doncaster high level body of strategic partners;
 - The (high level) quarterly performance meeting at Director level and non-executive level between the Council and Trust where performance and QA is monitored;
 - The (Assistant Director) level quarterly performance meeting at which performance is more forensically challenged and monitored;
 - The two quarterly Doncaster safeguarding Children's Board performance and QA reports which challenge performance in the context of the overall children's partnership against this risk.
45. These mechanisms ensure that the Council in its role as commissioner (and co-dependent provider of a small number of related services) and the Trust as the majority provider of safeguarding services are held to account for their respective contributions.
46. In addition to the arrangements set out above that are specific to each individual risk, there is a range of generic management procedures that are common to all three risks. These procedures can be summarised as follows;
- Strategic risks are monitored on Covalent, adhering to the requirements of the Council's Risk Management Policy;
 - There is a risk focus at SLT and ELG meetings;
 - Quarterly strategic risk management is undertaken as part of the corporate performance management framework;
 - Risks are a standing item on the joint (with the Trust) high level Quarterly performance meeting agenda;
 - Staff performance is managed via the Council's Performance and Development Review (PDR) process. This ensures effective management of performance that contributes to risk mitigation.
47. Each strategic risk is also underpinned by an operational risk register that contains more detailed working risks. This facilitates easier and more effective management by the range of individuals, teams, groups and boards that are linked to the respective programmes of work.

OPTIONS CONSIDERED

48. Not applicable

REASONS FOR RECOMMENDED OPTION

49. Not applicable

IMPACT ON THE COUNCIL'S KEY OUTCOMES

50.

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <p><i>Mayoral Priority: Creating Jobs and Housing</i> <i>Mayoral Priority: Be a strong voice for our veterans</i> <i>Mayoral Priority: Protecting Doncaster's vital services</i></p>	<p>The Council and the Trust as major partners in the Children and Families Partnership Board share the Children's plan outcome that all children should achieve their potential – in removing barriers and developing good quality service delivery, children will be able to access the benefits of a thriving economy and will themselves be participants in creating and sustaining the strength of the economy.</p>
	<p>People live safe, healthy, active and independent lives.</p> <p><i>Mayoral Priority: Safeguarding our Communities</i> <i>Mayoral Priority: Bringing down the cost of living</i></p>	<p>Ensuring children and young people are free and feel free from harm are key ambitions of all partners.</p>
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <p><i>Mayoral Priority: Creating Jobs and Housing</i> <i>Mayoral Priority: Safeguarding our Communities</i> <i>Mayoral Priority: Bringing down the cost of living</i></p>	<p>Delivering against the service delivery contract between the Council and the Trust has clear implications for safeguarding communities, in reducing risk and exposure of risk to children; improved early help and thus better outcomes for families.</p>
	<p>All families thrive.</p> <p><i>Mayoral Priority: Protecting Doncaster's vital services</i></p>	<p>Achieving and learning, whilst doing so in a safe and encouraging environment will enhance this priority</p>
	<p>Council services are modern and value for money.</p>	<p>Value for money is a key consideration in the assessment of outcomes performance and Quality assurance across the partnership.</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	<p>Ofsted in its inspection report commented favourably on the relationship and governance arrangements between the Council and the Trust, recognising that formal arrangements for monitoring and challenge exceed the requirements set out in the contract between the two organisations</p>

RISKS AND ASSUMPTIONS

51. No assumptions made. Risks are contained within the body of the report and the appendix.

LEGAL IMPLICATIONS

52. There are no specific implications with regard to the proposed to be taken in relation to the management of strategic risk.
53. A Local Authority has a number of specific statutory duties to children and young people. S17 of the Children Act 1989 provides that it shall be the general duty of every local authority to safeguard and promote the welfare of children within their area who are in need; and so far as is consistent with that duty, to promote the upbringing of such children by their families, by providing a range and level of services appropriate to those children's needs. S436A of the Education Act 1996 gives Local Authority's a duty to make arrangements to establish the identities of children in their area who are not registered pupils at a school and are not receiving suitable education otherwise.

FINANCIAL IMPLICATIONS

54. There are no specific financial implications arising from this report. Risk management forms part of the Directorate's service planning and is therefore taken in account when setting and managing budgets.

HUMAN RESOURCES IMPLICATIONS

55. There are no specific human resources implications arising as a result of this report.

TECHNOLOGY IMPLICATIONS

56. There are no specific technology implications arising as a result of this report.

EQUALITY IMPLICATIONS

57. The commissioning and provision of all children's services is underpinned by equality considerations and as such, represent core values across the partnership.

CONSULTATION

58. No consultation has been undertaken, or is required, as a result of this report.

BACKGROUND PAPERS

- Audit Committee agenda and papers 17th August 2016
- Reports to the Children's Overview and Scrutiny panel – 27th September, 2016; 6th December, 2016; 24th February, 2017.

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Strategic Risk	Management arrangements	Timelines	Notes
<p>16/17 SR 09 (L&O:CYP) Children and Young People do not achieve in line with national expectation</p>			<p>Current position:</p> <p>The rapid improvement strategy is continuing and in addition to this a new reading strategy is now in place as an additional focus in this area.</p> <p>A new Raising Achievement Strategy has also been developed in draft form.</p> <p>National data for GCSE results is due to be released on January 19th and an update on these results will be provided next quarter.</p> <p>It is intended that the provision of an Ofsted Leadership Network will facilitate schools having an increased understanding of the Ofsted framework.</p> <p>A Secondary Teaching School Alliance has also been commissioned to deliver a Key Stage 4 Secondary Improvement Strategy</p> <p>Mitigating Actions:</p> <ul style="list-style-type: none"> • Continue to deliver School Improvement 3 year Post Ofsted action plan, which has now been signed off by HMI • Challenge Schools Commissioner and Sponsors of Academies on underperformance • The School Improvement Strategy is being delivered and a revision is due out in January • Improve pupil attendance via enhanced early help • Deliver the aspects of the report of the education and skills commission (full response to be published in February) to include: <ul style="list-style-type: none"> ○ KS2 and KS4 improvement initiatives ○ Academy exploration and growth strategy for schools at risk of decline and those wishing to join Multi-Academy Trusts ○ Revision support in the community for students and parents ○ Leadership succession and recruitment support initiatives in partnership with the Teaching

			<p>School Alliance</p> <p>Risk Score: Impact - 4, Likelihood - Possible 3</p>
<p>16/17 SR 10 (L&O;CYPS)</p> <p>Failure to adequately implement effective joint working arrangements which could lead to ineffective delivery of Children's services across the wider partnership system</p>			<p><u>Current Position:</u> The Children and Families Partnership Board is the forum for the arrangements to discharge the S10 statutory responsibility which is now led by a new core group of leading partner members - the Interim Executive Group which is driving forward the actions needed with pace and direction, which had hitherto been lacking.</p> <p>For future development – need to recognise contribution to Stronger Families Programme, financial and reputational risk of failing to deliver against this, which presents an emerging risk.</p> <p><u>Mitigating actions:</u> The IEG is directing implementation of the Governance review so that an appropriate number and remit of sub groups will be established to support the Board including a new Chairs' group. The IEG is also directing the development of a new JSNA which will be a more dynamic document and a consequential Children's plan for 2017-2020, as well as significant development of participation and engagement of CYP.</p> <p>The publication of the three key documents JSNA; CYPP and P&E strategy will considerably mitigate this risk as well as the implementation of a fit for purpose governance structure both underpinning the board and laterally in relationship to other strategic boards ,which will enhance the functionality of the Children and Families Partnership Board as the keystone in the oversight and management of the children's strategic partnership across the entire 'estate'</p> <p>The Governance sub structure to be aligned with and reflect CYPP is on track for the Feb 2017 CFPB. A new</p>

		<p>Participation & engagement sub group has been in place since Dec 2016. Consultation events with children, families & partners arranged for February and March 2017.</p>
<p>16/17 SR 14 (L&O:CYP)</p> <p>Failure to obtain assurance as to the safeguarding of children in the borough Failure to meet children’s safeguarding performance requirements which could lead to an 'inadequate' inspection judgement by Ofsted</p>		<p>Current Position: The formal arrangements to monitor and review the effectiveness and input of services to children provided by the Trust are believed to provide assurance to this risk and go beyond contractual requirements. Overall the safeguarding indicators specific to children are now performing better than last year. Ofsted did not raise any concerns as to the safety of children in the borough, but did recommend improvements to social work practice which are being addressed through the Ofsted Improvement Plan. This is regularly challenged with the Trust and at individual HoS level.</p> <p>The first Ofsted Monitoring visit took place in August 2016 and concentrated on management of demand at the front door and quality of practice and found that significant progress is being made to improved services for children and that no children were deemed to be at risk of significant harm. The quality of provision was found to be better and that prompt and appropriate action is taken to address safeguarding concerns this is evident in the quality of assessments and ensuring children are seen alone and their views heard. However, there remain inconsistent quality of assessments and timeliness is deemed variable. In addition, more work is needed to ensure that thresholds for social care intervention are understood across the partnership. The Q2 monitoring visit took place in October 2016 with a focus on quality of practice in particular the quality and effectiveness of plans for CIN of help and protection reviews and work to reduce risk to this cohort; the quality of pre – proceedings work. The conclusion of the</p>

			<p>visit was that the Trust had made 'significant progress' in improving the quality of work since the inspection in November 2015. Inspectors highlighted the continued pace of improvement and reaffirmed the conclusion of the previous visit that no children were found to be in situations of unassessed, unmanaged or unacceptable risk. The next monitoring visit is expected in Spring 2017.</p> <p>Mitigating actions: Social work practice is challenged with the Trust at each meeting and at individual HoS level. The Joint strategic Inspection Group regularly reviews the Improvement Plan as to actions required to improve quality of practice and attendant progress. The High level challenge meetings review specific audits and all challenge meetings review the basket of contractual PIs, which include bellwether PIs in respect of CIN plans; the care pathway – especially front door management; assessment completion and quality of audits. In addition, reference is made to volumetric measures and the wider context in order to provide reassurance as to caseload management; geographical / team pressures; deployment of staffing resources etc.</p> <p>DMBC is clear that the two most pressing impediments to this risk remain demand management and quality of practice and is pleased that Ofsted is addressing this via the Inspection monitoring visits. DMBC focus continues to be to ensure that quality of practice and assessment completion is more consistent and embedded and that a sustainable financial and operating model is in place</p>
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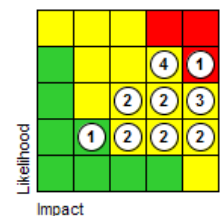
**To the Chair and Members of the
AUDIT COMMITTEE**

Q3 2016/17 STRATEGIC RISK UPDATE

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Mayor Ros Jones	N/a	N/a

EXECUTIVE SUMMARY

- The purpose of this report is to provide an overview of the Strategic Risks profiles in Quarter 3 2016/17.
- There are 19 Strategic Risks and all have been updated as part of the Quarter 3 reporting process. The Heat Map shows a summary of the scores.
- One risk has been identified for demotion: Health and social care services do not change fast enough, impacting on quality, accessibility and affordability of services for people who need them most.
- No new risks have been proposed.
- 16 risk profiles have remained the same during the quarter.
- Effective mitigating actions have reduced 3 profiles:
 - Health and social care services do not change fast enough, impacting on quality, accessibility and affordability of services for people who need them most;
 - Failure to set robust assumptions on pensions deficit recovery and future contribution rate for the 2016 valuation;
 - Failure to achieve the budget targets for 2016/17 and 17/18.
- No profiles have increased during the quarter.



RECOMMENDATIONS

- The Audit Committee members are asked to:
 - Note and comment on the report
 - Note the proposed demotion of the Strategic Risk around Health and Social Care Services (paragraph 3)

EXEMPT REPORT

9. Not Applicable

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

10. The embedding of robust risk management arrangements within the Council incorporating the management of strategic risks creates an environment in which we can successfully meet our objectives to deliver Doncaster’s priorities and the Mayoral Priorities Outcome Framework.

OPTIONS CONSIDERED

11. Not Applicable

REASONS FOR RECOMMENDED OPTION

12. Not Applicable

IMPACT ON THE COUNCIL’S KEY PRIORITIES

12.

Priority	Implications
All people in Doncaster benefit from a thriving and resilient economy.	The embedding of robust risk management arrangements within the Council will contribute to the effective delivery of all the Council’s key priorities
People live safe, healthy, active and independent lives.	
People in Doncaster benefit from a high quality built and natural environment.	
All families thrive.	
Council services are modern and value for money.	
Working with our partners we will provide strong leadership and governance.	

RISKS AND ASSUMPTIONS

13. The Risk Management Policy includes a requirement to review strategic risks on a quarterly basis and this is a matter of good management and good governance.

LEGAL IMPLICATIONS

14. Any specific implications will be reported separately and in the context of any initiative proposed to be taken in relation to the management of strategic risk.

FINANCIAL IMPLICATIONS

15. Should any specific initiatives be required, in response to the management of strategic risks, any cost implications will be reported and addressed as and when they arise.

HUMAN RESOURCES IMPLICATIONS

16. There are no direct human resources implications resulting from this report

TECHNOLOGY IMPLICATIONS

17. There are no direct technology implications resulting from this report.

EQUALITY IMPLICATIONS

18. There are no specific equality implications arising from this report. However, any activities arising from the management of strategic risks will need to be the subject of separate 'due regard' assessments.

CONSULTATION

19. Consultation has taken place with strategic risk owners and Directorate Management Teams as part of the quarterly performance challenge process.

BACKGROUND PAPERS

20. Reports generated via Covalent for Directorate Q3 challenge meetings.

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Director of Finance and Corporate Services

The potential personal financial position facing individual citizens across Doncaster Borough may result in an increase of poverty and deprivation

Simon Wiles

Current Risk		Target Risk
<p>20</p>	<p>Current situation: The government have spoken about the importance of economic policy working for all places and social mobility. There is the launch of the industrial strategy, which is an initial positive marker for future direction for economic growth in the UK. However with the UK exiting the EU and the potential uncertainties that could bring to the national and local economy could impact this risk in the future.</p> <p>Doncaster has been named as an 'Opportunity Area' by the Dept. of Education which is an allocation of funding due to Doncaster being a social mobility cold spot. This along with the continued focus of the anti-poverty steering group give a good basis for future strategic capacity to decrease poverty in the future.</p> <p>Mitigating Actions: Continued development of the Anti-Poverty Action plan and monitoring throughout the rest of 2016-17 will help and the start-up of the opportunity area status should allow us to improve social mobility and begin to tackle long standing issues. Furthermore our approach to inclusive growth (ensuring local people get opportunities as a result of economic growth) is being shaped and along with increasing investment in the borough should support more people out of poverty.</p>	<p>15</p>

Failure to improve Data Quality will prevent us from ensuring that data relating to key Council and Borough priorities is robust and valid.

Simon Wiles

Current Risk		Target Risk
<p>16</p>	<p>Current Situation: Following the formal agreement of the Data Quality Strategy 2016/17 – 2020/21, a working group has now been established to drive forward the activity for the remainder of the 2016/17 plan. Key Activity due to take place during Quarter 4 includes: Action plans to be completed for all key measures/ returns that have been assessed via the self-assessment toolkit as at risk Promote and implement the LLPG as the default look up for address data as part of the data quality standards Implementation of the single customer record as the “Golden Record” across key council systems Complete and show compliance to Level 2 of the IG Toolkit Using systems approach to quality assurance identify current systems and prioritise for analysis, cleansing, establishing validation and monitoring via the model</p> <p>Mitigating Actions: Progress against the planned activity will be governed by the Business Intelligence Board. It is acknowledged that there remains much to do to fully embed the data quality principles across the organisation and that good data quality can only be achieved by continual assessment and monitoring and therefore reflects the need to refresh the action plan on an annual basis throughout the four year strategy.</p>	<p>8</p>

Children and Young People do not achieve in line with national expectation

Damian Allen

Current Risk		Target Risk
<p>16</p>	<p>Current position: The rapid improvement strategy is continuing and in addition to this a new reading strategy is now in place as an additional focus in this area.</p> <ul style="list-style-type: none"> • A new Raising Achievement Strategy has also been developed in draft form. • National data for GCSE results is due to be released on January 19th and an update on these results will be provided next quarter. • It is intended that the provision of an Ofsted Leadership Network will facilitate schools having an increased understanding of the Ofsted framework. • A Secondary Teaching School Alliance has also been commissioned to deliver a Key Stage 4 Secondary Improvement Strategy <p>Mitigating Actions:</p> <ul style="list-style-type: none"> • Continue to deliver School Improvement 3 year Post Ofsted action plan, which has now been signed off by HMI • Challenge Schools Commissioner and Sponsors of Academies on underperformance • The School Improvement Strategy is being delivered and a revision is due out in January • Improve pupil attendance via enhanced early help • Deliver the aspects of the report of the education and skills commission (full response to be published in February) to include: • KS2 and KS4 improvement initiatives • Academy exploration and growth strategy for schools at risk of decline and those wishing to join Multi-Academy Trusts • Revision support in the community for students and parents • Leadership succession and recruitment support initiatives in partnership with the Teaching School Alliance 	<p>12</p>

Without effective influence and engagement with the Sheffield City Region, there is a threat that Doncaster does not achieve economic

Peter Dale

potential benefit from the devolution deal

Current Risk	<p>Current position: There are a number of deliberations both nationally and regionally that include the emergence of the concept of a metro Mayor at a spacial level that includes the whole of Yorkshire , coupled with the outcome of the judicial review with Chesterfield; the importance of shaping devolution has never been more important for Doncaster. Officers and Members collectively are at the forefront of discussions ensuring any devolution deals represent the best interests of Doncaster.</p> <p>Mitigating Actions: Officers, the Executive and Members from Doncaster Council are at the forefront of deliberations both at a national and regional level on issues relating to devolution, assurances are provided through our strategic and operational role with the SY Combined Authority, in addition to representations on the numerous executive boards supporting the City Region.</p>	Target Risk
<p>16</p> <p>Likelihood</p> <p>Impact</p>		<p>16</p> <p>Likelihood</p> <p>Impact</p>

As a result of the decision for the UK to leave the European Union there is increased uncertainty across a number of policy and funding areas that could lead to disruptions in funding and/or projects locally in Doncaster.

Peter Dale

Current Risk	<p>Current Situation: There still remains a certain degree of uncertainty regarding the impact of the UK exiting the European Union. Article 50 of the Lisbon treaty is to be triggered before the end of March 2017 leading to a two year negotiating period prior to a formal exit from the union. The Chancellor Philip Hammond has pledged that local areas with existing EU funding agreements signed off by the time we exit the EU would receive replacement funding and it is likely that a 'repeal' act that would enshrine EU law into UK law may be part of the next parliamentary session. It is estimated that around half of the regulations applicable to local government originate from the EU.</p> <p>There remain some significant issues relating to the value of sterling and the uncertainty of EU national workers and their status after the two year negotiating period, particularly for businesses with high proportion of their staff from EU countries.</p> <p>Mitigating Actions: The potential disruption of exiting the EU may impact on a number of areas of council business. We continue to discuss this with colleagues across our partnerships both locally and nationally working with the LGA who have 5 priority areas; Local government's position post-Brexit EU funding Developing a new legal base for local government Community cohesion Place-based impact</p> <p>We will need to be agile enough to respond as new information is provided and as opportunities become available, lobby government on the things that matter most to us.</p>	Target Risk
<p>16</p> <p>Likelihood</p> <p>Impact</p>		<p>6</p> <p>Likelihood</p> <p>Impact</p>

Failure by the Council and the Trust to agree and set a realistic annual budget target

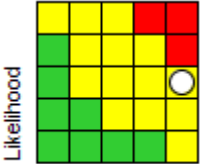
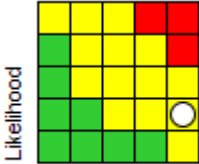
Damian Allen

Current Risk	<p>Current Position: The 2017/18 annual budget for the Trust has been agreed and the Annual Review report has been submitted to the DfE in December 2016 as scheduled. The report sets out that there were a number of budget items that were still subject to confirmation and would be addressed via contract variation once they are resolved, for example, increase in care ladder volumes and prices, the transfer of the Family Support Service, any changes to service level agreements and increased costs relating to unaccompanied (migrant) asylum seeking children. A contingency has been set aside.</p> <p>Mitigating Actions: The Trust's quarter 3 financial report will present a forecast outturn overspend for 2016/17 of £3.2m. The key pressure continues to be cost of children placed in care. The Trust submitted a contract variation for £1.9m relating to volume increases mainly within residential and special guardianship placements, which has been agreed and reduces the overspend to £1.3m. Under the risk share mechanism (75/25) the Council will be due to fund £999k of the balance with the Trust responsible for £333k. The Council is receiving financial updates but continues to have significant concerns over this level of overspend and the ability of the Trust to reduce spend within the budget. The Trust is tasked with producing a sustainable operating model/recovery plan. The Trust has £49k held in reserves, which will not cover its risk share.</p> <p>The Trust is due to attend OSMC in February 2017.</p>	Target Risk
<p>15</p> <p>Likelihood</p> <p>Impact</p>		<p>10</p> <p>Likelihood</p> <p>Impact</p>

Failure to obtain assurance as to the safeguarding of children in the borough Failure to meet children's safeguarding performance

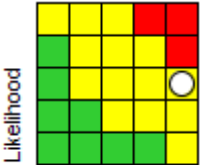
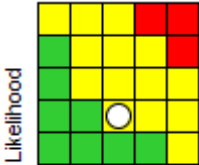
Damian Allen

requirements which could lead to an 'inadequate' inspection judgement by Ofsted

Current Risk		Target Risk
<p style="text-align: center;">15</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	<p>Current Position: The formal arrangements to monitor and review the effectiveness and input of services to children provided by the Trust are believed to provide assurance to this risk and go beyond contractual requirements. Overall the safeguarding indicators specific to children are now performing better than last year. Ofsted did not raise any concerns as to the safety of children in the borough, but did recommend improvements to social work practice which are being addressed through the Ofsted Improvement Plan. This is regularly challenged with the Trust and at individual HoS level.</p> <p>The first Ofsted Monitoring visit took place in August 2016 and concentrated on management of demand at the front door and quality of practice and found that significant progress is being made to improved services for children and that no children were deemed to be at risk of significant harm. The quality of provision was found to be better and that prompt and appropriate action is taken to address safeguarding concerns this is evident in the quality of assessments and ensuring children are seen alone and their views heard. However, there remain inconsistent quality of assessments and timeliness is deemed variable. In addition, more work is needed to ensure that thresholds for social care intervention are understood across the partnership. The Q2 monitoring visit took place in October 2016 with a focus on quality of practice in particular the quality and effectiveness of plans for CIN of help and protection reviews and work to reduce risk to this cohort; the quality of pre – proceedings work. The conclusion of the visit was that the Trust had made 'significant progress' in improving the quality of work since the inspection in November 2015. Inspectors highlighted the continued pace of improvement and reaffirmed the conclusion of the previous visit that no children were found to be in situations of unassessed, unmanaged or unacceptable risk. The next monitoring visit is expected in Spring 2017.</p> <p>Mitigating actions: Social work practice is challenged with the Trust at each meeting and at individual HoS level. The Joint strategic Inspection Group regularly reviews the Improvement Plan as to actions required to improve quality of practice and attendant progress. The High level challenge meetings review specific audits and all challenge meetings review the basket of contractual PIs, which include bellwether PIs in respect of CIN plans; the care pathway – especially front door management; assessment completion and quality of audits. In addition, reference is made to volumetric measures and the wider context in order to provide reassurance as to caseload management; geographical / team pressures; deployment of staffing resources etc.</p> <p>DMBC is clear that the two most pressing impediments to this risk remain demand management and quality of practice and is pleased that Ofsted is addressing this via the Inspection monitoring visits. DMBC focus continues to be to ensure that quality of practice and assessment completion is more consistent and embedded and that a sustainable financial and operating model is in place.</p>	<p style="text-align: center;">10</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

Failure to successfully prevent a major cyber attack

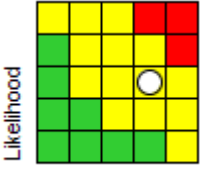
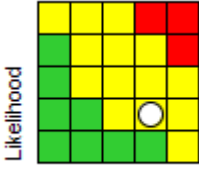
Simon Wiles

Current Risk		Target Risk
<p style="text-align: center;">15</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	<p>Current Position: This is a new strategic risk proposed by the Council's Senior Information Risk Owner (SIRO) following best practice recommendations that it should be so due to the ever increasing risk based on incidents across local authorities and the private sector. A major attack can severely impact on critical service delivery and directly affect Doncaster citizens. The mitigating actions include the measures constantly taken. The current situation is that we have just had our annual external security health check in readiness for our assessment and are working through the extra actions we need to take to ensure compliance. Due to the ever changing and evolving technology we use as an organisation, this is an essential piece of work every year and within every implementation we undertake. This is not always appreciated by all especially when they see an app they would like to implement so this is also being further embedded within the ICT Governance process that kicks in every time a technology requirement is highlighted.</p> <p>Mitigating Actions: Annual ICT Security Audit. Annual Cabinet Office PSN ICT Security Assessment with rating outcome to gain accreditation. ICT Security considered in every ICT project and implementation. Appropriate softwares to monitor and block inappropriate cyber activity. A 6 weekly ICT Security report to the SIRO Board by the ICT Security Compliance Officer. A Cyber Incident Response Team primed to deal with and resolve any incidents minimising business disruption.</p>	<p style="text-align: center;">6</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

Failure to deliver the actions identified in the Equality and Inclusion action plan may impact our ability to effectively embed and delivery the

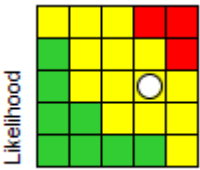
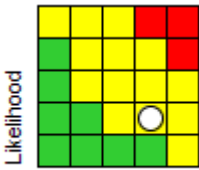
Simon Wiles

equality agenda which could result in the council being exposed to public 'due regard' challenge

Current Risk	<p>Current Position: The progress against our YR2 action plan has been reviewed, along with the production of our Annual Equality, Diversity and Inclusion report. These have both been published on the internet. A number of actions in the YR2 plan have not been completed, including the production of a community engagement plan, better understanding of our community profiles and ensuring communities have a voice.</p> <p>Mitigating Actions: We are working in partnership with the LGA to review the corporate approach to equality, diversity and inclusion and produce our plan for 2017 -21. Activity identified in Yr 2 and Yr 3 of our previous plan that have not been fully completed are being reviewed as part of our revised approach and, where relevant, will be part of our future priorities. The review is embedded within the current refresh of the Corporate Plan and will highlight how equality, diversity and inclusion underpins the corporate priorities and drives improvement across the borough.</p>	Target Risk
<p>12</p>  <p>Likelihood</p> <p>Impact</p>		<p>8</p>  <p>Likelihood</p> <p>Impact</p>

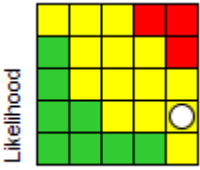
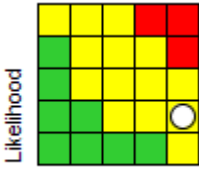
Failure to adequately implement effective joint working arrangements which could lead to ineffective delivery of children’s services across the wider partnership system

Damian Allen

Current Risk	<p>Current Position: The Children and Families Partnership Board is the forum for the arrangements to discharge the S10 statutory responsibility which is now led by a new core group of leading partner members - the Interim Executive Group which is driving forward the actions needed with pace and direction, which had hitherto been lacking.</p> <p>For future development – need to recognise contribution to Stronger Families Programme, financial and reputational risk of failing to deliver against this, which presents an emerging risk.</p> <p>Mitigating actions: The IEG is directing implementation of the Governance review so that an appropriate number and remit of sub groups will be established to support the Board including a new Chairs' group. The IEG is also directing the development of a new JSNA which will be a more dynamic document and a consequential Children’s plan for 2017-2020, as well as significant development of participation and engagement of CYP.</p> <p>The publication of the three key documents JSNA; CYPP and P&E strategy will considerably mitigate this risk as well as the implementation of a fit for purpose governance structure both underpinning the board and laterally in relationship to other strategic boards ,which will enhance the functionality of the Children and Families Partnership Board as the keystone in the oversight and management of the children’s strategic partnership across the entire ‘estate’</p> <p>The Governance sub structure to be aligned with and reflect CYPP is on track for the Feb 2017 CFPB. A new Participation & engagement sub group has been in place since Dec 2016. Consultation events with children, families & partners arranged for February and March 2017.</p>	Target Risk
<p>12</p>  <p>Likelihood</p> <p>Impact</p>		<p>8</p>  <p>Likelihood</p> <p>Impact</p>

The agreed standards and policies are not adequately understood and implemented by practitioners who work with vulnerable adults increasing the risk of vulnerable people experiencing harm or abuse

Kim Curry

Current Risk	<p>Current Situation: A peer review action plan has been developed and endorsed by the Doncaster Safeguarding Adults Board and significant progress has been made implementing this. The safeguarding adults hub is now in place and has been operational since 4/4/16 to manage all safeguarding cases and clarify safeguarding pathways. A follow-up of the peer review has now been undertaken by Dr Adi Cooper on 29.9.16 which has resulted in positive findings for both operational safeguarding services and the Board. In response to the review report the Board have developed a multi-agency action plan which will be monitored through to completion.</p> <p>The board continues to provide a multi-agency training programme to support staff to deliver safeguarding in line with South Yorkshire Procedures and the Care Act 2014.</p> <p>Mitigating Actions: A multi agency guidance document has been developed and was launched on 20th September to provide clear guidance on when the criteria for a safeguarding concern has been reached. This will enable independent providers to make decisions on actions with areas of concern with a view to reducing inappropriate referrals to the Safeguarding adults hub.</p> <p>The Council is currently working to develop local safeguarding policies, aligned to South Yorkshire procedures, which will be accompanied by a mandatory training programme for key staff.</p>	Target Risk
<p>10</p>  <p>Likelihood</p> <p>Impact</p>		<p>10</p>  <p>Likelihood</p> <p>Impact</p>

Health and social care services do not change fast enough , impacting on quality, accessibility and affordability of services for people who need

Kim Curry

them most

Current Risk	<p>Current Situation: This strategic risk was raised in the summer of 2015, in an environment where there was sufficient evidence to suggest that adult social care services would not transform quickly enough. At that time there was no clear plan in place and no evidence of performance or financial improvement. Since that time a comprehensive Transformation Programme has been put in place with clear objectives and timescales, both to improve services and ensure that the most vulnerable people are able to access them. In addition, good progress has been made on a range of Immediate Business Improvement (IBI) projects that have stabilised the financial position and improved key areas such as residential care, safeguarding and homecare. The robust future plans and the transformation that has happened in the past year suggest that this risk can now be demoted from the strategic register.</p> <p>Mitigating Actions: The Adults Health and Well-being Transformation Programme was supported by Cabinet in March and November 2016. The programme is now entering the mobilisation phase and the IBI projects continue to deliver improvements.</p> <p>Project Initiation Documents are currently being developed that will contain a range of actions to make sure that the agreed outcomes of the programme are fully delivered within required timescales. A Transformation Board will oversee the key portfolios of work and govern the transformation process, challenging appropriately where necessary. In future risks associated with the programme will be managed via the Transformation Board.</p>	Target Risk
<p>10</p>		<p>15</p>

Failure of partnership to engage in effective early intervention leading to inappropriate referrals to statutory services and unnecessary escalation of need and risk

Damian Allen

Current Risk	<p>Current Position: Although contacts into DCST are reducing they remain high due to high demand in the community and a change to recording practice of 'contacts' which is more accurate and is quite proper. Very few contacts are inappropriate and require Early Help services. The vast majority are for Information, Advice and Guidance. The risk is that high demand pressures clog up the machinery and professional officer resource. The LGA peer review recognised that this was a 'whole system' issue which extends across the partnership and is not wholly within the gift of the Trust.</p> <p>Mitigating actions: The Trust is seeking a revised partner protocol so as to reduce risk aversion. The integration with the MASH has led to a revised process which involves triage at the initial stage which is beginning to mitigate the impact on teams and should lead to an improved conversion rate to referral and assessment.</p>	Target Risk
<p>9</p>		<p>6</p>

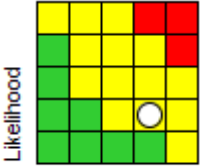
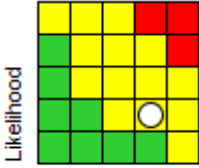
Failure to adequately address a sufficient number of Children's Trust PIs (as defined in the service delivery contract)

Damian Allen

Current Risk	<p>Current Position: The DCST is challenged by a series of regular performance monitoring fora, on a monthly and quarterly basis at all levels of senior management across both organisations and at public facing meetings with elected members in the scrutiny fora and at Corporate Parenting Board, such arrangements are in the words of Ofsted 'in excess' of contractual requirements and have been further emboldened by the new spilt screen accountability which the Children's scrutiny panel now provides and which challenges both the Council in its holding to account of the Trust and the Trust itself. A commentary provided by the DCST and PIs and quality assurance is challenged.</p> <p>Areas of concern are escalated or reported on an exception basis to higher level Boards. Current areas of risk are:-</p> <ul style="list-style-type: none"> • Social Care demand management • Quality of case files (improving trajectory, but under surveillance via audit measures) • Placement policy – care management and costs • Care Leavers in Employment, Education and Training <p>Mitigating actions: The current arrangements and the number and scope of performance indicators are subject to the Annual Review process which has now been completed and submitted on time to the Secretary of State. The Trust is challenged against each PI of concern at every meeting as to progress and actions planned or taken and the effectiveness thereof. A more rationalised challenge process is under consideration and has been identified to the Secretary of State.</p>	Target Risk
<p>9</p>		<p>6</p>

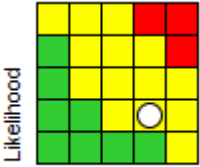
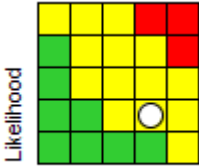
Failure to respond adequately to borough emergencies or mitigate effectively against the effects of extreme weather conditions e.g. flooding

Peter Dale

Current Risk	Current position: Resilience and Emergency Planning have supported the response to 49 incidents since April 2016.	Target Risk
8	<p>Mitigating actions: DMBC fully participated in delivering a National Pandemic Flu exercise in October. The exercise rehearsed the Doncaster strategic response plans and liaison with COBRA. The exercise was followed by a tactical response exercise to consider localised impacts and arrangements to support those affected by a pandemic event.</p> <p>A DMBC response activation exercise was held in December for strategic and tactical members of the Corporate Emergency Response Team. The exercise indicated 100% availability for the response to an emergency incident affecting the borough.</p>	8
		

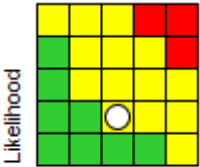
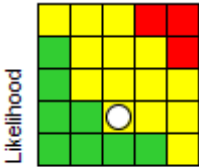
Failure to identify and manage Health and Safety risks

Peter Dale

Current Risk	Current Position: Corporate Health and Safety continue to monitor the effectiveness of all council health and safety arrangements through both active and reactive monitoring. The & lsquo;Business Partner structure is now embedded within Corporate Health and Safety Service delivery. Advisors are working closely with Partners reviewing statutory compliance and delivering pragmatic advice. The Corporate H&S trainer has reviewed all mandatory and non-mandatory Health & Safety training, and bookings are now being taken for refresher training. A full review of all Council H&S training is currently being undertaken, specifically looking at suitability of content, rationalising delivery and the opportunity of attaining IOSH accreditation.	Target Risk
8	<p>Mitigating Actions: In August 2016 at another Local Authority, a six-year old girl was severely injured when a boundary wall spanning the rear of a privately owned and council-owned property collapsed onto a public pathway. In response to initial recommendations from the Health & Safety Executive, Doncaster Council are implementing a proactive inspection system to identify dangerous wall conditions and take appropriate action where necessary, this information has been shared with other External agencies.</p>	8
		

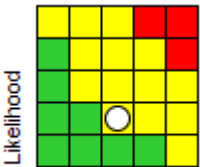
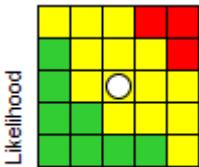
Failure to implement the Council's key borough objectives in partnership

Simon Wiles

Current Risk	Current position: The key Borough partnership objectives involve long-term strategic plans for improving the quality of life in Doncaster for residents, visitors and people considering moving, working or investing here. Technical strategies and delivery plans are overseen by Partnership Boards organised around four over-arching key themes; ■ Children, Young People and Families ■ Economy and Enterprise ■ Health and Well-Being ■ Safer and Stronger Communities. Performance reporting across the theme boards happen routinely and Team Doncaster receive 6 monthly updates on performance information.	Target Risk
6	<p>Mitigating actions: A strong governance and audit process is in place to ensure that internally and externally, partnership plans, special projects and initiatives which are carried out by organisations, teams and individuals, are regularly reviewed and overseen by respective Partnership Boards and internal DMBC governance/audit arrangements. Discussions on future partnership objectives will take place and arrangements for delivery mobilised appropriately.</p>	6
		

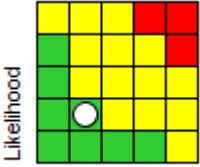
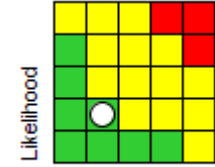
(F&CS) Failure to achieve the budget targets for 2016/17 and 17/18.

Simon Wiles

Current Risk	Current Position: We have set robust targets for 17/18, but there is still a need to use reserves	Target Risk
6	<p>Mitigating Actions: For 16/17 we are working on achieving budget targets and all adjustments have been revised in the 17/18 position</p>	9
		

Failure to set robust assumptions on pensions deficit recovery and future contribution rate for the 2016 valuation

Simon Wiles

Current Risk		Target Risk
<p style="text-align: center;">4</p> 	<p>We have reviewed pensions deficit & FSR rates and been able to maintain them at the existing level (overall) for 17/18</p>	<p style="text-align: center;">4</p> 

**To the Chair and Members of the
AUDIT COMMITTEE**

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2016/17

EXECUTIVE SUMMARY

1. This report provides information on the work of Internal Audit during 2016/17 including its overall opinion on the Council's governance, risk management and internal control arrangements. The report is also used to inform the Council's annual governance statement

Head of Internal Audit Annual Report 2016/17

2. It is a requirement of the United Kingdom Public Sector Internal Audit Standards (UKPSIAS) that an annual report is produced by the Head of Internal Audit on the work undertaken by the Audit Section. Headlines from the annual report, which is attached at **Appendix 1**, are as follows:
 - Internal Audit's net expenditure in the year was £497k compared with a budget of £483k. The slight overspend was as a result of retaining a temporary member of staff to backfill substantial work being carried out by the Team on Safeguarding Adults Personal Assets, where there had been significant weaknesses identified. During 2016/17, Internal Audit had an establishment of 10.70 full time equivalent staff.
 - The service delivered 1,546 chargeable audit days during the year, which was 85% of the budgeted level. The main reasons for the shortfall were that one member of staff left during the year and was not replaced, we have had two long-term sickness cases, we granted a small amount of special leave, and time was required to prepare for the peer review and to upgrade our electronic audit system.
 - Approximately 12% of Internal Audit time was used responsively to address issues which arose during the year. This is slightly lower than in recent years, mainly because some investigative work was known at the time of audit planning and was therefore planned for, rather than being treated as responsive work.
 - 72% of internal audit recommendations have been completed. The number of outstanding major recommendations has reduced, but there has been an increase in the number and proportion of all recommendations not yet implemented and late Work is ongoing with services to improve this performance.

- The service has achieved good overall performance against its key performance indicators.
 - In particular, the service was rated as 'satisfactory' or 'very satisfactory' in 100% of client surveys received.
 - The service carried out a range of investigations during the period, some of which resulted in disciplinary and / or Police action.
3. Based upon the audit work undertaken during the year, we can confirm that the Council's governance, risk management and internal control arrangements were adequate and operated satisfactorily during the year.
 4. Internal Audit has identified three areas to be considered for inclusion in the Council's 2016/17 Annual Governance Statement (AGS):
 - DOLS (Deprivation of Liberty Safeguards) – Best Interest Assessments
 - Adult, Health and Wellbeing Contract and Commissioning Arrangements
 - Supporting Adults Personal Assets Team.
 5. Other weaknesses not considered significant enough for inclusion in the AGS have been highlighted by Internal Audit's work during the year and these have been brought to management's attention. The weaknesses do not change Internal Audit's overall opinion on the Council's governance, risk management and internal control arrangements.

Internal Audit conformance with the Public Sector Internal Audit Standards

6. The Head of Internal Audit has undertaken an annual self-assessment of the Service's compliance with auditing standards. This concluded that Internal Audit is compliant with the requirements of the Standards with one exception; i.e. the standards require the Audit Committee to approve decisions relating to the appointment and removal of the Head of Internal Audit. This does not currently reflect local government practice and is not regarded to be a material non-compliance issue and so no change is proposed.
7. The auditing standards require an external assessment of the internal audit service to be conducted at least once every five years. In February 2017, the service was reviewed by the Head of Internal Audit and Risk and an Audit Manager from Kirklees Council. The assessment has confirmed that Doncaster's Internal Audit arrangements meet the highest of the three possible ratings within the auditing standards, i.e. that the service "Generally Conforms" with the standards.
8. A separate report has been produced following the peer review assessment and this will be reported to the Audit Committee at its meeting on 6 April 2017.

RECOMMENDATIONS

9. The Audit Committee is asked:
 - To note the Internal Audit Annual Report for 2016/17, including

confirmation that the Council’s governance, risk management and control arrangements were adequate and operated satisfactorily during the year.

- To note the Head of Internal Audit’s self-assessment and the confirmation from the external peer assessment that the service is compliant with the Public Sector Internal Audit Standards

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

10. Effective Internal Audit arrangements add value to the Council in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough.

BACKGROUND

11. This report provides the Audit Committee with information on the outcomes from internal audit work and allows the Committee to discharge its responsibility for monitoring Internal Audit activity.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

12. Not applicable - for information only

IMPACT ON THE COUNCIL’S KEY OUTCOMES

13. Internal Audit assesses how effectively the Council is managing risks that threaten the achievement of the Council’s objectives. Any improvement in the management of the risks will have a positive impact thereby increasing the likelihood of the Council achieving its objectives. Internal Audit’s work is, therefore, relevant to all priorities but in particular the following:

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster’s vital services</i> 	
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> 	

	<ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	Council services are modern and value for money.	The work undertaken by Internal Audit improves and strengthens governance arrangements within the Council.
	Working with our partners we will provide strong leadership and governance.	The work undertaken by Internal Audit improves and strengthens governance arrangements within the Council and its partners.

RISKS AND ASSUMPTIONS

14. The implementation of internal audit recommendations is a response to identified risks and hence is an effective risk management action.

LEGAL IMPLICATIONS

15. There is a statutory obligation on the council to provide an adequate and effective internal audit of its accounts and supporting systems of internal control.

FINANCIAL IMPLICATIONS

16. There are no specific financial implications associated with this report.

HUMAN RESOURCE IMPLICATIONS

17. There are no specific human resource implications associated with this report.

TECHNOLOGY IMPLICATIONS

18. There are no specific technology implications associated with this report.

EQUALITY IMPLICATIONS

19. We are aware of the Council's obligations under the Public Sector Equalities Duties and whilst there are no identified equal opportunity issues within this report, all of the reports covered by the document will have taken into account any relevant equality implications.

CONSULTATION

20. There is consultation with managers at the outset, throughout and at the conclusion of individual audits in order to ensure that the work undertaken and findings are relevant to the risks identified and are accurate.

BACKGROUND PAPERS

21. United Kingdom Public Sector Internal Audit Standards, audit working files and management information, customer satisfaction responses

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Head of Internal Audit**

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2016/17

1. Purpose of the report

- 1.1 The purpose of the report is to present the Head of Internal Audit's annual report, which supports the Council's annual governance assessment and its Annual Governance Statement.
- 1.2 The report also contributes to the requirements of the Accounts and Audit [England] Regulations 2015, which require the Council to maintain an effective Internal Audit.

2. Introduction

- 2.1 The report has been prepared by the Council's Head of Internal Audit. The aim of the report is to provide information on the role of Internal Audit and the work undertaken during the past year, and to support the statement prepared by the Head of Internal Audit on the Council's Governance, Risk Management and Control arrangements.
- 2.2 It is not the intention of this report to give a detailed summary of each of the audits that have been undertaken during the year but to provide a broad review of the Council's control arrangements.

3. Legislation Surrounding Internal Audit

- 3.1 Internal Audit is a statutory requirement for all local authorities in accordance with Section 151 of the Local Government Act 1972 and more recently the Accounts and Audit [England] Regulations 2015. The main thrust of these statutes is that every authority shall have arrangements for the proper administration of its financial affairs.
- 3.2 The Accounts and Audit Regulations 2015 require councils to maintain an effective internal audit.
- 3.3 It is a requirement of the United Kingdom Public Sector Internal Audit Standards (UKPSIAS) that an annual report is produced by the Head of Internal Audit on the work undertaken by the Audit Section.

4. Reviewing the Service

Internal Audit Resources

- 4.1 Internal Audit's net expenditure in the year was £497k ^{*1} compared with a budget of £483k. Income was generated by providing an Internal Audit service to St Leger Homes throughout the year.
- 4.2 During 2016/17, Internal Audit had an establishment of 10.70 full time equivalent (FTE) staff. The establishment will reduce to 9.1 (FTE) for

¹ Estimate at March 2017

2017/18, and the overall available audit days will decrease to 1,562 days for the year. This is due to a contract ending that has not been extended and promotion of a staff member to another local authority audit team. A careful approach to risk based planning and robust performance management of our resources is essential given the level of available resources, but it is the opinion of the Head of Internal Audit that current resource levels provide sufficient capacity to provide an adequate level of assurance about the Council's risk, internal control and governance arrangements to the Audit Committee and the Chief Financial Officer.

Audit Work Undertaken

4.3 A breakdown of time spent in 2016/17 is summarised below:

Internal Audit Plan v Actual Days April 2016 to March 2017:

Activity	Planned Days	Total Planned Days	Actual Days	Total Actual Days
Corporate	62		73	
Follow-up	91		193	
Previous Year Completions	60		86	
Core Systems	145		129	
ICT Audit	67		2	
Financial Administration	218		243	
Schools Financial Administration	69		40	
		712		766
Governance	51		47	
Grant and Performance Certification	61		64	
Counter Fraud	116		70	
National Fraud Initiative	15		14	
Internal Projects	53		104	
		296		297
Advice and Short Term Consultancy	105		113	
Fraud investigations	135		72	
		240		185
Consultancy	31		32	
Financial Administration	87		76	
Governance	56		39	
Major Partnerships	36		68	
Management of significant changes	103		51	
Procurement and Contracts / Major Project Management	36		13	
Schools Financial Administration	46		7	
VFM	12		12	
Contingency	166		0	
		578		298
		1,821		1,546

- 4.4 There were various reasons for the difference between planned and actual time, including one member of staff leaving during the year (resulting in a loss of 100 days), special leave approved for one member of staff (27 days), two instances of long term sickness (111 days) and other factors including time lost/taken during an upgrade to the electronic audit system and time taken in preparation for the peer review.
- 4.5 There were variances across the original categories of work, but priority was given to ensuring sufficient work was completed to enable the Head of Audit to form an opinion on the internal control environment and be responsive to management for their requests for advice and support. The 'contingency' provision available at the start of the year is absorbed into unplanned work during the course of the year, or used to carry out lower priority risk work not included in the agreed audit plan.

Implementation of Recommendations

- 4.6 The Internal Audit Team continues to work closely with managers to encourage a high level of implementation of recommendations that are aimed at improving the level of internal control. The extent to which managers within the Council implemented recommendations within agreed timescales is as follows:

	Number of recs made	Implemented (number / %)	In Progress but still in time (number / %)	Not yet Implemented & out of time (number / %)
2016/17	405	292 / 72%	0 / 0%	113 / 28%
2015/16	565	328 / 58%	137 / 24%	100 / 18%
2014/15	525	325 / 62%	120 / 23%	80 / 15%

- 4.7 The table shows that since 2014/15 management overall is responsive to and takes action to implement audit recommendations.
- 4.8 However, there is an increase in the number and proportion of recommendations not yet implemented and late. Steps have already been taken to improve this response, including inclusion of progress in the corporate quarterly performance management (challenge) process, and separate reporting to management by Internal Audit of the details of outstanding recommendations in their respective areas.
- 4.9 Internal Audit will continue to closely monitor progress on these, work with management to further improve the implementation rates and times, and bring any relevant matters to the Audit Committee's attention in its progress reports to the Committee.
- 4.10 Within the above figures, the number of major recommendations outstanding has also fallen from 28 in March 2016 to 19 in March 2017. Any major recommendations that are not implemented in line with agreed timescales are reported as part of the Council's quarterly performance

and finance challenge process, as well as being routinely reported to Audit Committee. This process has now been extended to include all significant recommendations.

Customer Satisfaction

4.11 At the end of every completed audit, clients are asked to feedback their rating of the auditor’s performance. Based upon the team’s customer survey responses, the service was again rated as ‘satisfactory or very satisfactory’ in 100% of all surveys received.

Performance Indicators

4.12 At its meeting in June 2013, the Audit Committee agreed the key performance indicators that should be reported to it relating to the performance of the Internal Audit service. The indicators are shown below along with current performance for the year April 2016 to March 2017.

Performance Indicator	Target	April to March	Variance
Percentage of planned audit work completed	90%	85% ^{*2}	-5%
Draft reports issued within 15 days of field work being completed	90%	93%	3%
Final reports issued within 5 days of customer response	90%	95%	5%
% of critical or major recommendations agreed	100%	100%	-
Cost per Chargeable Day	£306	£321	£15
Percentage of Customer Satisfaction Surveys rated satisfactory or very satisfactory	90%	100%	10%

4.13 The difference between the target and actual percentage of planned audit work completed is due to the reduction in resources available (as set out in paragraph 4.4). Despite this, the Head of Internal Audit has confirmed sufficient work has been carried out to form a view on the Council’s governance, risk management and control arrangements as required by the audit standards.

4.14 Results relating to major recommendations and customer satisfaction remain very positive. There has also been an improvement in the timeliness of issuing internal audit reports.

Compliance with the Public Sector Internal Audit Standards (PSIAS)

² The calculation of planned work complete takes into account work in progress against incomplete jobs E.g. if 1 job is finished and 2 jobs are 50% complete and assuming there were only 3 jobs on the plan, the plan completion would be $(1 + 0.5 + 0.5)/3 = 66\%$

- 4.15 The Head of Internal Audit is required to report on Internal Audit's compliance with the internal audit standards. Basic requirements for this are as follows:
- The Head of Internal Audit periodically reviews the internal audit charter and strategy and presents it to senior management and the Audit Committee for approval.
 - The Internal Audit service is organisationally independent.
 - There is a Quality Assurance and Improvement Programme (QAIP), the results of which are reported to senior management and the Audit Committee.
 - There is an external assessment of the service conducted every five years. Kirklees Council's Internal Audit Service reviewed our compliance with the Standards during 2016/17 (see below).
 - All instances of non-compliance with the UKPSIAS are reported to the Audit Committee.
- 4.16 The Head of Internal Audit has undertaken a self-assessment as required by the standards. He has concluded that Internal Audit is compliant with the requirements of the standards with the exception of the following item:
- The Standards require the Audit Committee to approve decisions relating to the appointment and removal of the Head of Internal Audit. This does not currently reflect local government practice and is not regarded to be a material non-compliance issue and so no change is proposed. This is an issue reported in previous years.

External Assessment

- 4.17 Auditing standards require an external assessment of the internal audit service to be conducted at least once every five years. In February 2017, Internal Audit was reviewed by the Head of Internal Audit and the Audit Manager from Kirklees Council. A separate report has been produced following the peer review assessment and this will be reported to the Audit Committee at its meeting on 6 April 2017.
- 4.18 The assessment has confirmed that Doncaster's Internal Audit meets the highest of the three possible ratings within the standards, i.e. that the service "Generally Conforms" with the standards.
- 4.19 This is an important assessment as it enables the Audit Committee and other key stakeholders to have confidence that the annual opinion of the Head of Internal Audit is supported by a professional and competent service and is evidenced based. It provides stakeholders with the reassurance that they can place reliance on the quality of the work that Internal Audit delivers.
- 4.20 The peer review report identifies seven observations noted either by the reviewers themselves, or by Members and officers interviewed by the reviewers. The observations, and actions emanating from them, have

been incorporated into the Service's Quality Assurance Improvement Plan, and progress against the actions will be reported to the Audit Committee on an ongoing basis in the future. The full current Quality Assurance Improvement Plan is attached to the draft Internal Audit Plan 2017/18, which will be presented to the Audit Committee on 6 April 2017.

5. Summary of Findings from Audit Reviews

- 5.1 Internal Audit provides an 'opinion' on the control environment for all systems which are examined. A limited / no assurance opinion is given where one or more major / critical risks are identified in the area under examination.
- 5.2 Full information on Internal Audit work completed and outcomes is included in our regular progress reports to the Audit Committee. During 2016/17 the large majority of areas audited received positive audit opinions. Summary details are provided below, in particular relating to areas where significant weaknesses were found and reported.

Main Financial Systems

- 5.3 As part of the annual audit plan Internal Audit undertakes a programme of reviews that covers the main financial systems of the Council. Internal Audit work in these areas is examined by KPMG, who review this work and utilise it as appropriate for their own audit of the Council's annual accounts.
- 5.4 We were able to give positive assurances about the control arrangements in the Council's main financial systems.

Fundamental Weaknesses Arising

- 5.5 There were three areas where very significant weaknesses were identified, sufficient for us to recommend their inclusion in the Council's Annual Governance Statement. These were in relation to (1) Safeguarding Adults Personal Assets Team, (2) Deprivation of Liberty Safeguard Assessments and (3) Adults, Health and Wellbeing Contracts and Commissioning Arrangements:

Safeguarding Adult Personal Assets Team (SAPAT)

- 5.6 This area was first identified as weak in 2015/16 and such was the depth of issues requiring addressing that audit work has continued throughout 2016/17. A separate report is being presented to the Audit Committee on completion of the current improvement and audit work. In short, some strong progress has been made during the year; with better procedures in place for assessing clients' eligibility for support by the SAPAT, much improved financial processes and reconciliations and better records.
- 5.7 More work is required, however, in completing all care and financial assessments, and dealing with a number of deceased cases.

DOLS (Deprivation of Liberty Safeguards) – Best Interest Assessments

- 5.8 While carrying out a proactive audit data analytics exercise to look for fraud and error, we identified that there were payments to staff being made through the Council's creditor system. This data report highlighted payments made to individuals for best interest assessments undertaken for the DOLs Team. This situation had arisen through a lack of existing capacity to undertake Best Interest Assessments.
- 5.9 Our audit found fundamental weaknesses in relation to authorisations, payment controls and inadequate record keeping about assessments made and payments for them.

Adult, Health and Wellbeing - Contract and Commissioning Arrangements

- 5.10 There has been a large number and value of ongoing contract breaches and waivers occurring within Adults, Health and Wellbeing Directorate. Some of this is linked to the strategic and transformation plans for the future provision and commissioning of services. However, other elements have been in breach for lengthy periods of time and there was not any clear demonstration of any way forward in a number of areas during the year.
- 5.11 Arrangements need to improve significantly to regularise current contractual arrangements and plan effectively for future commissioning and procurement. Steps are being taken including greater involvement of the corporate procurement team and training for managers, and capacity for commissioning is being reviewed.

Other Significant Issues Arising

- 5.12 Other areas with limited assurance audit opinions but which, in Internal Audit's view, are not sufficiently significant to require consideration for inclusion in the Annual Governance Statement are summarised below.

Short Break Respite Care – Aiming High Team Follow-up Review

- 5.13 We undertook a review of the systems and processes in place within the Aiming High Team in the Learning and Opportunities – Children and Young People Directorate. This raised concerns over a lack of control over direct payments in relation to a lack of checking of amounts paid and incomplete records, and over overall budgetary control of the service which was projecting a significant overspend.
- 5.14 Direct Payments payment and checking functions have been transferred from the Aiming High Team to the Professional Business Support Team in Finance and Corporate Services, which has strengthened controls. A working group has been established to identify and assess possible ways of reducing the budget pressure e.g. Review the whole Short breaks pathway including eligibility criteria and package length and working with the market to reduce costs and improve quality.

Sundry Debtors

- 5.15 Our review found that good progress was being made in addressing weaknesses identified in 2015/16, but there was still a lack of sufficient management information, such as relating to collection and recovery rate targets, to be able to determine if performance was satisfactory. These are still being developed.

Markets Financial Administration Follow –Up

- 5.16 A financial administration follow up audit on Doncaster Markets was undertaken in mid-2016 to check that the necessary improvements identified within the original audit report in 2015 were made and were effective. We found that 10 of the original 27 audit recommendations had not been addressed, with many of these awaiting implementation of the new markets administration system and rent review and full staffing up of the markets team. The audit follow up also made 5 new recommendations mainly relating to the bedding in of new processes relating to arrangements for debtor accounts.
- 5.17 A further follow-up in March 2017 has now confirmed that financial administration arrangements have further improved – in particular relating to the arrangements for debtor accounts, the documentation of the stall allocation policy for the outdoor market and the completion of a rent review, having been undertaken by a consultant. Full implementation of the remaining audit recommendations will be achieved when the new markets administration system goes live. It is currently in the test phase.

Performance Indicators – Cleaner Streets

- 5.18 A review was requested by management of the performance information / data quality behind the Cleaner Streets indicator as this is a published indicator subject to public challenge. We were unable to give assurance that the Performance Indicator and its associated calculations were not materially mis-stated, primarily because the inspections that are used to calculate the indicator do not cover the whole of the Doncaster Borough (as is supposed to be the case). The methodology is being revised to ensure a more accurate calculation in the future.

Overpayment Review of Direct Payments

- 5.19 In 2015/16 we reported concerns over the level of overpayments that had been made in paying personal budgets for adult social care. Issues identified included:-
- High numbers and values of overpayments not being monitored or managed
 - Weaknesses in the systems to pay, monitor and recover overpayments

- Lack of joined up working between the various parties involved in this area.

Responsibility for the payments and checking of these monies was transferred to the Professional Business Support Unit based in Finance and Corporate Services and since then the team has been successful in streamlining administration process and making payments in more efficient ways. All service users have now had an annual audit. Overpayments amounting to £965k have been recovered in the last year out of £1.5m of overpayments identified and billed. Further work is ongoing to recover residual amounts outstanding and ensure all accounts are maintained accurately and effectively.

Payroll Overpayments Update

5.20 Internal Audit agreed to provide assurance to Audit Committee over the management of salary overpayments instead of the HR Team providing a detailed annual report to the Audit Committee as in recent years. Work by Internal Audit concluded that the number and value of overpayments has continued to decrease in the 2016/17 year which is consistent with previous years. The value of net outstanding overpayments fell over the course of the year from £242k at March 2016 to £229k in early 2017 (figures were not available for the year end at the time of drafting this annual report).

6. Schools

- 6.1 Internal Audit completed the following work in schools in 2016/17:
- Provision of advice as requested from schools in relation to financial internal controls in areas such as cash handling / banking arrangements, dinner monies and policies etc.
 - Provisions of a training session and follow up support to school business managers in relation to the completion of the Schools Financial Value Standard (SFVS) assessments which they are required to complete annually
 - Provision of information, advice and support to the Governors' Support Service to ensure audit and governance issues are consistently dealt with across all schools.
 - Conducted thematic audits on Schools Recruitment, Pupil Premium Virtual Schools
 - Completed various school and pupil referral unit audit work
 - Followed up agreed actions from the previous year to ensure recommendations were implemented and controls improved
 - Carried out various relatively low level investigations into potential irregularities arising during the year.
- 6.2 Overall there were no very significant issues arising during the year that would require consideration for inclusion in the Council's Annual Governance Statement or referencing in this Annual Audit report.

7. Responsive Work.

- 7.1 Approximately 170 days (12%) of Internal Audit time was used to address issues which arose during the year. This is slightly lower than in recent years, mainly because some investigative work was known at the time of audit planning and was therefore planned for, rather than being responsive work (eg Safeguarding Adults Personal Asset Team and Drainage Board issues).
- 7.2 It should be noted that, overall, the Council continues to experience relatively little reported fraudulent activity. Examples of suspected irregularities included below do not change the audit opinion that, overall, the arrangements in place for preventing and detecting fraud and corruption are satisfactory and do not have a detrimental impact on the overall control environment.
- 7.3 Some of the more significant issues not referred to elsewhere in this report that Internal Audit has addressed during 2016/17 include:

Schools Catering Credit Notes

- 7.4 Historic processes for dealing with credit notes from food suppliers were time consuming and as a result were not being completed. Advice was given to streamline reporting and monitoring to reduce the cost of administering the process.

Investigation into local community training provider

- 7.5 A manager raised a concern over a contract let to a local community based provider of training and social skills. Our audit showed that a claim made by the organisation was supported by false information about training provided, which suggested training had been provided when audit work showed it had not. On this basis, the Council refused the full payment to the organisation.

Adult Education Board (AEB) Grant

- 7.6 Linked to the above, and in order to strengthen arrangements to mitigate the risk of false claims being paid in the future, advice was provided on contracting arrangements for Adult Education Board Grants. The contract procurement process and associated agreements with providers were found to be not strong enough to prevent or detect the issues arising and advice was provided to strengthen the arrangements for future.

Drainage Board Issues

- 7.7 Internal Audit has continued to review specific governance issues at local drainage boards, in order to help protect the Council's interests and reputation. During the year we have looked into significant concerns over the management of a major contact under the oversight of the Doncaster

East Drainage Board. These concerns were formally reported to its Board who agreed appropriate management actions.

- 7.8 Our work with the drainage boards has been considered by the National Audit Office which has issued a report highlighting failings in the national arrangements for governance of drainage boards. We worked closely with the NAO during its work leading up to the production of the report and the report reflects to a large degree our findings locally. If the issues raised within it are addressed by the Department for Environment, Food and Rural Affairs (DEFRA) then this should result in significant improvement in governance arrangements.

Building Control Complaint

- 7.9 Concerns were raised over inappropriate pricing and commercial practices within the Building Control Team. Our work revealed no untoward practice.

Procurement Breaches over use of Recruitment Agency

- 7.10 Procurement breaches were identified of the use of a recruitment agency within the Learning and Opportunities – Children and Young People Directorate. These were immediately addressed by the Director including a mandatory training session on the procurement and decision making processes within the Council for all Senior Management within the directorate. Additionally, written instructions were issued to all senior staff outlining the importance and expectation of following corporate processes and the potential disciplinary consequences should they not be followed in the future.

8. Assessment of the Council's Governance, Risk Management and Control Arrangements for the Year to 31st March 2017

Based upon the audit work undertaken it has been possible to complete an assessment on the overall adequacy and effectiveness of the Council's governance, risk management and control arrangements.

Accordingly, on the basis of this work, we can confirm that the Council's governance, risk management and control arrangements for 2016/17 were adequate and operated satisfactorily during the year.

Colin Earl
Head of Internal Audit
23 March 2017

To the Chair and Members of the AUDIT COMMITTEE

INTERNAL AUDIT PLAN 2017/18

EXECUTIVE SUMMARY

1. This report presents the Annual Internal Audit Plan for 2017/18. The plan has been produced following an assessment of risk management, control and governance risks across the Council (including partnership activities) and consultation with Directors and Assistant Directors.
2. The plan (attached to this report) conforms to UK Public Sector Internal Audit Standards (UKPSIAS); these are our professional internal audit standards.
3. The size of the Internal Audit Team has reduced from 10.7fte staff (full time equivalent) in April 2016 to 9.1fte in April 2017, equating to a fall in available audit days from 1,821 days in 2016/17 to 1,562 days in 2017/18. The reduction in resources is required to achieve a balanced budget for the service. Despite the reduction, the Head of Internal Audit confirms that the resources available are sufficient in normal circumstances to meet the needs of the Council and deliver sufficient work to give an opinion at the end of the year on the Council's control environment, as required by the Council in order to fulfil its obligations under the Accounts and Audit Regulations. The Director of Finance and Corporate Services and Chief Financial Officer have confirmed they would consider providing additional resources should, in exceptional circumstances, the need arise.
4. A summary of the proposed use of audit days available is as follows:

2016/17 Audit Plan

2017/18 Audit Plan

Breakdown of the Plan By Type of Work

	Days	Plan %		Days	Plan %
Assurance Work	1282	70.4%	Assurance Work	1083	69.4%
Consultancy Work	21	1.1%	Consultancy Work	25	1.6%
Responsive Work	396	21.7%	Responsive Work	331	21.2%
Follow-up Work	122	6.8%	Follow-up Work	122	7.8%
Total	1821	100%	Total	1562	100%

5. The audit plan focuses on the areas where we consider we can add most value to improving the Council's governance, risk and control arrangements, as required by our professional auditing standards. To this end, we continue to consider corporate priorities, corporate and service changes and governance, financial, fraud, ICT and information governance risks.

6. We have continued to set aside an element of time for risks that emerge during the year and for fraud or other investigations. This is in line with best practice. This time, along with a provision for responding to requests for general advice made from time to time by management, can be seen as “Responsive Work” in the table above.
7. Full details of the plan, its construction and available audit resources are contained within the draft plan attached.
8. Internal Audit maintains an audit charter and strategy which, together, describe the purpose of the service, its operating guidelines, its objectives and approach to achieving the objectives. The charter and strategy are reviewed each year to ensure they are up-to-date and in line with current requirements and best practice. CIPFA is currently consulting on changes to the auditing standards which, if adopted, would warrant an update to the Charter and Strategy. It is proposed to review and update the Charter and Strategy and submit proposed changes to the Audit Committee in July 2017, reflecting any changes in the standards.
9. Internal Audit is required to maintain a Quality Assurance Improvement Programme (QAIP), which is informed by the service’s own self-assessment of improvement opportunities, outcomes from reviews of its own processes and feedback from clients. The QAIP is also informed by external peer reviews, which are required to be carried out every five years. The current QAIP action plan is attached to the audit plan and has been informed in particular by an external peer review conducted by Kirklees Council’s Head of Audit and Risk in February 2017.

EXEMPT REPORT

10. This report is not exempt

RECOMMENDATIONS

11. The Audit Committee is asked to approve and support the 2017/18 Internal Audit Plan

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

12. Effective oversight of internal audit through the Audit Committee adds value to the Council by ensuring that it manages its risks in support of the key priorities and outcomes it seeks to achieve.

OPTIONS CONSIDERED

13. None

REASONS FOR RECOMMENDED OPTION

14. An approved and owned internal audit plan is a fundamental element of the UK Public Sector Internal Audit Standards.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

15. Internal Audit contributes to the effective management of the Council's risks, which in turn contributes to the achievement of the Council's goals

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	None
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	None
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	None
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	None
	<p>Council services are modern and value for money.</p>	Internal Audit assurance activities ensure, by reviewing internal control arrangements, that Council services are robust, well managed and properly safeguard the public purse.
	<p>Working with our partners we will provide strong leadership and governance.</p>	The work undertaken through the Internal Audit Plan improves and strengthens governance arrangements within the Council and its partners.

RISKS AND ASSUMPTIONS

16. The Council must provide an effective internal audit if it is to meet its statutory obligations.
17. Failure to direct internal audit resources to the most appropriate areas would limit the contribution the team can make to the Council. It would also limit the ability of the Head of Internal Audit to provide an opinion on the internal control environment or to deliver the most effective internal audit possible. These risks are managed through having an appropriate internal audit plan, supported by adequate internal audit resources.

LEGAL IMPLICATIONS

18. The Council must provide an adequate and effective internal audit in order to comply with the requirements of the Accounts and Audit Regulations 2015.

FINANCIAL IMPLICATIONS

19. The revenue budget for Internal Audit Services is £445,490 (excluding internal recharges) and is part of the Financial and Corporate Services budget.

HUMAN RESOURCES IMPLICATIONS

20. None

TECHNOLOGY IMPLICATIONS

21. None

EQUALITY IMPLICATIONS

22. None

CONSULTATION

23. The Director of Finance and Corporate Services, the Chief Executive and other Directors were consulted on Internal Audit's proposals.

BACKGROUND PAPERS

Accounts and Audit Regulations 2015
UK Public Sector Internal Audit Standards 2016
Council Risk Registers

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Internal Audit Plan 2017/18

1. Purpose of Internal Audit

- 1.1. The definition of Internal Audit is set out in the UK Public Sector Internal Audit Standards (the Standards), as:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

- 1.2. This document provides details of the Internal Audit annual plan for 2017/18 for Doncaster Council. The plan and the process for producing it are in line with the Standards.
- 1.3. This audit plan is important because it sets out the components of the control environment that need to be audited. These needs are identified after an assessment of risks throughout the Council taking into account any known weaknesses or concerns, and any sources of assurance that can be relied upon to give confidence that the risks identified are being adequately managed.
- 1.4. The audit plan is dynamic and is constantly under review and amendment to ensure that it meets the Council’s requirements and is addressing the highest priority needs that exist at any point in time. As a result this plan is likely to change during the course of the year. Any changes to the plan will be reported to Audit Committee as required by the UK Public Sector Internal Audit Standards.

2. Audit Requirements

- 2.1. Internal Audit is a statutory requirement as required under the Accounts and Audit Regulations 2015 which state that:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”

- 2.2. Internal Audit also has an important role in supporting the Chief Financial Officer and Assistant Director of Finance, to discharge his statutory responsibilities, which include:

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council’s expenditure is lawful.

- 2.3. Throughout all of our activities, we are bound by the UK Public Sector Internal Audit Standards. These are professional standards that set out the key elements of an effective internal audit team. The standards are regularly updated and we undertake assessments against them to ensure that we remain compliant with

them. Further information on the standards and our compliance with them (along with the results of a peer review of the Internal Audit function) are reported to Audit Committee on an ongoing basis.

3. Key Internal Audit Aims

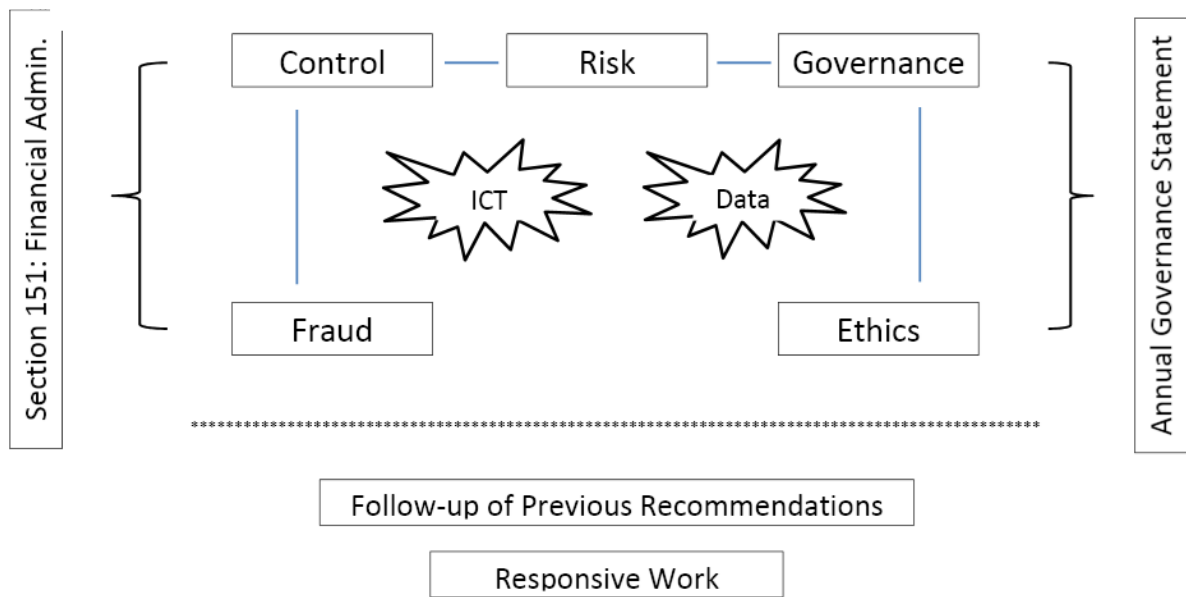
- 3.1. Internal Audit intends through its activities to assist the Council in achieving its key priorities, objectives and outcomes. Internal Audit contributes to these aims by helping to promote a suitably secure and robust internal control environment, including the effective management of risks that could prevent the achievement of key priorities.
- 3.2. In all of the work we undertake, we seek to add value by:
 - Providing independent assurance on the quality and effectiveness of internal controls and processes
 - Providing timely reviews of emerging areas of risk, control or governance issues to identify / recommend ways to improve these areas, reduce risks or improve value for money
 - Examining governance processes and ethical standards and compliance with them to improve standards and transparency, and to protect the Council's reputation
 - Preventing, detecting and pursuing fraud through our anti-fraud and data matching initiatives (and by recommending control or governance improvements where there are detected incidents to prevent them reoccurring and minimise any losses as a result)
 - Stimulating risk awareness and management throughout the organisation and providing timely advice and support to manage and mitigate risks
 - Providing timely consultancy services and best practice advice during the set-up of new systems / processes or during significant changes to existing systems or processes to ensure that internal control environments are strengthened during changes
 - Ensuring that management agreed recommendations are implemented to address identified weaknesses.

4. Constructing the Audit Plan

- 4.1. This plan has been prepared in line with the UK Public Sector Internal Audit Standards (UKSPAIS). It is a risk based plan that has been compiled following a risk assessment of the Council's functions and services and risk, control and governance arrangements supplemented by discussions with key officers, Assistant Directors and Directors throughout the Council. This risk assessment was then used to compile a list of audit needs.

4.2. Visually, our approach to audit planning is: -

DONCASTER MBC INTERNAL AUDIT: UK STANDARDS PLANNING MAP



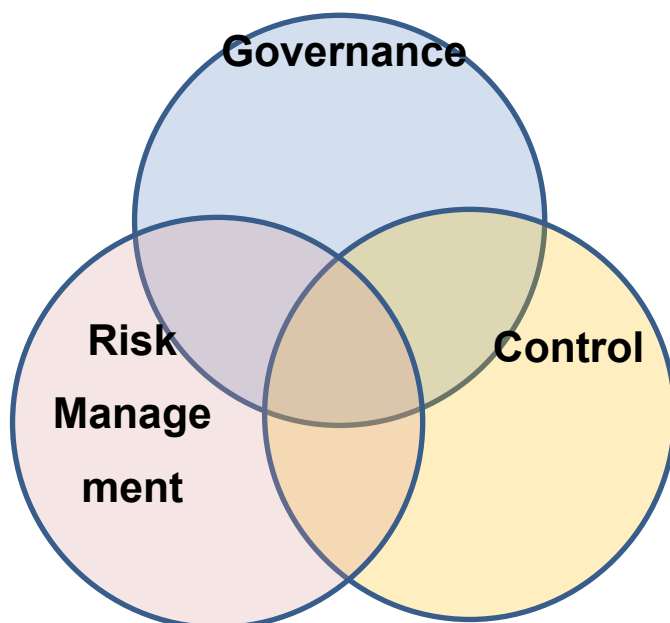
- 4.3. Our work that we identify as an audit need falls generally into the areas of governance, risk and control. Audits that concentrate on controls generally support our audit work in providing assurance to the Council’s S151 Officer (the Chief Financial Officer), whilst audits concentrating more on the governance elements support the Council’s annual governance statement. It should be noted that our audits can and do cover more than one of these areas (governance, risk and control). Wherever we look at control work, we will consider fraud as a matter of course and will consider ethics during any of our governance work. In all of our work we seek to examine ICT and data / information management risks wherever they are applicable to our work, as ICT and data underpin all of the Council’s activities.
- 4.4. The audit standards also require internal audit to consider fraud risks and ethics arrangements.
- 4.5. Our audit planning applies to all services across the Council. The quantum is known as the audit universe. An explanation of the audit universe and planning process is being provided to the Audit Committee prior to its meeting on 6 April 2017, to enable the Committee to understand the full universe subject to risk assessment and how the plan is constructed from the risk assessment.
- 4.6. Inevitably when we undertake our risk assessments, there are more needs / demands than available resources to review all the areas identified as having a certain level of residual audit risk. As a result, needs were ranked with a priority rating and those audits / projects that added lower overall value to the Council were excluded from the plan. The audits originally identified for potential audit attention and not covered in the plan are included in Appendix B.
- 4.7. A contingency has been allowed for within the plan to deal with new and emerging risks and issues and a separate allowance for the investigation of fraud or irregularities that may be referred to us or uncovered during the year. However, when all new risks emerge, they are compared to those items of need

that did not make it into the final plan to ensure that we continue to concentrate on those areas where there is the greatest need and we can add the highest value from our activities. If, towards the end of the financial year, there are unused elements of either contingency, items of need from the list that did not make the final plan will be re-considered for inclusion.

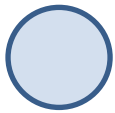
4.8. The risk assessment process used to identify items for the audit plan considered:

- The Corporate Plan and associated outcomes and objectives
- Risks including corporate strategic risks and service specific risks
- Key governance and ethical frameworks that govern the Council and its activities
- Financial and budgetary information
Procurement activities and items of high procurement / commissioning spend
- Service plans and their associated risks
- Corporate projects such as the DN17 programme
- Information assets and business systems within service areas (or their absence)
- Data protection risks
- Legislative changes (where appropriate) and national initiatives such as the NFI
- Fraud risks;
- Partnership risks and significant partnerships; and
- Concerns or service changes as identified by key officers, Directors or Assistant Directors.

4.9. Internal activity, as defined by UKPSIAS, consists of 2 distinct forms of activity; assurance activity and consulting activity with the majority of our work being directed at assurance activities. In line with the audit definition, our assurance activity work focuses on 3 main areas: improving risk management processes, improving governance processes and improving the control environment. As such, our assurance work can be subdivided into these 3 elements. Some areas of our audit plan add value in more than one of these areas. Visually this mix can be represented as follows:



4.10. A breakdown of these areas / definitions of these areas follows. Crucially, our assurance work can cover more than one of these areas.



Governance

Internal audit must assess and make appropriate recommendations for the improvement of governance processes including ethics and values within the organisation



Risk Management

Internal audit activity must evaluate the effectiveness of and contribute to the improvement of risk management processes.



Control

The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

5. Audit Resources

5.1. The size of the Internal Audit Team has reduced from 10.7fte staff (full time equivalent) in April 2016 to 9.1fte in April 2017, equating to a fall in available audit days from 1,821 days in 2016/17 to 1,562 days in 2017/18. The reduction in resources is required to achieve a balanced budget for the service, and has been met through the loss of a permanent member of staff and the ending of a fixed term contract for a temporary member of staff that had been previously funded by external grant funding (the Counter Fraud Fund).

5.2. Our resource calculations are broken down as follows:

	2015/16	2016/17	2017/18
Gross Days	2679	2788	2356
Less: Annual and statutory leave	476 *	485	401
Maternity leave	0	0	0
Special leave (other)	8	9	12
Unpaid leave	20	8	15
Election leave	11	12	10
Available days:	2164	2273	1918
Less: Sickness	64	70	60

Service development and improvement	24	56	34
Professional training and CPD	108	129	71
Management and supervision	167	174	174
Attendance at Drainage Boards	-	-	2
Administration and support	26	24	15
Planned Days	1775	1821	1562

6. Summary of the Draft Audit Plan

6.1. The proposed audit plan can be summarised as follows:

2016/17 Audit Plan

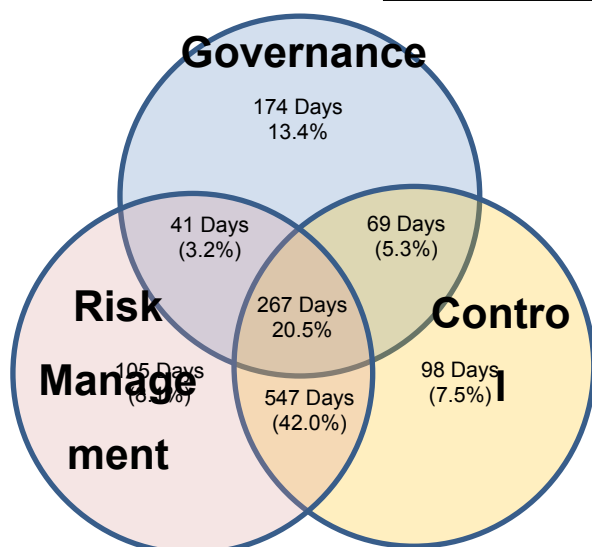
2017/18 Audit Plan

Breakdown of the Plan By Type of Work

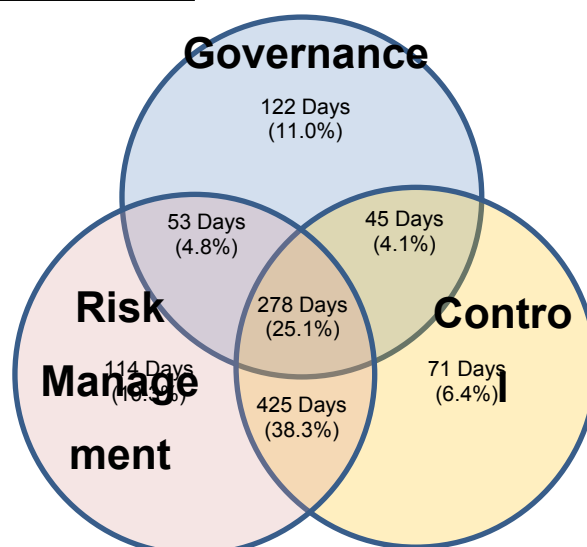
	Days	Plan %
Assurance Work	1282	70.4%
Consultancy Work	21	1.1%
Responsive Work	396	21.7%
Followup Work	122	6.8%
Total	1,821	100%

	Days	Plan %
Assurance Work	1083	69.4%
Consultancy Work	25	1.6%
Responsive Work	331	21.2%
Followup Work	122	7.8%
Total	1,562	100%

Split of Assurance and Consultancy work in terms of their coverage of Governance, Risk and Control



NB the above is subject to rounding



NB the above is subject to rounding

Breakdown of Assurance and Consultancy Work by Directorate

Days	%	Directorate	Days	%
278	21 %	Adults, Health and Wellbeing	171	15 %
257	20 %	Finance and Corporate Services	236	21 %
168	13 %	Learning and Opportunities	119	11 %
182	14 %	Regeneration and Environment	195	18 %
418	32 %	Corporate Elements	387	35 %
1,303	100 %	Total	1,108	100 %

- 6.2. Broadly speaking, our plan remains comparable to that of the previous year with a couple of exceptions. It would appear from the breakdown there has been a significant drop in the amount of work allocated within Adults, Health and Wellbeing. However, this is not the case. This drop is mainly accounted for by a lessening of 60 days in the amount of planned time devoted to the Safeguarding Adults Personal Assets team (SAPAT) review that is being reported to this committee as part of a separate report, and by a drop of 25 days in the amount of support and development time devoted to the Stronger Families Programme.
- 6.3. The minor increase in the amount of time allocated to Regeneration and Environment is attributable to the re-introduction of 2 Bus Grants that were believed to have been discontinued at the end of 2015/16. The grant rules were however, clarified which enabled claims on these in 2016/17 that were not part of the original 16/17 annual audit plan.
- 6.4. A detailed breakdown of all projects is attached at **Appendix A**.
- 6.5. The audit planning process includes review of all service areas and key processes across the Council (the audit universe). The risk assessment involved in this review culminates in the production of a long list of risks potentially subject to audit. The list is reduced through discussions with management about items that may be given lower priority and covered by audit in the year should time permit. A list of the items included in the long list but excluded from the initial audit plan is included in **Appendix B**. If the risk associated with these items during the year changes (increases), they will be considered for audit coverage at that time. Otherwise, they will be considered for audit work in 2018/19.

7. Audit Charter and Strategy

- 7.1. Internal Audit maintains a Charter and Strategy which, between them, set out the mission for Internal Audit, its operating arrangements, position within the Council structure, its rights of access to all documentation and all officers and members, the service's objectives and its resources and plans for achieving the objectives. The Charter and Strategy also show how the service complies with key elements of the audit standards.
- 7.2. The Charter and Strategy are reviewed on an ongoing basis and formally considered each year for any revisions / updates required. This year, the formal review will be carried out in time to present an updated Charter and Strategy to the

Audit Committee in July 2017. This is to take into account current proposed changes to auditing standards that the Chartered Institute of Public Finance and Accountancy is currently consulting on and is expected to adopt from April 2017.

- 7.3. The Charter and Strategy will also be updated for very minor changes highlighted in the Peer Review of Internal Audit completed in February 2017 (section 8 below refers).

8. Quality Assurance and Improvement Programme (QAIP)

- 8.1. A Public Sector internal audit services are required to comply with The UK Public Sector Internal Audit Standards (the Standards). The Standards require Heads of Internal Audit to establish and carry out Quality Assurance and Improvement Programmes. Doncaster Internal Audit Service maintains appropriate ongoing quality processes designed to ensure that internal audit work is undertaken in accordance with relevant professional standards.
- 8.2. Specific Quality Assurance and Improvement checks are conducted as follows:
- The Head of Internal Audit maintains a self-assessment against the Standards to confirm conformance with the Standards.
 - Audit files are subject to review on a sample basis by the Head of Internal Audit to confirm quality standards are being maintained. The results of the reviews are documented and any key learning points shared with the internal auditors (and the relevant audit manager) concerned. Appropriate action is then planned in response to QA findings.
 - From time to time Internal Audit will seek feedback from clients on the quality of the overall internal audit service. Feedback will generally be sought through the use of surveys.
 - At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Audit Committee. Any specific areas identified as requiring further development and/or improvement will be included in the annual Improvement Action Plan for that year.
- 8.3. The current Quality Assurance Action Plan is attached at **Appendix C**. The plan has been produced following the checks specified above and in particular the Peer Review carried out on the service in February 2017. Progress against the action plan will be reported to the Audit Committee on an ongoing basis.

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Assurance and Consultancy Work							
Corporate Items	Embedding Fraud Risk Management	Work on the fraud risk register was completed in 2016/17. Work is now required to embed the management of these risks into normal risk management / governance processes.	This review aims to add value by ensuring that newly identified fraud risks are embedded in the risk management process to ensure that fraud risks are considered as part of day to day practices for the Council.	Y	Y		21
	Corporate Governance - Delivering good governance in Doncaster Council	An overall review of the corporate governance arrangements within Doncaster Council in line with the new (2016) CIPFA/SOLACE ¹ Framework. <i>(CIPFA = Chartered Institute of Public Finance and Accountancy, SOLACE = Society of Local Authority Chief Executives and Senior Managers)</i>	This review aims to add value by ensuring that corporate governance within Doncaster Council is robust and complies with the latest requirements.	Y			10
	Corporate Governance – Ethical Policies	A review of ethical policies and frameworks in use at Doncaster Council.	This review aims to add value by ensuring that ethical frameworks within Doncaster Council are robust and comply with the latest guidance in this area.	Y			16
	Financial Transactions Processing	Review of financial transactions within services to ensure transactions are robust, accurate and free from fraud and error.	This audit aims to add value by performing financial transactional testing across the Council (specifically in those areas not covered by individual audits) to ensure that appropriate policies are being adhered to and that financial transactions are robust.		Y	Y	46

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Corporate Items Page 97	Data Quality	Continued support to the data quality improvement group including support in developing techniques etc to improve the understanding of data quality and ensuring data quality improves across the whole Council.	This is a strategic level risk. Good data quality drives good business intelligence and decision making. Improving corporate data quality governance arrangements helps to ensure we have the correct data to make appropriate decisions and ensure that we comply with the requirements of the new General Data Protection Regulation (that will apply from May, 2018)	Y	Y	Y	26
	External Cloud Security (None hosted systems)	ICT systems can either be hosted internally or externally. Where a business unit opts to use external hosting options there are added risks that are beyond the control of the ICT Department. This audit aims to look at the arrangements for externally hosted systems and what arrangements are in place to ensure that the data is secure. The audit will examine contract rights and obligations and any impact of the hosting on the new General Data Protection Regulations.	This review aims to add value by ensuring arrangements for external cloud storage are robust and meet the required security standards.	Y	Y	Y	21
	Continual analytics Payroll to Creditors	Continuation of a new and improved in-house payroll to creditors matching service to detect fraud and inappropriate financial interests and identify possible breaches to tax laws (ie where employees are paid via creditors rather than by payroll, and are therefore bypassing tax implications). A significant amount of work was invested in 2016/17 to ensure that this process was streamlined and took into account the different types of payments made through the creditors system and are not creditors in the truest sense (such as direct payments and foster carers).	This work adds value by identifying anomalies in terms of potential bypassing of taxation, and raises issues for investigation in order to prevent / detect possible fraud or collusion.		Y		21

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Corporate Items	Data Matching	An allowance for data matching initiatives to detect fraud and error or analyse data to identify business trends. Individual projects will be developed during the year.	This work adds value by matching data sets together to detect fraud and error or identify missing income or system / data weaknesses.		Y		73
	National Fraud Initiative	Participation and reporting against the NFI as required.	This piece of work aims to add value by using risk based reviews of the data matches returned by the NFI to detect, correct and investigate fraud and error.		Y		21
	Annual Governance Statement	Contribution to and challenge of the governance items raised by Directorates in their assessment for the Annual Governance Statement that accompanies the annual financial accounts.	Ensures the Annual Governance Statement is robust and supported by appropriate evidence	Y			10
	Annual Reporting	A provision of time for the statutory annual audit report and the annual fraud report.		Y			15
	Audit Committee Reporting	A provision of time for the attendance and support of the Audit Committee as required in the Accounts and Audit Regulations 2015.		Y			25
	External Audit Liaison	Liaison with the Council's external auditor as appropriate throughout the financial year.		Y			5
Adults, Health and Wellbeing	Safeguarding Adults Personal assets Team (SAPAT) Mid-year review	A full review of SAPAT functions and a review of outstanding improvement actions to ensure that the SAPAT function is improving and is delivering a better service for the vulnerable adults that it serves.	SAPAT has been subject to an extensive project to correct issues within the processing and administration of the accounts of vulnerable adults. This review aims to add value by ensuring that SAPAT can function independently and is making the necessary improvements outlined by the earlier projects.		Y	Y	15
	SAPAT End of Year Review	A final update review at the end of the year for the above as agreed with management.	As above		Y	Y	10

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Adults Health and Wellbeing	Continuing Health Care (CHC)	A full review of the arrangements in place to ensure that funding for social care / health care for adults is being properly received from relevant parties such as the NHS, where the NHS is responsible for paying part or all of a social health care bill.	Equitable payments leading to potential cost savings		Y	Y	15
	Residential care placement arrangements.	This audit aims to assess the robustness of placement arrangements for adults in residential care placements and will concentrate on procedures and policies in place to identify suitable and cost effective placements are being sought	Better outcomes for service users. Cost reductions for service.		Y	Y	15
	Care First – Data Protection Review	Compliance review with new data protection arrangements. (Specifics and team to be determined).	Lessening of reputational risk and potential cost savings from fines		Y	Y	10
	Direct Payments - follow up review	Follow up review assessing progress against issues raised in previous (recent) audit work.	Assurance of improvement to service. Better uptake of service. Effective use of public funds.			Y	15
	Short term Respite Placements	A review of the arrangements / systems and processes in place to utilise short term / respite care placements for vulnerable adults. Budget analysis shows an overspend in this area.	Better outcomes for service users. Cost reductions for service.		Y	Y	10
	Adults - Modernisation and Commissioning and Procurement Arrangements	A review of arrangements in place in the directorate to ensure that there are sound arrangements for the management of procurement and contracts within Adults - Modernisation and Commissioning.	This review aims to add value by ensuring that the arrangements being put in place within Adults to ensure effective procurement activities are robust, are sufficient to do so and are fit for purpose.	Y	Y		26

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Adults Health and Wellbeing	Deprivation of Liberty Standards (DOLS)	This review will look at new arrangements being put in place with in the DOLS Team to ensure that deprivation of liberty assessments are completed robustly and in a timely manner for all those entering residential care or having their liberty / freedoms curtailed due to health needs. This review will also continue work in this area to identify and correct elements of poor practice and poor financial administration identified in 2016/17.	This review aims to add value by ensuring that those being deprived of their liberties in order to meet their care needs are being done legally in line with the Mental Capacity Act 2005.	Y	Y	Y	25
	Stronger Families Grant Claim	Audit of the Troubled Families Grant Claim (Claim 1)	The review and certification of claims helps to ensure that the risk of claw back of funding is minimal and ensure that there is sufficient evidence available for the Council to pass any Department for Communities and Local Government Spot-Checks in this regards. Certification enables the Council to secure Government grant funding.			Y	8
	Stronger Families Grant Claim	Audit of the Troubled Families Grant Claim (Claim 2)				Y	8
	Stronger Families Grant Claim	Audit of the Troubled Families Grant Claim (Claim 3)				Y	8
	Disabled Facilities Grant	Grant review, testing and sign off as per the grant determination.	Enables the Council to claim grant funding and verifies expenditure to avoid the risk of any future claw back			Y	3

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Finance and Corporate Services	Risk Management	A review of risk management arrangements and practices within Doncaster Council in line with best practice, to ensure that risk management continues to evolve within the council. This review will examine directorate as well as central arrangements, including the management of risks under service planning guidelines.	This audit aims to add value by ensuring that the Council is risk aware and focuses on future risk to ensure that it is resilient to threats and changes going forwards.	Y	Y		15
	Compliance with Tax Rule Changes (IR35 Payments)	IR35 is an important piece of tax legislation that identifies whether someone is self-employed or is essentially operating in the place of an employee. Her Majesty's Revenues and Customs (HMRC) have been tightening legislation for several years to ensure that tax revenues are not lost because of the 'self-employed' status often applied routinely to consultants. From April 2017, the responsibility for ensuring whether the IR35 legislation applies (whether someone is an employee by another name), moves to the Council. This audit will look at the arrangements in place to ensure the Council does not fall foul of the new requirements.	This audit aims to add value by ensuring that the arrangements to categorise consultants appropriately for tax purposes are robust and minimise any potential risk of challenge by HMRC.	Y	Y	Y	15
	Management of Partnership Governance	An overall review looking at the new partnership governance arrangements in practice and the testing of those arrangements within selected partnerships. This work will be done towards the end of the financial year to allow for any current changes to partnerships' arrangements to be implemented.	This review aims to add value by ensuring that the new arrangements for managing partnerships effectively and are working in practice.	Y	Y		12

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Finance and Corporate Services	Procure to Pay	A financial based review of the procure to pay function. This review is likely to be undertaken as a high level review.	This review aims to add value by ensuring that procure to pay arrangements remain robust. This audit is an annual audit required due to the large volume and value of expenditure that goes through the system.		Y	Y	10
	Housing Benefits	This year we will undertake a full review of the Housing Benefits System and associated risks, partly due to current structure and staffing changes in the Revenues and Benefits service. This restructure is assessed as having more impact on Housing Benefits hence the full review of benefits and a high level review of the revenues side of the service.	This review aims to add value by ensuring that housing benefit arrangements remain robust following current changes. This audit is an annual audit due to the large volume and value of expenditure that goes through the system.		Y	Y	15
	Cashiers Back Office Processing	This review will look at back office arrangements for dealing with cash at the Council. Monies received in various forms are transferred to the relevant systems for "posting" (e.g. debtors, benefits, council tax, licensing etc) and some monies are received in the One Stop Shop. This review looks at these arrangements and any arrangements to deal with unidentified receipts. This review will also look at wider arrangements / initiatives to go cashless with a view to ensuring that cash handling risks are being eliminated as much as possible.	This audit aims to add value by ensuring that income received by the authority is properly transferred to the appropriate system and that all income received is properly accounted for.		Y	Y	10
	Council Tax	A high level review of Council Tax System will be carried out (this system was last fully reviewed in 2015/16)	This review aims to add value by ensuring that council tax arrangements remain robust. This audit is an annual audit due to the large volume and value of income that goes through the system.		Y	Y	10

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Finance and Corporate Services	Payroll	A full review of the Payroll function will be completed in conjunction with a full review of payroll service processing at Rotherham Council on our behalf.	This review aims to add value by ensuring that arrangements for the processing of payroll related payments by both the Council and its contractor Rotherham Council are robust. This review will seek assurance from Rotherham Council on their payroll processing bureau arrangements and will also seek to ensure that arrangements within processing elements undertaken by Doncaster Council staff are sound. Payroll / staff costs are a significant proportion of spend to the Council.		Y	Y	15
	Business Rates	A high level review of Business Rates. This service was last fully reviewed in 2015/16.	This review aims to add value by ensuring that business rates arrangements remain robust. This audit is an annual audit due to the large volume and value of income that goes through the system.		Y	Y	10
	Cashbook	A full review of the Cash book core financial system.	This review aims to add value by ensuring that cash book processes remain robust. This audit is an annual audit due to the fact that cash is a resource that is difficult to trace and is the most risky form of income collection.		Y	Y	8
	Housing Rents	A full review of the Housing Rents processes on behalf of the Council to ensure that rents it receives (as administered by St Leger Homes) is accurate, maximised and properly accounted for.	This review aims to add value by ensuring that the Council maximises its income from Housing Rents and takes action on arrears as appropriate.		Y	Y	15

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Finance and Corporate Services	Purchase Card Administration	A full review of the new purchase card administration practices and system (Fraedom) to ensure that they are appropriately governed, appropriately used and are properly accounted for. This review will also look at anti-fraud and corruption controls, financial controls and administrative controls to ensure that spending is promptly and accurately accounted for and issues resolved / escalated as appropriate.	This review aims to add value by ensuring that purchase cards issued and incurred expenditure is properly controlled and protected from fraud and error. Purchase cards are a fluid purchasing method that can, if misused, be used to bypass normal procurement routes and procedures via Procure to Pay.	Y	Y	Y	15
	Treasury Management	A high level review of the treasury management function and on Treasury Management performance reporting. This area was the subject of a full review in 2016/17	This review aims to add value by ensuring that treasury management processes remain robust and that information about Treasury Management performance is available and being appropriately collated and used. This audit is an annual audit.		Y	Y	10
	Income Management	A 2015 Value for Money Review identified that there were potential savings within the Council in the area of Income Management and that income was not being maximised within some sections of the Council. An Income Management project was established with the targets of achieving £100k in additional income, maximising income opportunities, and improving accounting, reconciliation and control processes. This review will look at work undertaken to date on the project to assess the robustness of these arrangements and in delivering income savings.	This review aims to add value by ensuring that that income is being properly maximised and that improvements identified through these reviews are being properly actioned by the relevant management.		Y	Y	15

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Finance and Corporate Services	Corporate Procurement Arrangements	This review will look at the central procurement arrangements to ensure they are robust in identifying and dealing with procurement issues. Whilst procurement is ultimately the responsibility of the procuring manager, a review of central arrangements and actions taken to identify and deal with elements such as off contract spend, expiring contracts and waivers will ensure that there is a robust challenge to departments.	This review aims to add value by ensuring that central arrangements for the management of procurement are robust and are targeting resources effectively to improve procurement across the Council.	Y	Y	Y	15
	Software Licensing	This review will look at the arrangements corporately in place to identify software in use and manage software licenses and renewals. It will also examine arrangements in directorates for doing the same. It is understood that a solution to this is being procured that will determine the licenses and software in use on any machine on the network. This review will attempt to assist in the shaping of these new arrangements rather than in reviewing current arrangements.	This review aims to add value by ensuring that there are robust arrangements in place to manage software licenses and their associated subscriptions to ensure that the Council achieves value for money and ensure that arrangements are in place to avoid a breach of license	Y	Y	Y	15
	Disaster Recovery	A review of the arrangements in place to ensure the Council can effectively recover from an ICT issue with minimal information losses. This audit ties in with the planned refurbishment of the Council's servers and disaster recovery arrangements (capital programme).	This review aims to ensure that arrangements for disaster recovery in terms of the Council's ICT infrastructure and information remain robust so that costs and data loss in the event of a disaster are minimised to minimise the loss of services to Doncaster citizens.		Y	Y	10

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
F&CS	Mobile Devices	A review of the arrangements centrally to manage and monitor mobile phones and mobile phone billing. This is an audit brought forward from 2016/17. This review will not look at "bring your own device" risks which would be a separate consideration	This audit aims to add value by ensuring that there are sound controls over mobile phone bills and usage and that Council assets and data are properly safeguarded.		Y	Y	16
Learning and Opportunities, CYPs	Capita One.	A review of the data protection arrangements and data quality of an element / use of the Capita One system. Area is yet to be determined.	Improves governance and Financial Governance across schools		Y	Y	15
	Short Breaks / Aiming High – follow up review	A follow up review ensuring issues previously identified have now been addressed.	Improved efficiency of service and sounder financial control			Y	5
	Children's Trust Contract Monitoring Arrangements	A review of the arrangements in place to monitor the performance of the Children's Trust through the review of contract monitoring arrangements. Where changes are ongoing, Internal Audit will review / comment on changes being undertaken to ensure that the scope and content of any developing arrangements are robust and cover the Council's risks.	Ensuring the Trust are providing the services contracted for to agreed standards leading to better outcomes for children and young people	Y	Y	Y	5
	Schools of Concern	Targeted help and support at schools of concern to improve their governance or financial governance.	Improves governance and Financial Governance at specific schools	Y		Y	45
	School Governors Agenda	This time is to provide information, advice and support to the (school) Governors' Support Service to ensure audit and governance issues are consistently dealt with across all schools.	Improves Governance across schools	Y			9
	School SFVS Challenge	Review of SFVS process and maximising the information within the returns	Improves governance and Financial Governance across schools	Y			10

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Learning and Opportunities, CYPs	School Themes – Pre-academisation deficits	A thematic review ensuring appropriate arrangements are in place to reduce the risk from schools presenting a deficit at academisation	Reduce the risk and level of financial liability to the council.		Y	Y	5
	School Themes – Pupil Premium	A thematic review ensuring schools have appropriate arrangement in place identified within national requirements / best practice.	Better accountability over pupil premium monies (£8.2m 16/17) by schools leading to better outcome for pupils			Y	8
	Special Educational Needs - Out of Authority Placements	Review of systems and process in place over the placement of schools children in out of authority education placements. There are area of concern surround increasing costs in this area and potential duplication of processes (£4.5m) excluding DCST placements.	Ensuring pupil needs are met and obtaining best value for the placement	Y	Y	Y	15
Regeneration and Environment	Building Control Financial Administration Review	Financial Administration review of income management from building control activities. This will include a review of the data protection / information management practices within the team in line with corporate priorities.	Ensures all monies due to the authority are being received and that data is being properly protected.		Y	Y	10
	Street lighting	A review of costing arrangements for street lighting projects in order to ensure that costs are adequately monitored and that income due (from property developers for the design and installation of lighting schemes) is being properly billed and received. This review will also look at procurement initiatives where appropriate and will consider whether data quality within the service.	This piece of work ensures that income is complete and is maximised and that costs are monitored and accounted for. Assesses data quality and ensures that procurement activities are delivering value for money.		Y	Y	21

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Regeneration and Environment	Passenger Transport Services	<p>This audit will cover the use of taxi and in house services for the transport of social care clients and school transport services.</p> <p>This audit will cover financial administration, safeguarding of vulnerable individuals, procurement and contracting and data protection considerations and will consider the working arrangements with the Trust and Adults Services who refer clients into the service to have their transport needs addressed but who bear no cost for the associated decisions.</p>	This is an area of high spending (over £5m per annum) transporting vulnerable individuals for social care (welfare transport) or for education (schools transport). A review here gives assurance not over the spending and procurement activities but also the protection of vulnerable individuals.		Y	Y	21
	Commercial Landlord function	A review of the arrangements to charge and collect commercial rents from properties let out by DMBC. This audit would also touch on elements of the Capital Programme from the Property Investment Fund that purchases property for investment to rent out commercially. (This fund has a value of £4m and is part of the 1617 capital programme).	This will ensure income is properly collected and safeguarded and maximised and that such elements are properly accounted for. This would also add value by examining the processes involved in acquiring property for rental to ensure that these arrangements are robust.	Y	Y	Y	21
	Metro Clean	Financial - maximising of income, ensuring income is all collected; ensuring anti-fraud controls are resilient for staff payments and ensuring that the ICT system feeding into payroll is robust.	This audit aims to ensure that income is collected and maximised. This audit also gives assurance on data quality and data protection.		Y	Y	15

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Regeneration and Environment Page 109	Public Buildings Works Costing and income maximisation	<p>Financial - Review of the arrangements now in place to ensure accurate costing information and financial recording (given the change in systems)</p> <p>Income - Review of arrangements to cost works etc and charge income to ensure that income is maximised and that opportunities are taken advantage of</p> <p>ICT - Ensuring that any new system arrangements are fit for purpose from data protection and data quality perspectives.</p>	Aims to add value by ensuring income is maximised, ensuring financial recording / report is accurate for the final accounts and ensuring that any data quality issues are addressed within the new system both in terms of any migrated information and any new data arrangements.		Y	Y	21
	Stores	This review is carried over from the 1617 audit plan. It will review the new stores arrangements since the transfer of data from TOTAL to the ERP system. This was due to be carried out in Q4 1617 but was delayed to ensure that there was sufficient data within the system to give a robust audit opinion.	This review aims to add value by ensuring that arrangements maintaining, issuing and valuing stores are robust, minimise fraud and ensure robust financial accounts.		Y	Y	15
	Taxi licensing	This is a review of taxi licensing and review arrangements to ensure that, as far as possible, vulnerable citizens who may use these services (some commissioned by the Council) are protected as much as possible. This review has been carried forward from the previous financial year.	This audit aims to add value by ensuring that vulnerable individuals are protected by internal arrangements as far as is practically possible.		Y	Y	15
	Integrated Transport and Highways Maintenance Grant 31/2784	Grant review, testing and sign off as per the grant determination.	Enables the Council to claim grant funding and verifies expenditure to avoid future claw back			Y	3

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
Regeneration and Environment	Sustainable Transport Exemplar Programme	Grant review, testing and sign off as per the grant determination.	Enables the Council to claim grant funding and verifies expenditure to avoid future claw back			Y	3
	BSOG Grant Claim June	Required grant sign off in order to effect the claim	Maximises income due to the council by providing the review required by the grant framework			Y	4
	BSOG Grant Claim December	Required grant sign off in order to effect the claim	Maximises income due to the council by providing the review required by the grant framework			Y	4
	Business Doncaster	A review of the arrangements in place within Business Doncaster for the management of loans and grants to companies setting up in the area from an anti-fraud perspective.	This review will ensure that the anti-fraud arrangements are robust enough to detect and deter fraud whilst at the same time ensuring that opportunities to maximise local growth are not stifled.		Y	Y	15
	Highways Overtime Claims Analysis	This was scoped in 1617 but was delayed due to difficulties with the availability of the data needed for the analysis. This work will be undertaken in Q1 when the data becomes available and will look at the reasons behind the current use of overtime, attempt to understand the peak hours of demand and attempt to put forward and model suggestions for re-aligning labour resources going forwards. This is done in order to minimise the cost of overtime and to ensure that working hours are suitable in terms of the working time directive. This is a review being undertaken in conjunction with Highways Management.	Increased value for the taxpayer by assessing whether there are better ways to align labour resources in order to minimise costs going forwards. This will also assist in providing evidence for any consultation with staff and the unions. (Whilst the negotiation and implementation of any changes are the responsibility of management, having a robust data analysis behind any proposal should minimise complications).	Y	Y	Y	26

Directorate	Audit Project	Suggested Scope of proposed audit	Audit Objectives	Standards Alignment			Audit Days
				Governance	Risk Management	Control	
None	Follow-Up Work						
	Follow-up						122
	Responsive Work						
	Advice Provision	A provision of time for the giving of advice on a reactive basis to the Council and schools.					81
	Fraud Investigations						135
Contingency						117	

Risks Identified from Audit Planning not Covered by the Audit Plan

The following areas were identified through the audit planning process as presenting risks to the effectiveness of the Council's governance, risk management or control arrangements. They have been excluded from the audit plan itself as they present lower risks than areas included in the plan. If any risk assessment changes, escalating the risk assessment in any of these areas, they will be re-considered for coverage in the plan. All areas will be reconsidered for audit coverage in 2018/19:

Audit Project	Potential Scope of Work
Corporate Items:	
Website Management	This review would have looked at the security and maintenance of the Council's websites including arrangements to ensure that the information it contains remains up to date and useful.
Directorate: Adults, Health and Well-Being	
	None
Directorate: Finance and Corporate Services	
Business Travel Arrangements	This review would have looked at the arrangements in place to manage business travel requirements and bookings and the value for money of such arrangements (This would include looking at how business requirements are identified and justified within departments).
Office of the Civic Mayor	This review would have looked at the arrangements in place to manage and audit the Civic Office and associated charity from a financial and anti-fraud perspective. This audit was last undertaken in 2011.
Directorate: Learning and Opportunities	
School Voluntary Funds	A thematic review of the administration of school voluntary funds across Doncaster maintained schools.
School Admissions	A review of the systems and processes over School Admissions, specifically the arrangements where pupils are not initially awarded their first choice school.
LOCYPS Contract Monitoring	A review of the contract monitoring arrangements within LOCYPS to ensure that the Council gets best value from its contract monitoring within this area.
LOCYPS Contracts Register	A review of arrangement over completeness and accuracy of the LOCYPS contract register in order to ensure appropriate management of forthcoming contracts and the commissioning future services.
General Governance Arrangements	Review or advice and support over the directorates requirements in meeting corporate governance arrangements.

Audit Project	Potential Scope of Work
Directorate: Regeneration and Environment	
Emergency Planning	A review of the emergency planning function to ensure that response arrangements for borough wide emergencies remain robust. This area was last reviewed in 2008/09.
Pool Vehicle Sales	A financial based review of the arrangements in place to dispose of pool vehicles either to staff or via other arrangements. This review would look at ensuring that best value was obtained from disposals.

DONCASTER MBC INTERNAL AUDIT - QUALITY ASSURANCE IMPROVEMENT PLAN

Ref	Issue	Agreed Action	Lead Officer	Deadline	Position at Dec 2016
Actions Emanating from the UKPSIAS Self-Assessment 2016 and Customer Survey 2016					
1	Skill mix to be completed and production of a team development plan. Summarise development needs for the team overall, taking into account current and ongoing requirements (examples; job briefing, communication and reporting – see below, excel, word, risk based auditing, adding value), and potential future developments (CAATs, contract audit, partnerships etc).	Map and compare current team skills, qualifications, experience, with work included in the audit plan for 2016/17. For any gaps, include development requirements in the team development plan. Highlight any work in the plan that is outside of current skills available.	Colin Earl	28 February 2017 31 July 2017	Completed: Immediate team development priorities identified and scheduled. A full skills audit is scheduled for early 2017. To coincide with completion of 2017 PDRs
2	Appraise opportunities for improving the efficiency and effectiveness of the whole end-to-end audit process	Complete a refresh of the end-to-end audit process, to cover planning, job briefs, undertaking audit work, reviews, reporting and communication	Colin Earl	30 June 2017	In progress. Scheduled to be completed by 30 April 2017, with staff training refresh sessions and subsequent roll-out of refreshed procedures
3	An update of audit procedures is outstanding, pending upgrade of the internal audit electronic management system.	Update the audit procedures (manual) following implementation of the new electronic audit system – cross reference to Standards to demonstrate compliance	Nici Frost-Wilson	30 June 2017	In progress. Expected to be completed on time.
4	Develop assurance mapping to strengthen the Council's internal control arrangements	Work with the Strategic Performance Unit to develop Assurance Mapping	Colin Earl	31 December 2017	Preliminary Research underway

Actions Emanating from the External Peer Review 2017

5	At present the Audit Committee does not receive oversight of the full audit universe to be able to consider and challenge audit coverage in all aspects of Council activity as part of the approval of the Audit Plan.	<p>The audit planning process should be widened to include reporting of the audit universe to the Audit Committee.</p> <p>This change may dovetail with the assurance mapping exercise being co-ordinated by the HoIA</p>	<p>Colin Earl</p> <p>Colin Earl</p>	<p>6 April 2017</p> <p>31 December 2017</p>	<p>The audit universe and current assurance mapping will be presented to management and the Audit Committee alongside the draft Audit Plan 2017/18.</p> <p>Further development of assurance mapping is planned for 2017/18 as part of the Governance Group work plan</p>
6	Delivery of planned work is reported as a % figure to the Audit Committee in the Progress Reports of the HoIA. The calculation methodology includes account for work in progress.	The HoIA to add explanation to reporting arrangements of plan completion in the performance information section in Progress Reports. This would help management and Members monitor plan completion progress and to understand the implications of undertaking unplanned commissions and to consider the need to revise the annual plan.	Colin Earl	From 6 April 2017	Information in the audit progress reports and annual report will be extended to include details of the calculation methodology and, where relevant, the implications of prior year and unplanned work.
7	The need and scope for collaboration including any joint working arrangements should be reviewed on an ongoing basis This view was partly reinforced through discussions with SLH regarding opportunities for more horizon scanning and wider dissemination of best practice generally in areas	Opportunities for collaboration, information sharing and service development are kept under review on an ongoing basis. A formal assessment of service needs will be completed during 2017/18, to inform the internal audit service provision from 2018/19.	Colin Earl	31 December 2017	Scheduled for completion

	under audit review, that may be gleaned from other authorities with landlord responsibilities, which they identified would be particularly welcome	A review step will be built into audit work to explicitly consider alternatives to assist services in their development, to add better value to the audits completed.	Colin Earl	30 April 2017	Scheduled for completion
8	Consider the team resilience, continuity, and development issues on an ongoing basis and in particular how capacity could be addressed if any of the three managers were to leave in the short to medium term.	Options would include developing and providing more opportunities and exposure to other staff within the team, mainly principal auditors The HoIA to monitor the position and tailor the team development plan to ensure, perhaps by way of coaching and exposure of principal auditors to completing and delivering complex work, the service can continue to meet future requirements.	Colin Earl Colin Earl	31 July 2017 31 December 2017	The completion of complex work and the enhanced involvement of other staff in finalising and reporting complex work will be considered through the 2017/18 Personal Targets and Development Planning Processes. A formal assessment of service needs will be completed during 2017/18, to inform the internal audit service provision from 2018/19.
9	For the purpose of clarity and transparency, the details of the audit services provided to SLH and Drainage Boards should be included within the Internal Audit Charter and the Strategy should be updated in respect of the Children's Services Trust.	An updated Audit Charter and Strategy will be presented to the Audit Committee in July 2017, to incorporate comments made by the Peer Review and changes to auditing standards that are currently being consulted on.	Pete Jackson	27 July 2017	Scheduled for completion
10	Internal Audit job descriptions should be revised to include reference to the PSIAS	All job descriptions will be reviewed as part of the full service review to be completed by the end of December, 2017	Colin Earl	31 December 2017	Scheduled for completion

11	The PSIAS self-assessment identified a number of development issues which were incorporated into an action plan. Several of these have been completed but a number remain ongoing. The HoIA should ensure full implementation of the remaining issues in the self-assessment action plan.	The action plan will be merged with the Quality Assurance and Improvement Programme referred to in the recommendations made in the peer review, and reported to the Audit Committee on a regular basis to enable monitoring of progress.	Colin Earl	6 April 2017	Completed: Consolidated Action Plan produced and appended to the 2017/18 Audit Plan
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**To the Chair and Members of the
AUDIT COMMITTEE**

AUDIT COMMITTEE ANNUAL REPORT 2016/17

EXECUTIVE SUMMARY

1. The production of an annual report allows the Audit Committee to demonstrate it has fulfilled its terms of reference and share its achievements with the whole Council. The production of such a report also complies with current best practice for audit committees. This report asks Members to note and approve the draft Audit Committee Annual Report for 2016/17, attached to this report.
2. Particular ways in which the Audit Committee has contributed during the year include:
 - Helping to maintain and improve the Council's system of internal control by reviewing internal and external audit work carried out during the year.
 - Supporting improvement in the Council's control arrangements by ensuring appropriate action is taken to implement audit recommendations and calling officers to account where explanations over any lack of progress are required. This has brought about a notable reduction in the number and significance of outstanding recommendations.
 - In particular, reviewing and ensuring appropriate action is taken in response to significant weaknesses found in the management of the Markets Function, Overpayments of Direct Payments (Adults), Safeguarding Adults Personal Asset Team, Disability Living / Supported Living Reviews, Procurement of Day Care for Adults with Learning Disabilities.
 - Critically assessing the Council's governance arrangements and supporting the production of an accurate Annual Governance Statement
 - Strengthening the strategic risk register and risk mitigation actions by critically appraising the risk register and by receiving explanation from directors on their management of strategic risks.
 - Further strengthening the management of risks through the review and challenge of directorates' approaches to risk management.
 - Supporting the maintenance of the good standards achieved in producing the Council's Statement of Accounts, while meeting shorter timescales now required.
 - Supporting the development of the Council's Anti-Fraud and Corruption arrangements.

- Ensuring the Council’s surveillance policies are kept up to date and reviewing surveillance carried out by the Council.
3. The Annual Report is a positive report which reflects the effective contribution made by the Audit Committee during the year.

RECOMMENDATION

4. The Audit Committee is asked to approve the attached Audit Committee Annual Report 2016/17.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. Effective oversight through the Audit Committee adds value to the Council’s operations in managing its risks and achieving its key priorities.

BACKGROUND

6. The Audit Committee is a key part of the governance arrangements of the Council. It is appropriate that the important work of the Committee is shared with the rest of the Council and other stakeholders. The draft Annual Report of the Audit Committee, attached at **Appendix 1** to this report, sets out key aspects of the work undertaken by the Committee during 2016/17.

IMPACT ON THE COUNCIL’S KEY OUTCOMES

7. A key role for the Audit Committee is to oversee the effectiveness of the management of risks and internal controls, which contributes to the successful achievement of the Council’s objectives. Any improvement in the management of the risks will have a positive impact increasing the likelihood of the Council achieving these objectives and goals. The Audit Committee’s work is, therefore, relevant to all priorities but in particular the following:

	Outcomes	Implications
	All people in Doncaster benefit from a thriving and resilient economy. <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster’s vital services</i> 	
	People live safe, healthy, active and independent lives. <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	People in Doncaster benefit from a high quality built and natural environment. <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and</i> 	

	<p><i>Housing</i></p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	<p>Effective oversight through the Audit Committee adds value to the Council's operations in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough.</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	<p>The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.</p>

RISKS AND ASSUMPTIONS

8. The Audit Committee contributes to the effective management of risks. The ways in which it does this are summarised in the attached draft report.

LEGAL IMPLICATIONS

9. The Audit Committee is a key part of the Council's control environment and the work it does contributes to the Council's overall responsibility to maintain an adequate and effective system of internal control.

FINANCIAL IMPLICATIONS

10. There are no identified financial implications arising from this report.

HUMAN RESOURCES IMPLICATIONS

11. There are no identified human resources implications arising from this report.

TECHNOLOGY IMPLICATIONS

12. There are no identified technology implications arising from this report.

EQUALITY IMPLICATIONS

13. Whilst there are no identified equal opportunity issues within this report, all of the reports identified within the annual report would have been subject to their own relevant equalities implications assessment.

CONSULTATION

14. This report consults with the Audit Committee over the production of an Annual Report.

BACKGROUND PAPERS

15. Various Audit Committee Reports from June 2016 to April 2017 Audit Committees.

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Chief Financial Officer and Assistant Director of Finance

**Annual Report of the
Audit Committee
2016/17**

Annual Report of the Audit Committee 2016/17

Foreword by Chair of the Audit Committee

I am pleased to present this report which highlights the contribution this Committee has made during 2016/17 to the achievement of good governance and internal control within the Council.

The Audit Committee oversees the production of the Council's statutory accounts, the management of risks within the Council and the operation and effectiveness of the Council's internal control arrangements. It fulfils this role by considering and approving reports from officers responsible for financial management and governance within the Council and from the Council's external auditors.

Where relevant, the Committee also makes recommendations for action to address any deficiencies identified by or reported to the Audit Committee. And, the Committee has requested several officers to attend Committee during the year to provide additional information on particular areas of concern.

This year the Committee checked the Council's risk management arrangements, by receiving reports and presentations from directors about their management of risks.

There have been many benefits from our work. Main outcomes and improvements include:

- A clean external audit opinion on the Council's Statement of Accounts, confirming their accuracy and completeness
- Confirmation by external audit that the Council has in place the arrangements required to achieve its objectives and deliver its services economically, effectively and efficiently
- A further reduction in the number of audit recommendations not implemented
- Demonstrable improvements in controls in the Markets Function,
- A reduction in overpayments; both payroll and direct payments
- Improving financial management and controls in various adult social care services that were weak a year ago, including Safeguarding Adults Personal Asset Team, Supported Living Reviews and Day Care for Adults with Learning Disabilities
- A continuing downward trend in contract breaches and waivers
- The production of a Fraud Risk register, including controls for managing the risk of fraud.

The Committee is pleased to note the positive outcome of a recent external review of our Internal Audit Service, which the Audit Committee works closely with since our objectives are closely aligned. The Audit Service was confirmed as having the highest level of compliance with auditing standards following the peer review, which was conducted by Kirklees Council.

Finally, I cannot end this foreword without noting the passing away of one of our committee members during the year, Councillor Alan Jones. Alan had served on the committee since the 2015 Municipal Year and had served as a Councillor since 2011. He will be sadly missed.

Councillor Austen White
Chair of the Audit Committee, 2016/17

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Appendix: A

	Audit Committee Activity 2016/17	5 - 6
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1. INTRODUCTION

This annual report on the work of the Council's Audit Committee shows:

- How the Audit Committee has fulfilled its terms of reference
- How the Council's arrangements comply with national guidance relating to audit committees
- How the Audit Committee has contributed to strengthening risk management, internal control and governance arrangements.

2. TERMS OF REFERENCE

The Terms of Reference for the Audit Committee are reviewed each year to ensure they represent current regulations and best practice as outlined within guidance for audit committees from the Chartered Institute of Public Finance and Accountability.

The core functions of the Audit Committee are:

- To oversee Internal and External Audit activity at the Council
- To ensure the Council's risk management is effective
- To ensure there is an appropriate regulatory framework that operates effectively
- To oversee the production of the Council's accounts
- To ensure appropriate standards of ethical governance are in place and maintained.

The current Terms of Reference and more details about the responsibilities relating to Standards can be found on the Council's website.

3. COMMITTEE INFORMATION

Audit Committee Membership

The Committee has five elected members:

- Councillor Austen White(Chair)
- Councillor Richard Jones (Vice Chair)
- Councillor Susan Durant
- Councillor John Healy
- Councillor Iris Beech.

The Committee has one independent co-opted member with non-voting rights serving on the Audit Committee, Kathryn Smart.

Councillor Alan Jones sadly passed away during the year and the vacant position on the Audit Committee was filled by Councillor Iris Beech.

Audit Committee Meetings

The Committee has met on five occasions during the year:

- June 2016
- August 2016
- November 2016
- January 2017
- April 2017.

This frequency of meetings is agreed to ensure the Audit Committee can fulfil its responsibilities in an efficient and effective way.

The August 2016 meeting of the Audit Committee was particularly important, when the Committee fulfilled its responsibility to approve the 2015/16 Statement of Accounts and to recommend the adoption of the 2015/16 Annual Governance Statement.

Various other reports are fundamental to the Audit Committee, including:

- Internal and External Audit Plans for the year.
- The External Auditor's Annual Audit Letter.
- The Head of Internal Audit's Annual Report.

The Audit Committee has fulfilled its mandatory obligations during 2016/17.

4. COMMITTEE ACHIEVEMENTS

A list of the reports considered by the Audit Committee can be found in **Appendix A**. The main outcomes of the Committee's work in relation to its core functions can be summarised as follows:

Internal Audit

The Audit Committee:

- Received and considered the 2016/17 Annual Report of the Head of Internal Audit, which included his opinion on the Council's internal control environment.
- Received and considered information on the performance and effectiveness of the Internal Audit Team.
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress in delivering the planned work and summaries of reports issues and approved any necessary changes to the plan as a result of new and emerging risks or special investigations. The reports also provided monitoring information on the implementation of agreed audit recommendations.
- Continued to provide support to the Internal Audit Team to ensure management was responsive to recommendations made and agreed.
- Agreed the Internal Audit Annual Plan for 2017/18.
- Noted the positive outcome of the External Assessment of Internal Audit's compliance with the Public Sector Internal Audit Standards.

External Audit

The Audit Committee:

- Received and considered reports on the External Auditor's progress against the agreed plan.
- Considered fees proposals for the External Audit.
- Continued to provide support to the External Auditors to ensure management was responsive to recommendations made and agreed.
- Considered and made a recommendation to Full Council regarding the arrangements for the appointment of the External Auditors.
- Received and considered the External Auditor's Grants Report 2015/16.

Regulatory Framework

The Audit Committee has:

- Considered and noted the Audit Committee Prospectus, Terms of Reference and Work Programme.
- Noted and approved the Annual Report of the Audit Committee.
- Overseen the production of and recommended the adoption of the Annual Governance Statement.
- Received reports on Compliance with the Council's Financial Procedure Rules and Contract Standing Orders, including breaches and waivers of the Contract Procedure Rules.
- Received reports on risk management and its operation within the Council including the updated strategic risk register.
- Considered reports on the management of strategic risks within the Council.
- Received and considered the Annual Fraud Report for the Council.
- Considered and approved the Fraud Risk Register and Counter Fraud Initiative Report.
- Received and noted reports on progress on the Council's Governance Plan, which includes all actions the Council has committed to, to enable it to maintain strong governance arrangements.
- Received regular reports on surveillance conducted by the Council under the Regulation of Investigatory Powers Act 2000.
- Considered and noted the Annual report of the Monitoring Officer.

Core Function - Accounts

The Audit Committee has:

- Received reports on the Statement of Accounts and accounting policies used to prepare the accounts.
- Approved the Statement of Accounts and the amendments to the accounts following their approval by the Director of Finance and Corporate Services.
- Received and considered reports from the External Auditor on the Statement of Accounts.

Other Issues

The Audit Committee also considered reports on the following specific issues which arose in the period:

- Payroll Overpayments Update Report 2015/16,
- Progress on implementing outstanding recommendations in Adults, Health and Wellbeing, including the recovery of overpayment of Direct Payments.
- Markets Follow Up Review.
- Review of Contract Breaches in Learning Opportunities, Children & Young People.
- Adults, Health & Wellbeing – Learning Disability / Supported Living Review – Update Report.
- Data Quality and Information Management Update.

- Safeguarding Adults Personal Assets Team – Responsive Review.
- Income Management Progress Report.
- Procurement of Day Care for Adults with Learning Disability (RDASH Solar Centre).
- Adult Services Commissioning and Procurement.

Compliance With Best Practice

Prior to its meeting in January 2016, the Audit Committee held a facilitated self-assessment session assessing the Audit Committee’s compliance with current best practice. This assessment was against a checklist from the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance “Audit Committees – Practical Guidance for Local Authorities and Police 2013 Edition.”

The self-assessment confirmed the Committee substantially complies with current best practice; while highlighting 3 areas of particular focus for the Committee. The areas highlighted and the action taken to date are:

Area	Action
Raising awareness about the role and purpose of the Audit Committee with possible extended reporting to full Council	Proposals to provide for questions to the Chair of Audit at Council Meetings are being put forward
Increasing the skills of Audit Committee members through induction and ongoing targeted training	Induction training is delivered for new audit committee members and targeted ongoing training is delivered to the full Audit Committee throughout the year
Supporting the development of risk management	The Committee requested directors to reported to the committee on their arrangements for managing strategic risks and on their general approach to risk management

Further training and updates were provide to the Audit Committee and other interested members throughout the year. Topics included:

- Update for Audit Committee members (CIPFA Better Governance).
- Fraud arrangements update including the compilation of a comprehensive Fraud Risk Register work and update for SFIS.
- Update and awareness of the work of Trading Standards and their compliance with the Regulation of Investigatory Powers Act (RIPA)
- Training / Awareness on the Statement of Accounts.
- Training / Awareness on the compilation of the Internal Audit Plan.
- Training / Awareness on Delivering Good Governance.

AUDIT COMMITTEE ACTIVITY – 2016/17

Appendix A

Function / Issue	Jun 2016	Aug 2016	Nov 2016	Jan 2017	Apr 2017
Strategic Risk Register Update 2015/16	Received		Received	Received	Received
Adults, Health and Wellbeing Audit Recommendations Progress Report	Received		Received		
Audit Committee Prospectus, Terms of Reference and Work Programme	Received				
Payroll Overpayments Update Report 2015/16	Received				
Statement of Accounts 2015/16	Received				
Annual Governance Statement 2015/16	Received	Received			
Annual Report of the Monitoring Officer	Received				
Doncaster Market Follow Up Review Report	Received				
Data Quality & Information Management Update	Received		Received		
Review of Contract Breaches in learning Opportunities, Children & Young People	Received				
Strategic Risk Report Mapping		Received			
Statement of Accounts 2015/16 – ISA Report to those Charged with Governance		Received			
Safeguarding Adults Personal Assets Team – Responsive Review		Received			Received
Internal Audit Progress Report – April 2016 to July 2016		Received			
Annual Fraud Report 2015/16 Executive Summary		Received			
Adults, Health & Wellbeing – Learning Disability / Supported Living Review Update		Received	Received		
Audit Committee Actions Log			Received	Received	Received
Strategic Risk Management in Adults, Health & Wellbeing			Received		
KPMG - Annual Audit Letter 2015/16			Received		
Internal Audit Plan 2016/17 – Proposed Revisions			Received		
Changes to the arrangements for the Appointment of External Auditors			Received		
Internal Audit Team – Fraud Risk Register and Counter Fraud Initiative Report			Received		
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update			Received		
Breaches & Waivers to the Council Contract Procedure Rules			Received		Received
Internal Audit report for the period: August 2016 to December 2016				Received	
Arrangements and Timetable for the preparation of Accounts 2016/17				Received	
KPMG External Audit Plan 2016/17				Received	
Doncaster Council Governance Plan 2017 & update on actions from previous years				Received	
Strategic Budget Risk Management				Received	
Income Management Progress Report				Received	
Internal Audit Plan 2017/18					Received
Annual Report of Head of Internal Audit Services 2016/17					Received

Audit Committee Annual Report 2016/17					Received
Children's Services Strategic Risks					Received
Internal Audit Peer Review					Received
Adults Services Commissioning and Procurement					Received
Procurement of Day Care for Adults with Learning Disability (RDASH Solar Centre)					Received
KPMG External Audit Grants Report 2015/16					Received

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**To the Chair and Members of the
AUDIT COMMITTEE**

**EXTERNAL AUDITOR (KPMG) CERTIFICATION OF CLAIMS AND ANNUAL
RETURNS – ANNUAL REPORT 2015/16**

EXECUTIVE SUMMARY

1. This report brings the external auditor's – KPMG – report 'Annual Report on Grants and Returns work 2015/16' to the attention of Members of the Council's Audit Committee.
2. The document formally sets out KPMG's certification arrangements, the Council's responsibilities in this area and matters arising from the audit of claims for this period.

EXEMPT REPORT

3. Not applicable.

RECOMMENDATIONS

4. The Audit Committee is asked to consider the report and note its findings.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. These arrangements will contribute towards the Council receiving an unqualified opinion on their 2016/17 accounts and secure good governance and value for money in its use of resources.

BACKGROUND

6. Under section 28 of the Audit Commission Act 1998, KPMG make arrangements for certifying claims and returns in respect of grants or subsidies paid by the Government to local authorities.
7. Processes will continue to be enhanced to ensure that claims and returns comply with conditions set by the grant paying body and that the claims and returns are fully completed and accurate. There were four claims and returns that required audit certification for 2015/16: -
 - a. Housing Benefit Subsidy
 - b. Pooling of Housing Capital Receipts Return
 - c. Employment Based Initial Teacher Training Grant

d. Teachers' Pension Authority EOYCa Return

	2014/15	2015/16
Number of claims and returns certified	4	4
Number of claims and returns which were issued a qualification letter	1 (25%)	1 (25%)
Total cost of certification work	£42,880	£26,603
Decrease in audit fee (year on year)		£16,277 (38%)

8. The Housing Benefit Subsidy claim of £93m was qualified. An error relating to the misclassification of modified schemes resulted in an overpayment of £1k. The claim was adjusted and reported to the Department for Work and Pensions (DWP) in the qualification letter.
9. The report makes a recommendation that "the Council introduce a control within the system to provide a 'sense check' on the Modified Scheme data". As a result, the council have agreed to verify all War Pension Cases for 2017 – letters were sent week commencing 06/02/17 to all claimants to obtain consent. Once returned a breakdown will be requested from the Veterans Agency and each case will be closely monitored to make sure a response is obtained. Up-rating will be done on an on-going basis as to whether just non-standard rates or all should be verified. This will continue to be monitored.

OPTIONS CONSIDERED

10. Not applicable.

REASONS FOR RECOMMENDED OPTION

11. Not applicable.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

12. These are detailed in the table below: -

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The audited Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p> <p>An unqualified audit opinion from KPMG on the financial statements and supporting disclosure notes, together with an unqualified VfM conclusion assists with the positive reputation of the Council and ensures that</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> 	

	<ul style="list-style-type: none"> • <i>Mayoral Priority: Bringing down the cost of living</i> 	strong governance is in place.
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	
	<p>Working with our partners we will provide strong leadership and governance.</p>	

RISKS AND ASSUMPTIONS

13. Failure to address issues reported by the auditor could lead to a lower standard of financial control and accountability, potential claw-back of grant and higher external audit fees.

LEGAL IMPLICATIONS

14. The Council must comply with the requirements for audit relating to the submission of grants claims.

FINANCIAL IMPLICATIONS

15. Based on the work carried out, the actual audit certification fee charged for 2015/16 was £26,603. The original indicative fee for these claims and returns in 2015/16 was £27,103 representing a slight decrease of £500.
16. The fee for the same four claims in 2014/15 was £42,880, a decrease of £16,277. The difference is largely due to a decrease in the fee for the Housing Benefit Subsidy claim. These fees are set nationally by the Public Sector Audit Appointments company.

HUMAN RESOURCES IMPLICATIONS

17. There are no specific Human Resources implications related to the contents of this report.

TECHNOLOGY IMPLICATIONS

18. There are no specific Technology implications related to the contents of this report.

EQUALITY IMPLICATIONS

19. This report has no specific equality implications.

CONSULTATION

20. Not applicable.

BACKGROUND PAPERS

21. None.

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Annual Report on grants and returns 2015/16

Doncaster Metropolitan Borough Council

February 2017



Contents

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Clare Partridge, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, in relation to the certification of the Housing Benefit Subsidy grant claim, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

Introduction and background

This report summarises the results of work we have carried out on the Council's 2015/16 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2015/16 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Council's 2015/16 Housing Benefit Subsidy claim. This had a value of £93.3 million
- Under separate assurance engagements we certified 3 claims/returns as listed below.
 - Pooling of Housing Capital Receipts Return
 - Employment Based Initial Teacher Training Grant
 - Teachers' Pension Authority EOYCa Return

Certification and assurance results (Pages 3-4)

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and

- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Following the completion of our work, the claim was subject to a qualification letter.

- Evidence required for the testing of 7 Modified Schemes was not retained by the Council; and
- Testing of Modified Scheme cases identified a total of 9 cases where the incorrect War Pensions figures had been used in the calculation of benefit.

No adjustments were necessary to the Council's grants and returns as a result of our certification work this year under the separate assurance engagements.

Recommendations (Page 7)

We have made 1 recommendation to the Council from our work this year and agreed an action plan with officers.

Fees (Page 6)

Our fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant was £17,603, which is in line with the indicative fee set by PSAA.

Our fees for the other 'assurance' engagements were subject to agreement directly with the Council and were £9,000 in total.

Summary of reporting outcomes

Overall, we carried out work on 4 grants and returns:

- 3 were unqualified with no amendment; and
- 1 required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council’s 2015/16 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Council’s compliance with a scheme’s requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments regime					
— Housing Benefit Subsidy	1	●		●	
Other assurance engagements					
— Pooling of Housing Capital Receipts Return	2				●
— Employment Based Initial Teacher Training Grant	3				●
— Teachers’ Pension Authority EOYCa Return	4				●

Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p>Housing Benefits</p> <ul style="list-style-type: none"> — During the audit errors were identified due to the misclassification of modified schemes this resulted in the claim being amended. The impact was Modified Schemes were understated by £1,224, Rent Rebates subsidy reduced by £806 and Rent Allowance subsidy by £418. — An error was identified from the initial testing of Modified Schemes cases in cell 225. Because there were only 62 cases in these cells, the Council agreed to test all cases in those cells in order to amend the claim. During this additional testing the Council identified 7 cases where the case files no longer contained all the evidence to support the eligibility of those claimants for the local scheme during the year. In each of these 7 cases, the documents were removed from the system in their seventh year as per the Council’s document retention policy. The Council has written to each of the 7 claimants to ask for permission to reconfirm the amounts with the Service Personnel and Veterans Agency. When the Council receive this confirmation and the resultant data they will update their document imaging system and Northgate system as appropriate. — Testing of Modified Scheme cases identified a total of 9 cases where the incorrect War Pensions figures had been used in the calculation of benefit. In these cases the claimant had no entitlement under the national scheme, but had an entitlement under the Council’s local scheme. Application of the correct war pensions figures to the calculation did not impact the overall entitlement of benefit for the cases under the national scheme since there was a nil entitlement. The errors in processing War Pension amounts in these 9 cases therefore did not affect subsidy and therefore was not classified as an error for subsidy purposes and no amendment was made to the claim. However, the errors demonstrate that there are potential data issues within the system. Currently, the Council does not have a control to assess the quality of data in this area. 	<p>- £1,224</p>

Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grants/returns in 2015/16 was £26,603.

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Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2015/16 of £17,603. Our actual fee was the same as the indicative fee, and this compares to the 2014/15 fee for this claim of £33,380.

Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. Our fees for 2015/16 were less than those in 2014/15. The reason for the decrease was a £500 reduction in the Employment Based Initial Teacher Training Grant.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2015/16 (£)	2014/15 (£)
Housing Benefit Subsidy claim	17,603	33,380
Pooling of Housing Capital Receipts Return	2,750	2,750
Employment Based Initial Teacher Training Grant	3,000	3,500
Teachers' Pension Authority EOYCa Return	3,250	3,250
Total fee	26,603	42,880

Recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

Priority rating for recommendations						
1	Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.	2	Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	3	Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.	
Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date	
Housing Benefits						
Modified Schemes Data Quality Page 143	As previously documented at page 5, the Council have had issues with the quality and integrity of the data relating to Modified Schemes. Whilst, for 2015/16, the impact is negligible, it demonstrates that the system is not operating correctly.	1	We recommend that the Council introduce a control within the system to provide a 'sense check' on the Modified Scheme data. We have already had discussions with officers and are jointly working on a way forward.	3	It has been decided the council will verify all War Pension Cases for 2017, letters were sent week commencing 06/02/17 to all claimants to obtain consent. Once returned a breakdown will be requested from the Veterans Agency and each case will be closely monitored to make sure a response is obtained. Uprating will be done on an on-going basis as to whether just non- standard rates or all should be verified. This will continue to be monitored.	Marian Bolton Head of Revenues and Benefits June 2017



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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6th April, 2017

To the Chair and Members of the AUDIT COMMITTEE

INDEPENDENT PERSON APPOINTED UNDER SECTION 28 OF THE LOCALISM ACT 2011

EXECUTIVE SUMMARY

1. This report seeks the Audit Committee's agreement to recommend to the Full Council that it gives approval to re-appoint Mr Philip Beavers for a further 4 years as the Council's Independent Person appointed under Section 28 of the Localism Act 2011 to assist the Monitoring Officer in dealing with allegations of Member misconduct. It also recommends that the IP is paid an annual allowance of £1000 for carrying out this role, and seeks ratification by Council of IP sharing arrangements with the other South Yorkshire local authorities in cases of conflicts of interest or absences.

RECOMMENDATIONS

2. That the Audit Committee agrees to recommend that Full Council:-
 - (i) agrees that Mr Philip Beavers be re-appointed as the Independent Person to assist the Monitoring Officer in dealing with complaints of alleged Member misconduct for a further 4 year period to 31st May 2021;
 - (ii) approves the payment of an annual allowance of £1000 to the Independent Person for undertaking his role; and
 - (iii) ratifies the proposed arrangement outlined in paragraph 7 of the report to enable Doncaster MBC to participate in the sharing of reserve Independent Persons across the four South Yorkshire authorities.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

3. Having robust ethical governance policies and procedures in place helps to maintain openness, transparency and probity in the way that the Council conducts its business. This in turn should help increase public confidence in local governance through maintaining high standards of conduct by Members.

BACKGROUND

4. Under the Localism Act 2011, the arrangements adopted by the Council to deal with the consideration of Councillor Code of Conduct complaints must include provision of one or more Independent Persons. Under the Act, the functions of an Independent Person are as follows:-

- They **must** be consulted by the Council before it makes a finding as to whether a Councillor has failed to comply with the Code of Conduct or

decides on action to be taken in respect of that Councillor (this means on a decision to take no action where the investigation finds no evidence of a breach or, where the investigation finds evidence that there has been a breach, on any local resolution of the complaint, or on any finding of breach and on any decision on action as a result of that finding);

- They **may** be consulted by the Council in respect of a Code of Conduct complaint at any other stage of the process; and
- They **may** be consulted by a Councillor or Co-opted member of the Borough Council or of a Parish Council against whom a complaint has been made.

Under this Council's locally agreed process for the consideration of Councillor Code of Conduct complaints, provision was made for consultation by the Monitoring Officer with an Independent Person at each stage of the complaints process.

5. At its meeting in July 2012, the Council appointed Messrs Philip Beavers and Ian Daines as the Independent Person and reserve Independent Person respectively, for an initial one year term, to be reviewed in May 2013. Their terms of office were subsequently extended by the Full Council in May 2013 for a further 4 year period to 23rd May 2017.

Re-appointment of Mr Philip Beavers

6. Since the resignation of Ian Daines as reserve Independent Person in June 2015, the role of Independent Person has been undertaken solely by Philip Beavers. The Localism Act does not prescribe a time limit on the term of office of the Independent Person and this is therefore within the discretion of the Council. The Council can either carry out another recruitment process for a new Independent Person, or it can re-appoint Mr Beavers for a further term. Mr Beavers has a wealth of experience and knowledge on Standards and ethical governance matters, and has performed the role of Independent Person diligently. Mr Beavers has also confirmed that he is happy to continue undertaking this role. It is therefore proposed that he be re-appointed for a further 4 years, to 31st May 2021. A short biography of Mr Beavers is attached at Appendix A of this report for Members' information.

South Yorkshire Independent Person Sharing Arrangement

7. Since the new local Standards arrangements were introduced in 2012, there has been an informal understanding within the four South Yorkshire local authorities that each can use each other's Independent Person(s) if and when required. While this facility to borrow another authority's Independent Person has never been called upon to date by Doncaster Council, it is nevertheless a useful standby arrangement, in the event that Philip Beavers is ever unable to assist the Monitoring Officer with a complaint case, due to a conflict of interest or being unavailable for any other reason. It is therefore considered appropriate that Full Council takes this opportunity to formally ratify this sharing arrangement between Doncaster Council and the other South Yorkshire authorities.

Payment of Allowance

8. When the Council first appointed the Independent Persons in 2012, it was agreed that they would be paid expenses only. The majority of local authorities elsewhere now pay their Independent Persons an annual allowance of between £500 - £2000 as recompense towards the time and expenses incurred in performing their duty. In terms of his usual role as the Independent Person, Mr Beavers regularly assists the Monitoring Officer on Code of Conduct matters, including assessing complaints, face to face meetings with the Monitoring Officer, accompanying the Monitoring Officer on visits to Parish/Town Councils where there have been Code of Conduct issues, and attending relevant networking events/workshops.
9. Furthermore, there is now a legal requirement for two Independent Persons to be involved in any Panel which is formed to consider the dismissal of one of the Council's statutory officers. In Doncaster Council's case, this would be Mr Beavers plus one other Independent Person drawn from the South Yorkshire pool of Independent Persons.
10. In light of this additional requirement on the Independent Person, and given that Mr Beavers is frequently called upon to assist the Monitoring Officer in dealing with Code of Conduct complaints, it is felt appropriate that Mr Beavers receives an allowance of £1000 p.a. for serving as the Council's Independent Person.

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

11. Under the Localism Act, the Council has a duty to 'promote and maintain high standards of conduct by its Members and Co-opted Members of the Authority' and must implement those provisions detailed in the Act, including having in place a process for the consideration and determination of complaints alleging breaches of the Code of Conduct, and appointing an Independent Person.
12. The payment of an allowance to the Council's Independent Person is felt appropriate given the significant and valuable contribution made by Mr Beavers in supporting the Council's Monitoring Officer on Code of Conduct matters.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

13.

Outcomes	Implications
Working with our partners we will provide strong leadership and governance.	<p>The role of the Independent Person in supporting the Council's Monitoring Officer and Chief Officers Investigatory Sub-Committee contributes towards:</p> <ul style="list-style-type: none"> • ensuring that Council arrangements are open, accountable and ethically strong; • the promotion of high standards of conduct; • building a 'bond of trust' between the Council and its communities.

RISKS & ASSUMPTIONS

14. There are no identified risks associated with this report.

LEGAL IMPLICATIONS

15. Section 28 of the Localism Act 2011 requires Principal Authorities to have in place arrangements for investigating allegations of Member misconduct and taking decisions on those allegations. It also requires Councils to appoint at least one Independent Person who is to be consulted as part of the complaint handling process. The Authority must seek the views of the Independent Person and take them into account before making a decision on an allegation which it has decided to investigate. Section 28(8) provides that a person appointed does not cease to be independent as a result of being paid any amounts by way of allowances or expenses in connection with performing the duties of the appointment. An Independent Person is not a Member or Co-opted Member of the authority, and therefore is not covered by the Members' Allowances Scheme.
16. Under the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015, Independent Persons now have an additional formal statutory role serving on a Panel, when required, to advise the Council prior to any vote on whether to dismiss the Council's Head of Paid Service, Monitoring Officer and Chief Finance Officer ('Protected Officers'). Under these regulations, the Panel must contain at least two Independent Persons (these would comprise Doncaster's IP and one other IP drawn from the South Yorkshire pool).

FINANCIAL IMPLICATIONS

17. The cost of the proposed allowance of £1000 p.a. to be paid to the Independent Person will be met from existing provision within the Monitoring Officer's budget.

TECHNOLOGY IMPLICATIONS

18. There are no specific technology implications arising from this report.

EQUALITY IMPLICATIONS

19. There are no specific equality implications associated with this report.

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Mr Philip Beavers

Philip Beavers previously served as an Independent Member of Doncaster Council's Standards Committee from May 2008 until the Committee's disbandment in 2012. During that time, he Chaired meetings of the Standards Assessment, Review, Consideration and Determinations Sub-Committees in dealing with complaints against Members.

Philip retired as a Director of a company within the Financial Services sector and Company Secretary of a firm of solicitors. His public/voluntary work includes being the Independent Person for both North Yorkshire Fire and Rescue Service and Rotherham MBC. He has Chaired the Family Court in Doncaster and latterly was Chairman of the Doncaster bench until 2015, when the usual three year term of office came to an end. He has also Chaired the Lord Chancellor's Advisory Committee, advising the Lord Chancellor on the appointment and conduct of justices within the town. He is currently a member of the PCC at St Mary's Parish Church, Tickhill, having served as a Churchwarden for a period of six years.

Since the new local Standards arrangements were introduced in 2012, Philip has served as this Council's primary Independent Person appointed under the Localism Act to assist the Monitoring Officer in dealing with allegations of Member misconduct.

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TO THE CHAIR AND MEMBERS OF THE AUDIT COMMITTEE

SAFEGUARDING ADULTS PERSONAL ASSETS TEAM – RESPONSIVE REVIEW

EXECUTIVE SUMMARY

1. The Safeguarding Adults Personal Assets Team (SAPAT) is a relatively small service within the Directorate of Adults, Health and Wellbeing that aims to look after the financial, property and personal affairs of vulnerable adults in the community and in residential care who lack the capacity or family support to look after their own financial arrangements. The Team currently looks after 543 clients with 344 Appointeeship Cases and 160 Deputyship cases with 39 other cases such as power of attorney cases or those at application or relinquishment stages. In addition to these, there are 40 deceased individuals' estates that are being actively worked on. Total monies held by SAPAT on behalf of these clients has reduced to £7.2m as at 9th March, 2017 (down significantly from the £9.6m originally reported when this work began).
2. This report summarises the issues uncovered and progress made to date to resolve these issues after a review of the SAPAT . This report is a second update report on the progress of this substantial project and follows the original report made to the August 2016 Audit Committee. As such, it gives a brief overview of the original reported issue and a detailed progress statement on each item.
3. Overall SAPAT is in a substantially better position to that previously reported and a significant amount of work has gone into improving systems, processes and training to enable SAPAT to fulfil the team's aims and objectives. Major progress has been made in the following areas:
 - System configuration and usage. Cash handing has been brought within the system and the system has been set-up to automatically calculate charges for deputyships going forwards.
 - Data quality has been significantly improved within the system and data quality exception reports have been developed using the systems report generator.
 - Performance monitoring information is now routinely produced to enable the team and its workloads to be effectively managed.
 - Client relinquishment activities have successfully reduced the ongoing workload from 584 clients as at the date of the last update report to 543 clients currently. Whilst these activities continue, there are few other clients that can now be transferred and this drop in clients is expected to plateau out shortly.
 - Client inflow changes are embedding that mean there are now strict criteria in place under which SAPAT will accept new clients. A complex cases group has been launched to assess and deal with any issues and ensure

that the vulnerable individual is appropriately signposted to the help that they require. These activities have substantially reduced the take on rate of new clients.

- Team workloads have been re-distributed to balance out workloads in the case management of vulnerable clients. However, despite activities to reduce the number of clients within the system, numbers of clients per worker are still as high as 65 for some case workers, which remains higher than levels at other similar authorities.
- All financial transactions are now accurately reflected within the CASPAR system and are being reconciled to the bank transactions on a monthly basis. This includes historical transactions dating back to February 2016.
- Transport issues have been addressed and £204k of the £211k owed to the Council by clients as a result of transport related debt from the Living Ambitions contract has been successfully recovered. However, it is likely that the remaining debt will be written off.
- Exception reports to identify possible benefit related issues within clients' financial information are developed but are yet to be implemented. This delay is caused by the fact that data quality issues first needed to be resolved before these could be activated.
- Training has been delivered to SAPAT staff and benefits handbooks distributed to all to enable them to understand and look up benefit regimes so that client benefits can be assessed. Closer working with Financial Assessments has been implemented in order to share the wealth of knowledge that they have in relation to benefit regimes.
- Public Health funeral responsibility has been transferred to Bereavement Services successfully. Further work is being done by Internal Audit in this area to ensure that this service is fit for purpose. This is the subject of a separate internal audit.

4. Further work is still required in some areas. These include:

- The roll-out of exception report checking and case related supervision to ensure that lessons are learned from any mistakes in relation to benefit claims going forwards.
- Continuing the reduction in the number of clients managed by SAPAT and re-balancing workloads to reduce the number of clients managed by each caseworker to ensure sufficient time is available to deal with each client on a needs basis.
- SAPAT continues without a permanent manager in post after a recent recruitment exercise failed to attract a suitable candidate. Project management support continues. Audit support is being withdrawn with effect from 31st March, 2017 apart from support for exception reporting which is still to be rolled out fully.
- Internal Audit will perform 2 further reviews of SAPAT, the first in 6 months' time to ensure that the procedures are embedding and mistakes are not re-occurring. This will be followed up at year end by further testing.
- There is a need to now continue to work closely with social workers as much of the development will require social workers to complete assessments. There is some urgency for some clients, particularly around transport and their ability to continue to pay for lease cars. Management are aware of this urgent need and are seeking a resolution to prioritise some of these reviews. The SAPAT Manager post needs to be filled with a suitable candidate imminently. This role will be vital in making sure that SAPAT continues to improve and that changes made so far continue to be effective. Once in

place, the team can then be considered for restructure so that roles and responsibilities match those that the team now undertakes.

- 39 active cases need to be referred to the DWP for a recalculation of their pension credit guarantee payments with a further 67 requiring DWP clarification as to whether they need to be reassessed. Full explanations of this complicated issue are included in the main report.

EXEMPT REPORT

5. This is not an exempt report.

RECOMMENDATIONS

6. The Audit Committee is asked to note the progress of the audit review, summary issues within SAPAT and the progress made.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. Adult safeguarding is a fundamental part of the Council's remit. Whilst the Council does not need to provide a personal financial and personal affairs management service for vulnerable clients, it has chosen to do so to support its role in adult safeguarding.. Ensuring that the service is fit for purpose and operating effectively is critical to supporting adult safeguarding and ensuring that in providing this service, the Council complies with the Care Act and safeguards its most vulnerable citizens.

BACKGROUND

8. This report provides the Audit Committee with information on the outcomes from and progress of the joint Internal Audit and Adults work in SAPAT and allows the Committee to discharge its responsibility for monitoring the Council's exposure to risks.

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

9. Not applicable

IMPACT ON THE COUNCIL'S KEY OUTCOMES

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	None
	<p>People live safe, healthy, active and independent lives.</p>	SAPAT is part of the Adults, Health and Wellbeing Directorate who lead on Adult Safeguarding. The

	<ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>purpose of the SAPAT service is to contribute to financially safeguarding vulnerable individuals.</p> <p>Ensuring that the service is fit for purpose and operating effectively is key to ensuring that the Council complies with the Care Act and safeguards its most vulnerable citizens.</p>
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	None
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	None
	<p>Council services are modern and value for money.</p>	<p>Initial analysis of the SAPAT service is that it is neither modern nor value for money. Work is underway to ensure the service is modern and fit for purpose.</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	None

RISKS & ASSUMPTIONS

10. Failure to address governance and operational weaknesses within the SAPAT service exposes the Council to the following risks:-
- Potential reputational damage to the Council as a result of a failure to properly manage the affairs of vulnerable adult clients,
 - Potential legal litigation as a result of any failure to properly manage the affairs of vulnerable clients,
 - Potential financial loss as a result of the write off or non-collection of charges such as care fees (or other fees) and
 - Potential financial loss as a result of reimbursing clients who suffer a financial detriment as a result of a failure to properly manage their finances.

LEGAL IMPLICATIONS

11. Failure to implement a re-engineered process within SAPAT potentially causes a detrimental impact upon the reputation and business affairs of the Council and could possibly result in litigation should any vulnerable client be financially disadvantaged by any failure to properly carry out Appointeeship or Deputyship duties.

FINANCIAL IMPLICATIONS

12. Failure to implement a re-engineered process within the SAPAT service potentially causes a detrimental impact upon the reputation and business affairs of the Council and could result in a loss of income from clients or a cost to the Council to correct any detrimental financial impact caused as a result of failings in the SAPAT process.

HUMAN RESOURCE IMPLICATIONS

13. None

TECHNOLOGY IMPLICATIONS

14. A root cause analysis of the issues within SAPAT identified that a failure to properly implement a technological solution and a heavy reliance on alternative and manual systems to store data have been a significant contributor to the problems of the team.

EQUALITY IMPLICATIONS

15. The SAPAT service serves vulnerable adults with primarily protected characteristics, specifically older people, people with physical and mental health issues and those with learning disabilities. Due to the nature of the clients that the SAPAT service supports, these groups are likely to be disproportionately affected by the issues identified in this report.

CONSULTATION

16. There has been consultation with managers at the outset, throughout and at the conclusion of this review in order to ensure that the work undertaken and findings are relevant to the risks identified and are accurate.

BACKGROUND PAPERS

17. Safeguarding Adults Personal Asset Team – Full Report
18. Care Act 2014

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APPENDICES

Appendix 1 – SAPAT (Safeguarding Adults Personal Asset Team) Full Report

Simon Wiles
Director of Finance and Corporate Services

Internal Audit – Interim Progress Report (Report 2)

**SAFEGUARDING ADULTS
PERSONAL ASSETS TEAM
(SAPAT)**

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1. Introduction

1.1. The Safeguarding Adults Personal Asset Team (SAPAT) is a relatively small team in Adults Health and Wellbeing that handles a variety of things on behalf of vulnerable adults (clients). These services include:

- The management of client monies and benefits, usually as a Deputy¹ or as an Appointee².
- Distribution of cash to clients for personal allowances
- Payment of bills and care fees on behalf of clients
- The arrangement of client funerals (where no next of kin is available or the next of kin declines to arrange the funeral)
- Management of properties (land and buildings) belonging to clients and securing their properties and pets
- Management / safeguarding of personal valuable possessions

1.2. At the time of the last report, SAPAT was also responsible for the administration of public health funerals³ on behalf of the Council and the liquidation of any estates belonging to such individuals using this service, in order to pay for the costs of the associated funeral. This service transferred with effect from September 2016 to Bereavement Services as it was felt that this was a better fit for the service and enabled SAPAT to concentrate on what is felt is its “core business”. A separate review of the public health funerals element has been started with a view to ensuring that it is fit for purpose and integrates successfully with other work undertaken by Bereavement Services. This work is ongoing at the time of this report and is expected to be completed by June 2017.

1.3. SAPAT currently comprises 10.5 staff (FTEs) and has an overall gross budget of £356k. The service is currently overspending and this is mainly caused by the salaries of the project managers involved and costs for the support of Internal Audit Services. It manages the finances of 543 vulnerable clients (as at the date of this report) with 40 deceased client

¹ Deputyships are orders granted by the Court of Protection that allow individuals, or in this case the Council, to administer the financial affairs, benefits, wellbeing decisions and property of vulnerable adults with no or little capacity to undertake this role themselves. When acting as a Deputy, the Council must act in the best interests of the individual and must make an annual report to the Office of the Public Guardian about the administration of the client affairs. The Council is entitled to, and does, charge for these services and fees are set by the Court on application.

² Appointeeships are granted by the Department for Work and Pensions. The Council applies, on behalf of a vulnerable adult in receipt of benefits that lacks sufficient capacity to administer their own benefits, to the DWP to apply for, administer and receive benefits on behalf of the vulnerable client in order to pay for the care fees. There are no current charges for this service to clients although such a proposal is in progress.

³ Public health funerals are undertaken under the Public Health (Control of Disease) Act 1984. When a resident in Doncaster passes away outside of a hospital and there is no one else willing to pay, The Council makes the necessary arrangements for a public health funeral. Every attempt is made to find relatives to pass on the responsibilities to them. Where no one can be found and no insurance or funeral plan can be located, the Council pays for these funerals and will liquidate the estate of an individual to pay for, or at least contribute to, the cost of their funerals.

cases also still in progress.

2. Background

- 2.1. A full review of SAPAT and all its functions was launched in 2015/16 by the directorate with support from Internal Audit Services with a full case review of all managed cases to ensure that the correct benefits and care charges were in place. This work continued into 2016/17 with extensive support from project managers and Internal Audit to address issues raised as part of the original review.
- 2.2. This report is the second update report to be presented to Audit Committee and builds on the previous report from August, 2016.

3. Original Issues and Current Assessments

The last report on the SAPAT audit work was provided to Audit Committee in August 2016. The purpose of this report is to give an update on progress to date and highlight any further work and issues and the plans for addressing these. For ease, issues have been brought forward from the original report and an up to date assessment of progress and current risks has been given. Items in *italics* are a direct lift from the previous update report. Where new issues have been uncovered as part of the work undertaken, these have also been listed.

3.1. Inaccurate claims for benefits on behalf of vulnerable clients

The Originally Reported Issue

732 cases were reviewed, after removing funeral only cases, approximately 600 client financial reviews were required. In total, errors were found on 127 cases (21% of the cases managed). For all of the cases, the root cause was identified as a failure on the SAPAT services part to notify Housing Benefits and Financial Assessments of changes in income and savings levels and a poor understanding by SAPAT of benefit entitlements. This was further hampered by an inappropriately configured system with a lack of designed exception reporting.

Current Position (March, 2017)

All housing benefit related and care fee errors have now been corrected. DWP recalculations remain in progress. The nature of the adjustments are difficult to articulate. They are circular in nature – for example a recalculation of care fees because of a failure to notify the Financial Assessments Team of a change in income affects the amount of savings (capital) that a person has. This then in turn affects the benefits to which they are entitled. These cases are difficult to unpick and this is made more difficult by technicalities within the Pensions Credit system that allows the use of assessed income periods for those aged over 65. Where an assessed income period is in use, an individual may be still entitled to full pension credits despite having significant amounts of savings that would normally mean the client is NOT entitled to receive the benefit. (This is usually the case where there has been a substantial change in circumstances after the income was originally assessed by the DWP as part of their setting of the assessed income period). This has meant that cases assessments have been particularly long winded.

In addition to their difficulty, information needed to unpick these cases was not always available within SAPAT. (For some clients this was information held by those who previously looked after their finances such as RDASH, in other cases information which should have been available within SAPAT was not kept). In order to verify these cases it was necessary to contact the DWP to determine for each the date of any assessed income periods and the state of the client's finances at that time. The SAPAT Team is currently working through this information and liaising with the DWP on a case by case basis. This is expected to take several months to be fully complete. There are approximately 39 cases that are likely to be recalculated by the DWP and a further 67 cases that need further investigation by the DWP to determine the assessed income period information. It is likely that a proportion of these also need to be recalculated by the DWP.

Training has taken place for staff as appropriate to assist them in understanding their roles and responsibilities and benefit claim handbooks have been sourced in order to ensure that each member of staff has the latest benefit entitlement rules with which to assess their clients. Closer working with the Financial Assessments team will also ensure that any benefit claim anomalies are detected and addressed in future.

System changes to the CASPAR system have been necessary to ensure that information vital to any benefits claim is held centrally within the system by SAPAT. This has meant substantial amounts of work have been invested in bringing the system and its associated controls up to the required standard. Changes have been made to the system to

- Record all benefits in claim directly on the system using memoranda fields (previously the only way to record benefits was through their receipt but not all benefits are paid directly to the bank account and this change ensures that all benefits in claim are recorded for each individual client for use in their benefits assessments.;
- Record the last date of a benefits check made on a client's finances. Procedures will be introduced in May (with the completion of the first exception reports) to ensure that for each client, a full check on claimed benefits is undertaken every 6 months;
- Set up a series of workload and performance monitoring systems coupled directly into the main CASPAR database using PowerBI to give visual dashboard based information to support managers making decisions;
- Set up a series of reports that form the basis of exception reporting capabilities for the CASPAR system. No exception reports are available within the CASPAR system. Reports within the system's report generator have been created that when compared highlight potential issues within client benefit claims. An outside system has been created to facilitate this due to the lack of system functionality. Exception reports should be in use from May 2017 after checks have been made on all remaining missing data (these fields are required in order for the exception reporting facilities to work properly). Whilst these will not prevent inappropriate benefit claims, these will prompt reviews of any claims that could potentially, be erroneous.

3.2. Lack of training for SAPAT Staff

The Originally Reported Issue

Training for SAPAT staff has been sporadic with no clear focus on the managing client financial affairs. No training had ever been given on benefits claims or the benefits available. The Team had essentially been focussing on processing payments and personal allowances on behalf of client to the dereliction of other duties such as reviewing benefit entitlements or forward financial planning for the clients. It is clear from the review that caseloads managed by individuals were excessive and unmanageable and there has been a clear lack of management action to ensure caseloads and procedures were managed properly and at a safe level for the staff and clients involved.

Current Position

Training has been given to the team on housing and other benefits by the Financial Assessments Team. In addition, each of the SAPAT members has been given a benefits handbook as a reference guide to ensure that they are aware of all benefits and the different thresholds that are applicable to each benefit type. Support is now available through closer working with the Financial Assessments Team to identify any benefit anomalies.

Supervision elements need to be introduced to check on a monthly basis a series of client files to ensure that the required data is present and ensure that the benefits and care fee levels are appropriate. It is anticipated that this will be introduced at the same time as exception reporting elements and will be used to unpick training and other issues within the team to make sure that benefit claims and other financial arrangements are appropriate for the client. Whilst there are some supervision meetings taking place, these will be significantly improved with exception based data that can be reviewed and discussed with the case worker.

Further reviews of the case management of the team will be checked during 2 additional scheduled internal audits in 2017/18 and the results of these will be used to ensure that any necessary learning is embedded.

3.3. Lack of a suitable system to manage case work

The Originally Reported Issue

In April 2015, a new system CASPAR was installed and brought on line to replace a series of spreadsheets maintained for each client being managed. The system was purchased following a procurement exercise.

The system CASPAR was installed by ICT, however, the configuration of the system was left to the SAPAT service. Training provided by the software house was poor and it is clear from our examination of the system and its setup that it was improperly configured with insufficient consideration given to most elements of the team's role (beyond basic transaction processing on behalf of the vulnerable clients).

Current Position

The CASPAR system has been completely overhauled and this work is now largely completed. Information that was previously contained within spreadsheets across the SAPAT s drive (network) should now be storable within the CASPAR system. The major changes have been:

- The introduction of benefit markers with the system to record the benefits in payment and the dates of the last full benefits review;
- The re-categorisation of client expenditure to match those required by the OPG so that annual reports required by the OPG can be calculated automatically using the system. These reports are now usable for all individuals for which an OPG annual report is required;
- The introduction of further client categories to track the progress of cases referred to SAPAT but awaiting legal permissions and those in the process of relinquishment;
- The re-classification and recording of items of substantial property and other financial assets within the CASPAR system to ensure that they are properly available for exception reporting and benefits assessments;
- The bringing on line of the CASPAR cash handling elements so that cash paid to clients on a weekly basis is calculated and recorded within the system as a regular payment, automatically generated by the system. Previously this done using a spreadsheet outside of the system with transactions being manually entered into the system.

3.4. Data quality issues

The Originally Reported Issue

In addition to the above configuration problems, data quality problems also hamper the performance of the CASPAR system and the SAPAT service. Data was migrated from spreadsheets to the CASPAR system manually with some additional information being transferred into the system by data upload from CAREFIRST. Data within the system is incomplete and in some instances out of date.

Current Position

Some data quality issues remain within the system but work is underway to check that all required data has been correctly entered into the system ahead of the launch of the exception reporting functionality in May 2017. The following has been completed to ensure that data quality is improved within the system:

- Missing dates of deputyship court orders have been found and entered onto the system (these are important to predict OPG reporting requirements and are necessary for the proper billing of OPG and other deputyship fees);
- Client addresses have been updated to ensure that they reflect the current location of the client, even when this is in hospital etc. New classifications have been introduced to identify whether the accommodation is respite or hospital, rented accommodation or owned in order to facilitate the necessary exception reporting on these elements.
- Missing financial assets from the system have been populated within the system to enable the correct charging of fees and proper monitoring of a client's financial assets and bank accounts. Many were previously missing from the system or were misclassified within the system hampering the systems automatic processes;

- Poor quality records on client's personal possessions were cleared and replaced within the system and now show a true record of the individuals' personal property and its stored location. As a result, many items have been either passed back to the client at their current location or liquidated and added to their financial assets (whichever was deemed in their best interests).
- Case notes are now being used within the system to record all material decisions made for a client and any consultation made on those decisions. General notes fields are also now in use but further work is required to ensure that everything required is now being recorded. Supervisory checks will ensure that the notes are being made in line with required policy; and
- Exception reports have been produced to identify missing fields for management supervision purposes.

3.5. Failure to follow the Financial Procedure Rules / inappropriate charging mechanisms

The Originally Reported Issue

There were no procedures held by the team for their different functions. The only procedures available to follow were the CASPAR user manual (which details how to use CASPAR only). This, coupled with the poor set up of the CASPAR system had led to a situation where charges payable by clients were billed using manually typed invoices that could not be traced or reconciled to actual payments received due to the fact that record keeping within the team on this issue was poor. It is not clear whether all debts were billed or whether all debts billed were actually received / collected. This process was in use for both funeral bill payments and for charges for deputyship management fees.

The CASPAR system is capable of automatically generating and billing charges to clients, however, this part of the system was never configured.

Current Position

Procedures for the team are still being written to reflect the various changes introduced throughout the team. Some procedures are complete but recently introduced changes such as those with cash handling and exception report are not yet developed. The systems automated charging module has been brought on line to calculate charges and now that the majority of the data quality errors have been corrected this system is producing the results expected of it.

The system now charges for an annual report as per the deputyship fees set by the OPG when a report has been run within the system. The remaining annual charges are being run manually until April 2017. This is a deliberate date. Financial transactions within the system from the Lloyds bank account system started in February 2016 (with the first full month being March 2016). A full year of data within the system is necessary for the charges system to work properly. Transactions need to be reconciled within the system before the charges can be run hence the required delay in the launch of this system element. When launched, these annual charges will automatically allocate to the clients account and a report will be produced for upload into the banking system to generate the financial transactions with the bank to match those done automatically on CASPAR.

3.6. Poor reporting and performance management

The Originally Reported Issue

Whilst the CASPAR system has a report generator, capable of writing custom reports using a report writer, no reports had been set up with which to monitor or control operations. No exception reports were considered or set up within the system and inbuilt reports such as the OPG Report (designed to send to the OPG annually to record spending made on behalf of Deputyship cases) were ineffective due to poorly configured expense reporting options.

There was no single management view of the number of cases being managed or the case loads of individual case workers. Case workers were holding up to 80 complex cases each (those with simple cases their caseload exceeded 150 cases per case worker). This was due primarily to a failure on management's part to control in the influx of cases to manage. Whilst case numbers are reducing, the SAPAT service caseload remains exceptionally high.

Current Position

Performance management has been largely implemented within the team. Dashboards in PowerBI have been created for management use that graphically show the number of clients per category, the number of clients per caseworker, deceased clients by time lapsed since date of death etc. This has been achieved by coupling the dashboard designed directly to CASPAR's SQL server database. This information is used manage caseloads for workers, cross reference Care First to identify deceased clients and monitor data quality issues. This information is used to interrogate the data in real time and will form part of the new supervision arrangements going forwards.

Attempts have been made to re-balance the workload of all individuals. Whilst the team still bears more case work than other similar authorities, the risk in this area has been greatly reduced. This has been achieved by relinquishing cases to family (where they can be located) and the transferring of wealthy clients to a solicitor where their needs can be more easily met (investment decisions are required for wealthy clients in order to maximise their finances – this is not a specialism of the team and their needs are more appropriately met by specialist solicitors dealing with such deputyships).

Client numbers are at the lowest level for 3 years with significant amounts of effort expended on relinquishing appropriate cases and in clearing the backlog of deceased cases that the team need to discharge the estates for. This programme of relinquishment however, is coming to an end and case numbers are expected to stabilise around the 520 mark.

New cases are still coming through to the team but numbers are again greatly reduced after controls were added to the pathway for accepting new clients. (see the next section for further information).

3.7. Inappropriate referral mechanisms and a lack of a joined up approach with social workers

The Originally Reported Issue

Referral systems to refer vulnerable adults in need of support to the SAPAT service represented an “open door” with little recorded challenge to the appropriateness of the referrals being made. This has meant that most referrals made were taken on without question and has resulted in an unmanageable case load for the SAPAT service that is significantly higher than any other local authority in the area. This has meant that most clients are simply “transactionally” managed (paying bills and receiving income) rather than being financially managed in terms of financial planning and benefit assessments and has manifested in a failure in some cases to manage the clients affairs in the clients best interests.

Arrangements within the team to record the progress of any referrals were poor and this has resulted in complaints being received from the public and solicitors acting on their behalf.

Current Position

The referral system for SAPAT has undergone major changes since the last report. Strict policies have been introduced which mean that only those clients who have no family members to look after their finances, no monies to access solicitor based services or who are subject to safeguarding investigations are accepted by the team. This has meant that some individuals who have family but whose family are not willing to act on the individuals behalf, are being rejected by SAPAT criteria. These cases are being dealt with under a “Complex Case Group” that assesses the cases and determines the correct course of action for the individual case or signposts the social work to alternative sources of help for the individual. Care needs to be taken in this that the individuals are pushed into crisis by an inability to access funds in the intervening period. This will need to be managed closely to ensure that these changes do not result in increased risks in this respect.

Attempts are being made to improve the relationship with social workers and their understanding of their responsibilities in terms of SAPAT clients but this area requires further work. It is a generally held belief by social workers that SAPAT is the appointee / deputy for these vulnerable clients and that SAPAT is entitled to make the best interest decisions and other assessments for clients. This is not the case. SAPAT discharge the deputyship / appointeeship roles on behalf of the Council. SAPAT is not best placed to make all decisions for these individuals and cannot complete all required functions in isolation. For example, the government is moving away from Disability Living Allowance and is moving individuals to the Personal Independence Payments system. SAPAT is required, within a specified timeframe to apply for the new benefit giving details of the individuals care needs, capacity and disabilities. Assistance is required from social workers or care workers to complete these applications properly. Social worker time is not always available in the required timeframe which runs the risk that applications will be delayed to the individual’s detriment or will be of poor quality and financial disadvantage the client due to a lack of joined up working. Where these applications are received, extensions are being required for each case but this requires close monitoring to improve the situation and ensure time is available as and when required.

3.8. Poor personal and valuable asset storage

The Originally Reported Issue

Personal and valuable items are sometimes collected from properties when a vulnerable adult is admitted to care. These are currently stored at Copley House. All items are stored

in sealed and numbered bags and these bags are cross referenced against a client record in CASPAR. However, only the bag number is recorded on CASPAR and not the contents. When bags are opened for any purpose, they are sealed inside a new bag and the bag number updated on CASPAR. As CASPAR has no record of the contents of the bag, it is therefore unclear whether any items are missing or lost after the bag swap.

Current Position

Extensive work has been undertaken to address risks in this area. All items in storage have been reviewed and streamlined. Personal items have been returned to the client wherever possible or passed on to their families. Low value items have been disposed of and where appropriate other items have been disposed of via auction and the resultant monies added to the clients funds.

Some elements of the items in storage could not be traced to an owner. The majority of these items came in from care homes before they were transferred to the private sector and were mainly lost property items of jewellery. These were again disposed of via auction and the proceeds used to offset public health funerals that the team had (until September 2016) been undertaking on behalf of the authority.

Some items of personal property remain with SAPAT (these are mainly relating to the estates of the deceased), however, these are at much lower levels than previously maintained. These now fit into a locked cupboard within a secure area of the Civic Building with Copley House having been completely cleared. All items have been updated within CASPAR which now contains up to date information on personal items, their location and ultimately disposal. This has substantially reduced costs in the long term.

Revised procedures are now in operation within SAPAT to ensure that only valuable items are collected in future as many of the items in storage were low value items.

3.9. Complications caused by the banking transfer.

The Originally Reported Issue

In February, 2016 the Council changed banking provider from the Co-Op to Lloyds. The transfer had consequences for the SAPAT service. Whilst these could not be avoided, these have had an impact on the speed of progress for this project.

The transfer moved SAPAT clients from a "hard" account (an bank account with normal bank statements), to a "virtual" account (where all monies held by the Council on behalf of SAPAT clients are held in a single hard account with a virtual sub accounts and virtual electronic bank statements). It has now come to light that the extracts agreed by the bank and the CASPAR software house Trojan, are flawed in that transactions received (for example) in April but not identified and allocated to the correct client until June, are backdated on the banking extract and therefore show in CASPAR as an April transaction. However, they actually appear on the June client bank statement. This is resulting in difficulties in reconciling the CASPAR system to the bank statements for each client. Both the bank and Trojan are aware of these issues and discussions are underway to implement a workable solution.

Current Position

This process was difficult to resolve and required liaison with the bank and CASPAR. Reports from the bank had to be fundamentally redesigned to provide us with information

that could be relied upon for the OPG reports. Fundamentally, the information provided prior to September 2016, did not match the bank statements for the individual and had missing transactions on it. After the redesign, replacement reports back to February 2016 were supplied. However, the original transactions could not easily be removed from the CASPAR system. As a result, a piece of work was required to reconcile the data on the old and new reports to identify any transactions missing from the data that had been loaded into CASPAR covering the period February to August 2016. A separate upload was then manually created to ensure that the CASPAR system held all required information. All transactions are now imported to the system monthly and the reconciliations to expected transactions are complete and up to date. Checks are undertaken periodically to ensure that the total balance on the system matches the balance as per the bank statements.

3.10. Transport Payments

The Originally Reported Issue

In addition to the above issues, problems have surfaced regarding personal transport payments for approximately 90 vulnerable clients. These issues however are NOT caused by the SAPAT service. These are the result of poor management of the clients lease contracts by a third party provider (Care UK through their Living Ambitions arm). A historic problem relating to the billing of clients for transport charges by Living Ambitions resulted in the accumulation of transport debt for 90 clients. The team has worked with Living Ambitions to resolve these issues and bill individual clients for their own transport. This has caused delays in dealing with client financial reviews that are not the fault of the SAPAT service. Whilst the billing issues are now solved however, it has been identified that there are some clients that can no longer afford to lease a vehicle for their own use. The team is working with social work colleagues to commence reviews of the needs of any service user so affected to ensure that the arrangements put in place meet the needs of the client and are within the client's financial means going forward.

Current Position

Billing issues continued after the last update report with incorrect bills being received and bills not being made to each individual client as was previously agreed. This has been finally resolved and all bills are up to date and there is now an agreement in place to bill monthly in the name of each client from April 2017. In the interim period, and to avoid any monies accumulating in savings that could affect benefit entitlements, monies were transferred to a holding account and then adjusted to match final bills as they arrived.

Historically owed monies by the 90 clients have been largely recovered. These were originally paid for by the Council. £204k of the £211k billed has now been recovered from clients. The remaining debt is highly likely to be written off due to the fact that some of these individuals are now deceased and the estates have been discharged. Clear arrangements are now in place regarding the billing of vehicles and the Council will accept no further bills that are not in client names.

Urgent reviews remain outstanding for 8 clients who can no longer afford the transport methods that they are using. These are clients in supported living accommodation who usually share transport. Urgent reviews are required for these 8 clients and any other individuals that share the clients transport arrangements. This usually means that everyone living in that supported living accommodation needs to be reviewed together to come up with a workable transport plan for these individuals that they can afford.

However, this is likely to mean increased support hours are needed (increasing the social care bill) to ensure that individuals have access to public transport and the support worker to enable them to use it. These priority reviews have been escalated but at the date of this report remain outstanding.

4. Other Issues Arising

4.1. Staffing Issues

Senior Management has attempted to permanently recruit to the SAPAT Manager post. This unfortunately was unsuccessful. Project management support continues till at least June 2017 but the team requires a manager to take forward the embedding of new arrangements and ensure that going forward, SAPAT meets its aims and objectives. Options are being considered to fill the post moving forwards. The full team structure will then be reviewed to ensure it is fit for purpose.

4.2. Lasting Power of Attorney (LPA) Clients

In the past, several clients have, whilst they have capacity, opted using a Lasting Power of Attorney to nominate the Council to look after their finances after they lose capacity. There are currently 6 such clients with the Council. However, the “power” rests with the persons nominated on the LPA forms. In all cases, these are former employees of the Council, some having left several years ago. Work was required to locate all of these former employees and get them to relinquish their roles so that these powers so that the individuals could be transferred to appointeeships or deputyships. Legally, the power to deal with the finances of these clients, rested with the individual attorneys and not the Council. No further clients of this category will now be accepted to avoid any such issues in future.

4.3. Public Health Funerals

The responsibility for Public Health funerals was transferred to Bereavement Services with effect from the 1st of September, 2016 with all associated budgets following as appropriate. 1 member of staff was transferred from SAPAT to Bereavement Services to facilitate this. SAPAT now liaise with Bereavement Services when a client dies rather than commissioning their own funeral arrangements.

Risks associated with Public Health funerals have been transferred to Bereavement Services. As part of the required arrangements, the Council (through the Neighbourhood Response Team) searches the properties of those that die in the community without family or friends willing to take on the arrangements for the deceased’s funeral. Estates are liquidated to pay for any funeral with any shortfall being paid for by the Council. Due to the risks involved, a full audit on this area has been launched to ensure that processes transferred to Bereavement Services are fit for purpose.

4.4. Probate

As part of the previous banking arrangements with Co-Op, the Co-Op Bank had a probate department. When a SAPAT client died, their probate department would deal with the discharge of the estate to the next of kin. There are monies still within the Co-Op in respect of deceased clients but these are the responsibility of the Co-Op to discharge. However, since the transfer of the bank to Lloyds, this responsibility falls to SAPAT. This is due to the fact that the accounts for clients are virtual and are controlled solely by SAPAT

on behalf of the Council. This has meant that the Council has had to come up with discharge arrangements to pay over the estate of a deceased to the identified next of kin. In circumstances where the estate is valued at less than £10k, SAPAT will discharge the estate to the next of kin without the need for the individual to apply for probate (which can be a lengthy process). This is line with the procedures formerly used by the Co-Op Bank. If there are concerns about the next of kin or any potential family dispute regarding the executor of the estate, or the values are in excess of £10k, the family are required to apply to the courts for probate and present these legal documents before an estate is discharged. This has added further work to SAPAT but processes in this respect appear to be working well at this time.

5. Future Audits

- 5.1. Further follow-up work to ensure that the SAPAT project remains on track and addresses all remaining risks have been scheduled by Internal Audit Services at Senior Management request. These will be undertaken in June 2017 and March, 2018.

6th April 2017

**To the Chair and Members of the
AUDIT COMMITTEE**

**BREACHES AND WAIVERS TO THE COUNCIL FINANCIAL AND CONTRACT
PROCEDURE RULES**

EXECUTIVE SUMMARY

1. This Report provides Members with details of waivers and breaches to Financial (FPR's) and Contract Procedure Rules (C.P.R's) for the period 1st November 2016 to the 17 March 2017.
2. The table below identifies the number of new waivers and breaches recorded by each Directorate since the last audit report presented in November 2016. The details of each waiver and breach are summarised in the appendices of this report.

Period 1st November 2016 to the 17th March 2017	Breaches	Waivers
Adults, Health & Wellbeing	7	11
Learning & Opportunities: Children & Young People	0	2
Finance & Corporate Services	1	6
Regeneration & Environment	1	3
GRAND TOTAL	9	22

RECOMMENDATION

3. To note the information and actions contained in this report, regarding waivers and breaches of FPR's and C.P.R's

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. There are no specific implications within this report, with regards to waivers or breaches.

BACKGROUND

5. The Chief Financial Officer monitors compliance with C.P.R's and FPR's via an update from the Finance and Strategic Procurement teams, detailing any reported waivers of C.P.R.s and FPR's and instances of breach

Contract Procedure Rules (C.P.R's)

6. The Council's C.P.R.s detail the following thresholds where commensurate competition should be undertaken by officers to ensure that value for money is being achieved:-
 - Up to £5,000 - use of an in-house supplier, Council wide contract, framework Agreement or direct award where possible to a Doncaster based organisation.
 - Between £5,000 and £25,000 – use of an in-house supplier, Council wide contract, framework Agreement or obtain three verbal quotes one of which must be from a Doncaster based organisation (a record of quotes is to be maintained);
 - Between £25,000 and £164,176 use of an in house supplier, Council wide contract, framework agreement or obtain three written quotes one of which must be from a Doncaster based organisation where the above is not available;
 - Over £164,176 use of an In-house supplier, Council wide contract, framework Agreement or carry out a formal tender process.
7. Whilst the EU thresholds are set within the legislation and, therefore, cannot be waived, it is recognised that from time to time discretionary thresholds within C.P.R's may be a barrier to the delivery of the service and, therefore, Council officers can request that the C.P.R's are waived in specific instances via a C.P.R waiver report, which is approved by the Chief Financial Officer in accordance with the following permissible exemptions.
 - a. the goods, services or works are proprietary in nature (i.e. where only one supplier can supply the product or services);
 - b. the contract is for goods, services or works that are required in circumstances of extreme urgency;
 - c. the circumstances of the proposed procurement are covered by legislative exemptions (whether under EU or UK. law);
 - d. there are other circumstances that are genuinely exceptional.

Breaches to CPR's

8. Breaches arise from either the aggregation of spend with one supplier going over

pre-prescribed limits, a complete absence of any identifiable contract, a failure to comply with requirements to obtain adequate competition or an extension of contract beyond its agreed term or lifetime.

9. It is therefore important that steps are taken to ensure breaches are identified, investigated and plans quickly put in place to rectify the position. A summary report is produced for each breach and detail actions required to be taken, including where necessary the decommissioning of contracts.
10. There has been nine breaches to CPR's reported this period as detailed in Appendix 1.

Update to Breaches previously reported

11. In November 2016, there were seven new breaches of CPR's reported to Audit Committee as well as updates on three existing unresolved breaches.
12. From the total of ten breaches, two have been resolved, as follows:-
 - Older Peoples alarm scheme with various suppliers – the arrangements in place in effect represent grant funding under the previous national Supporting People guidance.
 - Telecare Equipment – The Council has now entered a National Housing Consortium Framework Agreement under which the Council can compliantly purchase Telecare equipment.
13. There remains eight outstanding unresolved breaches, as detailed below:-
 - Solar Centre – This breach remains outstanding. The background and proposed actions are detailed in a separate report to this Audit Committee.
 - Doncaster Mind & Changing Lives – A mental health service review has been completed and work is underway with the Clinical Commissioning Group regarding future options in line with the Mental Health Plan. This work is planned for year 1 of the commissioning plan (2017/18).
 - Managed Accounts – A new money management service is currently being retendered and will be in place for the 1st November 2017, as detailed in the Adults Commissioning Plan
 - YMCA Goodall House – This breach remains outstanding as further work needs to be undertaken with the Children's Trust, Learning and Opportunities and Adult Services to determine the commissioning approach. This work is planned for year 2 of the commissioning plan (2018/19).
 - Doncaster Mind – This breach remains outstanding as a service review is to be undertaken. The review will be undertaken during year 2 of the commissioning plan (2018/19)

- PD Resources – Interim appointment due to end in June 2017
- Odgers Interim Management - Interim appointment due to end in June 2017
- AQUA MI System – A procurement exercise is about to be undertaken to procure a new system. The tender will be concluded prior to the end of November 2017. The procurement team is working with the service area to develop the tender requirements

Waivers to CPR's

14. Twenty-two waivers to CPR's have been approved this period (see appendix 2 for the detail of each waiver).
15. The waivers detailed in this report have been reviewed and agreed either by the Chief Financial Officer & Assistant Director of Finance and Performance, the Director of Finance and Corporate Services or the Chief Executive (for Finance and Corporate Services Directorate).

Improvement Actions

16. On the 25th January 2017, the Strategic Procurement Team and Legal Services delivered training for officers within Adults Health and Wellbeing on the Council's CPR's and Decision Making Processes including Officer Decision Records to ensure that officers are clear about their roles, responsibility and accountability in these areas.
17. The number of CPR Breaches / Waivers which were previously identified in the Adults, Health and Wellbeing Directorate and reported to the November 16 Audit Committee meeting, have led to Internal Audit and the Strategic Procurement Team working with the Directorate to develop a commissioning and procurement plan to minimise the risk of future breaches and waivers occurring (see paragraph 18 below). In addition, a thorough investigation of the off-contract spend has been undertaken and this has identified two areas of expenditure with suppliers where no contract has been put in place by the Directorate. The details of which are contained in Appendix 1 together with further breaches of CPR's identified.
18. A commissioning and procurement plan has subsequently been developed and is contained within a separate report to this Audit Committee. This report:-
 - Identifies all contracts coming to an end within the next 4 year period.
 - Details whether the contract should be re procured as is / whether work needs undertaking to produce a revised specification for the service or a similar service / or whether the service no longer fits within the direction of the transformation strategy. It follows the Commissioning Cycle stages and will be tracked to ensure deadlines are met and blockages resolved in a timely manner.

- Sets out the proposed timeline for implementation of the above actions proposed.
- Identifies where future waivers are required to align contract end dates with future commissioning intentions and procurement timescales.

REVIEW OF PROCUREMENT ARRANGEMENTS ABOVE £5,000

19. The Corporate Procurement Team continues to work closely with all Directorates to improve procurement generally, but to also provide assurance that arrangements are robust and compliant with CPR's. Where waivers and breaches are identified, they are recorded and appropriate procurement plans are agreed and developed if/where appropriate.

BREACHES OF FINANCIAL PROCEDURE RULES

20. Financial Procedure Rules (FPR's) B.20 require that any new fees and charges proposed within the financial year will be approved by Cabinet. The following fees were implemented 1st October 2016 with subsequent approval at Cabinet 28th February 2017, via the Finance & Performance Improvement 2016/17: Quarter 3 report: -

- Driving Assessments for Taxis and Private Hire Vehicles

In order to qualify for a hackney carriage (taxi) or private hire vehicle (PHV) licence, the Council requires that applicants pass a taxi or PHV driving assessment. Prospective licensees used to apply to the Driver and Vehicle Standards Agency (DVSA) for assessment; however, in September 2016, DVSA announced they would stop providing this service from 31 December 2016, in order to concentrate on statutory learner driver assessments. Any existing bookings would be honoured but no new bookings would be taken. Potentially, those wishing to obtain a taxi or PHV licence from October 2016, might not be able to successfully complete an assessment in order to satisfy the conditions for doing so. In response, the Licensing Service proposed that the Council could undertake these assessments through the Transport Service, who already undertake driver assessments for its own fleet and who identified sufficient capacity to include driving assessments for taxis and PHV's. The Licensing Committee met on the 15th December 2016 and also supported the provision of assessments by the Transport Service. The fees are the same as those previously charged by the DVSA: -

- Driver assessment - £79.66
- Driver assessment with wheelchair assessment - £92.94
- Driver wheelchair assessment - £26.56
- Charges are exempt from VAT"

21. In November 2016, there was one breach to FPR's reported to Audit Committee in relation *to the processes for additional payments to staff*. It is asked that the Audit Committee notes that work continues to investigate a breach in the financial procedure rules surrounding additional payments to staff. The processes have been examined and controls put in place to ensure that there are

no further additional payments to staff and to ensure that all payments to staff are made through the Council's HR Payroll arrangements. On investigation, further breaches of FPR's have been identified for this team. It has been identified during the last month that payments have been issued for some contractors (including members of staff) who have been paid in advance of the work being completed which is contra to the FPR's. Poor financial practices have also been detected in this area which mean that the Team has no true record of the items paid for and those that have not.

As work in this area is continuing, a full report will be brought to Audit Committee on completion of the work.

OPTIONS CONSIDERED

22. Each waiver is examined and where appropriate challenged for alternative options prior to approval.

REASONS FOR RECOMMENDED OPTION

23. It is clearly important that the Council's Contract Procedure Rules and Financial Procedure Rules are adhered to and that from a governance and procurement perspective, where breaches are identified a robust corrective plan is put in place to protect the council's commercial interests through contracts.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

24.

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p><i>Please see Appendix 1 for an explanation of each breach and appendix 2 for details of each waiver to CPR's.</i></p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural</p>	

	<p>environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	
	<p>Working with our partners we will provide strong leadership and governance.</p>	

RISKS AND ASSUMPTIONS

25. With regards to the ongoing review of commercial arrangements with suppliers the risks of breaches to CPR'S potentially exposes the Council to reputational, legal and commercial risk. The review and plans arising from its aim to remedy this and mitigate any remaining open risk.

LEGAL IMPLICATIONS

26. There are no specific legal implications arising from this report. However, Legal Services provide advice and assistance on the specific context of CPR breaches and waivers and reviewing existing commercial arrangements.

FINANCIAL IMPLICATIONS

27. There are no specific implications within this report, as each waiver or breach is considered on its own merits. Where financial implications arise from the wider review of commercial arrangements with suppliers these will be reviewed on a case by case basis.

HUMAN RESOURCE IMPLICATIONS

28. There are no specific human resource implications within this report, as each waiver or breach is considered on its own merits.

TECHNOLOGY IMPLICATIONS

29. There are no specific technology implications within this report, as each waiver or

breach is considered on its own merits.

EQUALITY IMPLICATIONS

30. The author of each waiver would need to consider all equality implications.

CONSULTATION

31. This report has significant implications in terms of the following:

Procurement	✓	Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	

BACKGROUND PAPERS

32. None

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BREACHES

This appendix details the C.P.R. breaches that have been identified to the end of March 2017, together with a brief explanation of the reasons for the breach and their current status

Directorate & Responsible Officer	Contract Description	Annual Breach Value	Contract End Date	Reason for breach	Proposed action to be taken in relation to the breach	Timescale for resolution
Adults, Health and Wellbeing	SPLS IT System provided by Trojan System is used to manage a range of Supporting People subsidy payments linked to older people's alarm services.	£6,420	26/01/17	SPLS was implemented when Supporting People (SP) commenced in 2003. It was a requirement of the SP grant that a specific system was used to process payments due to the need to interact with government systems through which electronic returns were made. There is currently no requirement to continue to use this system. From April 2016, the majority of SP related contracts moved away from SPLS to be paid through P2P. However, there still remains a group of contracts associated with older people alarm services, which is subject to a more detailed piece of work.	The sole purpose of SPLS is to pay for the transactions in relation to a group of older people's alarm services, this system needs to be reviewed and ultimately decommissioned.	18 months to review and transfer to an appropriate system.
Adults, Health & Wellbeing	Accommodation and Floating Support for Offenders (Target Housing)	£370,000	03/01/2017	A 5 year contract with Target Housing commenced on 3 January 2011 following a tender exercise. The contract was extended via a 12 month waiver to January 2016. The waiver has now expired. The service delivers a support service for offenders/ex-offenders/those at risk of offending comprising of floating support for 90 people at any one time	A tendering exercise is due to be undertaken in 2018/19.	Contract to go live 03/01/2019 as detailed in the adult commissioning and procurement plan

Directorate & Responsible Officer	Contract Description	Annual Breach Value	Contract End Date	Reason for breach	Proposed action to be taken in relation to the breach	Timescale for resolution
				<p>and accommodation based support for 30 people at any one time. Individuals who are supported under the project are 16 years and over and require support to live independently often after a period of imprisonment, and either have a history of offending or at risk of offending due to their current circumstances.</p> <p>It was anticipated that the service would be re-tendered in 2015 with a view to a new contract commencing early 2016. However, the tender has been delayed due to changes in the offender landscape, particularly in relation to Transforming Rehabilitation programme reforms.</p>		
Adults, Health & Wellbeing	YWCA – Yorkshire Green Gables (Sheffield YWCA)	£311,815	01/05/16	<p>Green Gables was originally developed through a partnership between Sheffield YWCA, Chevin Housing and Doncaster Housing to deliver an accommodation based and outreach service for teenage parents, the service opened in 2003 managed by Sheffield YWCA. It was re tendered in 2011 together with a larger floating support contract for vulnerable families, and Sheffield YWCA was successful in winning this larger, combined contract.</p> <p>The contract expired in May 16.</p>	A project plan is to be developed setting out the commissioning approach and clear milestones to be adopted with the Children's Trust and Learning and Opportunities in order to respond to the complexity of need. This work is planned for year 2 of the commissioning plan in 2018/19 and will also include wider young people's provision including Doncaster Housing for Young People and Doncaster Foyer.	Year 2 of the proposed commissioning plan (2018/19).
Adults, Health & Wellbeing	Shop 4 Support	£25,000	No contract in place (off contract spend)	This was initially part of a collaborative cost neutral arrangement between the supplier and some neighbouring local authorities. Shop 4 Support is a web based ICT system which allows	An agreement needs to be put in place to support the current arrangements	May 2017

Directorate & Responsible Officer	Contract Description	Annual Breach Value	Contract End Date	Reason for breach	Proposed action to be taken in relation to the breach	Timescale for resolution
				<p>suppliers to register the service/products they provide for individuals to purchase. DMBC now pay a licence fee as the initial plans for the system to be self-financing were not successful.</p> <p>The system has now been re-packaged firstly as Connect 2 Support and now Your Life Doncaster and continues to provide a marketplace for businesses who provide service and goods connected with social care.</p>		
Adults, Health & Wellbeing	Autism Plus	£222,000	No contract in place (off contract spend)	The expenditure for day care with Autism Plus by the Council has been identified via our off-contract spend analysis and raised with the Adult Commissioning Team.	Commissioners are currently investigating i.e. to determine the action required to remedy this breach. The outcome of the investigation is not yet known	End of June 2017
Adults, Health & Wellbeing	Sony Music Downloads – Library Ideas	£6,262	31/08/16	<p>In 2015 a waiver was granted to extend the current arrangement with Library Ideas Ltd for a further 12months for the provision of Sony music downloads.</p> <p>Library Ideas remains the only solution providing music downloads to library services in the UK, and specifically the only service providing the catalogue of Sony UK titles.</p>	Proprietary Item which can only be purchased from Sony Music therefore a Purchase Order needs to be raised with Sony Music	Proprietary Item
Adults, Health & Wellbeing	Carers Emergency Card Scheme (CERS).	<p>Maximum £10,000</p> <p>Payment is based on actuals when the card is activated</p>	31/03/16	The contract ended on 31 st March 2016, the service was then transferred to another provider (outside of a formal contract arrangement) who already provides the carers moving forward service.	This breach covers the period 1/04/16 to 14/09/16 when a request for a waiver of CPR's was made to directly award the contract to Age Uk and extend that contract to the end of March 2018	To either commence a tender exercise or move the service into the Commissioned Care and Support at Home contract if possible (prior to the 31 st March 2018).
Regeneration &	Appointment of	£65,000	31/08/17	Quarterbridge were appointed late	To support the direct award to	One off funding for 6 mths

Directorate & Responsible Officer	Contract Description	Annual Breach Value	Contract End Date	Reason for breach	Proposed action to be taken in relation to the breach	Timescale for resolution
Environment	markets management and development			<p>2016, through a tender process i.e. to review Doncaster markets, produce a strategic analysis and set out opportunities. The final draft of the report was presented in late February 2017. This activity was included as a requirement of a SCRIF bid and following announcement of the success of the SCRIF bid, work now has to proceed at pace so that the development can be progressed in the challenging timescales.</p> <p>The knowledge and experience exhibited by Quarterbridge, together with their existing work in Doncaster brings about an opportunity to access this resource at minimal risk and within the very short timescales that are now required.</p> <p>It was agreed that a short term engagement of 6 months was put place with immediate effect and work began to design artistic impressions and 3d visuals.</p>	Quarterbridge due to the speed at which markets improvements are required and their pre-existing knowledge of the market development plans and opportunities	
Finance & Corporate Services	Nuway - Chamber voting and PA system and audio visual recording system.	£5,450	04/11/18	<p>The Chamber voting, PA and audio visual recording system was purchased as part of the Civic Building/Chamber fit-out works at the time of construction.</p> <p>The contract detailing the installation of the equipment does not provide details of the original maintenance agreement.</p>	Nuway has continued to provide maintenance for the Council chamber PA and voting system and audio visual recording system since the contract expired in November 2015.	Proprietary Item

APPENDIX 2

WAIVERS

This appendix details the C.P.R. waivers that have been agreed since the last report covering the period 1st April 2016 to the end of October 2016, together with a brief explanation of the reasons for the waiver. The proposed action will need to be concluded in advance of the expiry of the waiver end date to prevent the occurrence of a breach (i.e. unless it is proposed that the arrangements will end).

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
Adults Health and Wellbeing – Public Health CPR/16/10/0003	Transformation of 0-5 Public Health Nursing Services (Health Visiting Services)	£20,050	One off funding	<p>RDaSH were tasked with the development of alternative targeted programmes, for vulnerable families, that focus specifically on increasing effective and sensitive parenting ability, and improving maternal mental health. Public Health have agreed to 'seed-fund/pump-prime' the development of the alternative targeted programmes through a one-off, non-recurrent payment.</p> <p>RDaSH have proposed that health visitors will provide the targeted programme. In order to offer the target intervention, a number of bespoke training programmes have been identified. They are:</p> <p>Watch, Wait and Wonder – to support positive parent infant relationships.</p> <p>New-born Behavioural Observation (NBO) - to observe the infant's behavioural capacities and identify the kind of support the infant needs for their successful growth and development.</p>	The programmes are extremely specialist and are the only ones available that support delivering this type of intervention by large numbers of staff within the cost envelope.	Public health to buy-in these bespoke, specialist training packages from Oxford Parent-Infants Project and The Brazelton Centre UK to enable the health visiting service to develop a cost-effective parenting intervention for vulnerable families in Doncaster.

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
Adults Health and Wellbeing CPR/16/10/0006	Packages of Support from Prestige Homecare	£60,000	31/10/16	On the 27th September Prestige formally notified DMBC that they would be exiting the market and would therefore need to hand back their current packages of support to the Council.	Waiver granted to direct award a one month contract to CASA to facilitate a smooth transfer of care packages until the Councils new Home Care Framework commenced.	Care packages are now under the new framework agreement therefore this waiver is concluded.
Adults Health and Wellbeing CPR/16/10/0010	Provision of Case Management System for Domestic abuse service	£11,493	30/11/18	A CPR waiver expired on 30/11/16 for the provision of the Paloma Modus Solution (which is the case management system for the domestic abuse service). On the 14 th November 2016, Directors agreed that the Council will implement an Integrated Solution People Solution across AHWB, L&O and DCST which will incorporate a domestic abuse service case management system.	To ensure business continuity, a waiver was granted to extend the existing contract with Paloma for a further 2 years during which the Integrated Solution People Solution should be developed and implemented.	A case management system for the Domestic Abuse Service will need to be specified and implemented in the integrated people solution
Adults Health and Wellbeing CPR/16/12/0007	Healthwatch Doncaster	£100,000	31/07/17	DMBC implemented its statutory duty to establish a Local Healthwatch from the 1 April 2013 by tendering a 4 year contract, subsequently awarding to the Carers Federation. In July 2016 Doncaster Healthwatch CIC was established as an independent organisation and the contract was Novated to them. The contract is due to expire at the end of March 2017, but to provide time for Doncaster to carry out an open tender exercise and to combine elements of the current service with the Statutory Advocacy contract that is to be procured concurrently a 4 month waiver was approved.	A waiver was granted to direct award a 4 month contract to Healthwatch Doncaster CiC to enable continuation of the current service whilst a procurement exercise is undertaken.	A fully EU compliant tender exercise is to be undertaken to secure a new service (which will need to be in place by 1 st August 2017).
Adults Health and Wellbeing – Public Health	Denaby Reads	£50,000	31/03/19	Doncaster is one of ten pathfinder sites in a national programme called Well North. This is a community-based approach to health	A waiver was granted to allow contract to be awarded to Reread to co-design and deliver an appropriate,	To expire 31/03/2019

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
CPR/16/12/0006				<p>improvement focusing on the wider determinants of health. The project began in Denaby Main in August 2015, an area chosen due to chronic social and economic challenges. The project is sponsored by the Council's Director of Public Health and has senior buy-in across the partnership and from the Council's Cabinet and Executive Board.</p> <p>The Council published a tender in December 2015 to re-establish a community library in Denaby. Reread were the sole bidder and successfully launched the library in May 2016, working closely with library services and the local community. The library has been a visible success and has achieved excellent performance with high numbers of registered members, active users and computer usage.</p>	efficient and effective literacy project anchored around the Community Library run by Reread.	
Adults Health and Wellbeing – Public Health CPR/16/12/0008	Pupil Health-Related Behaviour Questionnaire	£11,500	31/08/18	The Schools Health Education Unit provided the Pupil Health-Related Behaviour Questionnaire (PHRBQ) for school-aged children in 2015. The SHEU are specialist providers of local data; working with young people and with education and health professionals since 1977. They have developed expertise through providing information and survey services to Public Health and Education Authorities across the UK. Two Doncaster-wide reports have been produced by SHEU (Primary and Secondary) as well as reports by Locality and Collaborative. In addition, all schools that participated have individual data for their schools' populations. SHEU provide statistical analysis of the differing levels of data in order to highlight priorities for change	The waiver was granted to award a contract to the Schools Education Health Unit as they are the only provider able to deliver the service requirements	It is anticipated that this will be a one off award to allow the market to develop and to allow commissioners time to develop a more sustainable model of data collection and analysis. It is proposed to undertake a procurement exercise in the future subject to need and market preparedness.

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
				and areas to target in interventions to improve the physical and emotional health and well-being of school children in Doncaster. In addition, as a result of their extensive national work (SHEU have a bank of reliable data that also allows us to benchmark our findings).		
Adults Health and Wellbeing CPR/16/06/0003	Carers Moving Forward	£140,000	31/03/18	<p>The current contract for Carers Moving Forward Service is due to end on the 31st March 2017. The focus of the service is the early identification and support to informal carers, providing carer's peace of mind that when they experience a crisis the person they care for can continue to be supported at home.</p> <p>This waiver requests that the contract is extended by one year to 31 March 2018 and varied to incorporate the Carers Emergency Contact Scheme.</p> <p>(NOTE: a separate CPR Waiver has been completed for Carers Emergency Contact Scheme (see below). This means that both the Carers Moving Forward Contract and Carers Emergency Contact Scheme will be provided under two contracts with aligned dates).</p>	The reason for the waiver is to bring the contract in line with the phasing of the Commissioned Care and Support at Home contract which includes the Carers Emergency Contact Scheme	To either commence a tender exercise or move the service into the Commissioned Care and Support at Home contract if possible (prior to the 31 st March 2018).
Adults Health and Wellbeing CPR/16/12/0002	Carers Emergency Contact Scheme	£20,000	31/03/18	<p>The contract for the provision of this service ended on 31st March 2016. On the 14th September 2016, a waiver was requested to directly award the contract for the provision of the carers emergency contact scheme to Age UK who already provide the carers moving forward service.</p> <p>The provider responds when the Carers Emergency Card is activated (through</p>	Waiver granted to direct award the Carers Emergency Contact Scheme to Age UK to enable alignment of both the Carers Moving Forward Carers Emergency Contact Scheme.	To either commence a tender exercise or move the service into the Commissioned Care and Support at Home contract if possible (prior to the 31 st March 2018).

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
				DMBC's 24 hour out of hour service), due primarily the carer experiencing a crisis. The service provides replacement care in the home for a defined period of time.		
Adults Health and Wellbeing – Public Health CPR/16/10/0008	Alcohol Concern's Blue Light Project	£14,800	30/06/17	The <i>Blue Light</i> project is Alcohol Concern's national initiative to develop alternative approaches and care pathways for change resistant drinkers who place a huge burden on public services. It has shown that there are positive strategies that can be used with this client group. This initiative has been developed in partnership with Public health England and approximately 50 local authorities across the country. It is a unique, best practice approach which cannot be procured elsewhere.	Waiver granted to direct award a contract Alcohol Concern to provide training to specialist and non- alcohol specialist staff. The Blue Light approach is unique to Alcohol Concern	One off funding
Adults Health and Wellbeing CPR/16/12/0009	The Doncaster Admiral Service	£196,840	31/03/18	In February 16 a waiver was granted to directly award a pilot scheme for 12mths to Making Space to provide services to individuals with dementia. The service supported the pilot of what is known as The Doncaster Admiral Service (TDAS) providing a point of contact, advice, care and support for people registered with a Doncaster GP where the person with dementia is living at home. Sheffield Hallam University (SHU) are currently evaluating TDAS, the final evaluation report is expected May 2017.	The reason for the waiver is to extend the current TDAS pilot and the associated resources for a further 12 months (to March 2018) to allow a full and robust joint commissioning approach to the post diagnosis dementia pathway. The timeline would allow commissioners to reconfigure the existing joint "dementia resource" to deliver better outcomes for less, reducing duplication and creating efficiencies.	It is anticipated a full procurement exercise will commence in the summer of 2017 to ensure there is a seamless transition from the TDAS pilot to a commissioned service.
Adults Health and Wellbeing	Social Fund Managed	£99,711	31/03/18	From April 2013, responsibility for providing local welfare support passed from the DWP	Waiver granted to direct award a contract to the current provider	A new contract and/or process is put in place by

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
CPR/17/02/0001	Service also known as Local Welfare Provision			<p>to local authorities. The Council established a Local Assistance Scheme to provide flexible help to those most in need. A contract was awarded to Northgate Public Services.</p> <p>During 2016/17 work has been undertaken to explore alternative options for delivery of local welfare provision. For example, working with partner organisations, money management options. This work is progressing but is not at the stage where a different delivery model can be implemented before 1st April 2017</p>	Northgate Public Services to deliver a Local Assistance Scheme to provide service continuity.	the 1st April 2018.
Learning & Opportunities: Children and Young People CPR/16/11/0002	Games Based Learning - FrogPlay (Formerly I Am Learning)	£47,000	31/07/17	<p>Frog Play is an interactive games based learning solution which enables to schools to apply home and schoolwork to be set and monitored in an interactive format. This makes learning fun whilst enabling schools to monitor pupil's strength and areas of improvement. Frog Play forms part of the Mayor's Move On Move Up initiative, which has the strategic objectives to raise the attainment and aspirations of Doncaster pupils and to build the work force of Doncaster's industrial and innovative future.</p> <p>The Council's previous agreement expired at the end of the last academic year (July 2016).</p> <p>Following IGB approval and further discussions with senior leadership team the Council approved to enter into a new contract with Frog Education Ltd</p>	The waiver was granted to enable the Council to direct award a new contract to Frogplay Education Limited on the basis that FrogPlay is already embedded within schools, and that any changes in supplier at this time would mean extensive time in terms of implementation and retraining of users, which may not be completed during the remaining term of this contractual period	The intention is for schools to take individual financial responsibility for the system to commence in time for the new Academic Year.
Learning & Opportunities:	Nexus Package Contract	£92,665	31/10/19	The Council has been a member of the NCER for a number of years. We have a	The waiver was granted to enter into a new contract with Angel Solutions	Proprietary item, during the contract period the

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
Children and Young People CPR/16/09/0005				pivotal role in shaping the future developments of the systems and functionality of the site and suite of products on offer. The suite of products we wish to continue with is heavily linked to the school accounts and Angel Solutions are the only provider who will provide this functionality.	for use of tools within the Nexus system – namely Pendulum, Broadcast Plus, Perspective Observatory and Watchsted for a period of 3 years. Nexus is a comprehensive online education data portal and school improvement tool for local authorities, provided as part of membership to NCER.	service will continue to review the market place to see if other products become available
Regeneration & Environment CPR/16/10/0005	Advertising Contracts	£86,000	01/04/17	The Councils previous service was carried out under the auspices of an old YPO FW agreement, which expired in October 2016. The service was provided by TMP, a provider of managed statutory advertising services. The Council is required under statute to advertise planning and highway notices in local newspapers. A waiver was granted to continue the service with TMP to allow time to undertake a procurement exercise.	A waiver was granted to direct award a contract to TMP to enable the Council to continue to meet its Statutory advertising requirements.	Work is progressing within the Planning and Highways Team and the Procurement team to design and deliver a tender process for advertising services across the Council by way of accessing the pre-procured ESPO framework agreement. with an anticipated contract award by the end of April 2017
Regeneration & Environment CPR/16/11/0001	CYMAP software and training.	£24,000	31/12/17	Changes to the building regulations mean that the current energy analysis software HEVACOMP is out of date and not compliant with current central government requirements. A business case relating to the procurement and implementation of the required software and associated training was considered and agreed by the ICT Governance Board (IGB) in August 16. The software available in this field is very specialist and limited. After extensive	A waiver was granted to enable the Council to direct award a contract Cadline for their BIM software due to the specialist nature of the software system required.	The service area is required to review / assess the market on an annual basis to ascertain whether new suppliers come into the market place able to supply the required software system.

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
				demonstrations Cymap was considered by all end users as the appropriate solution for its seamless integration into existing software and capabilities.		
Regeneration & Environment CPR/16/11/0004	New mains supply room for N Power	£24,323	31/03/17	The scope of works to be carried out is to erect a bespoke concrete pad and brick built substation to house the YE supplies and also expose YE high voltage cables which are required for connecting to the mains electricity supply.	A waiver was granted on the basis that Npower have recommended that this work be carried out by Freedom Group as their operatives specialise in exposure of LV cable.	One off works
Finance & Corporate Services CPR/16/10/0008	Provision of AP Forensics Software	£40,716	21/12/19	<p>The AP Forensics Software was procured originally in 2010 for three years. The contract was further renewed in 2013 under waiver for three years.</p> <p>The software runs alongside the ERP systems, constantly monitoring AP payments. The suite consists of several integrated modules designed to analyse the Accounts Payable function and the Supplier Address Book, looking for duplicate payments, supplier fraud, process issues, input errors, typographical mistakes, payment liabilities, compliance issues and inefficiencies within accounts payable data.</p> <p>Over the last 3 year period the software has helped to prevent duplicate payments in excess of £4 million and helped to recover over £250,000 of overpayments. The current licence expired December 2016 without which the identification of any duplicate payments would need to be done manually resulting in an increased workload and a potential reduction to the recoup of overpaid monies.</p>	A waiver was granted to direct award a further three year contract to AP Forensics as the product is a proprietary system with no alternatives being available in the market place. There are services available to help to recover overpayments after the event, but the preventative nature of this software is unique.	There will be a need to carry out regular reviews of the market to assess whether there are any new providers of payment forensic software throughout the 3 year waiver term. There may, if the market position remains stagnant a need to consider a more permanent appointment through the use of an evergreen contract or publishing of a VEAT notice.
Finance & Corporate Services	Election Stationery	£130,000	31/05/17	The Council previously accessed Adare through a contract established by NEPO	A waiver was granted to enable the council to direct award an 8 month	A procurement exercise for future printing needs

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
CPR/16/11/0003	Printing			(North East Procurement Organisation). This arrangement came to an end earlier this year. Unfortunately, NEPO have taken the decision to establish a new call-off arrangement which can only be accessed by NEPO members which does not include Doncaster Council.	contract to Adare to enable the returning officer to properly conduct the May 2017 elections.	will be undertaken after the May 2017 election. This may be by way of a dedicated tender or use of an existing framework agreement. Consideration will also be made to engaging with other LA's in the interests of collaboratively procuring this service to achieve economies of scale.
Finance & Corporate Services CPR/16/12/0003	LGA Equality, Diversity and Inclusion Review	£10,000	30/06/17	To award a contract to the LGA to carry out an Equality, Diversity and Inclusion Review, enabling the Council to develop a clearer understanding of 'what good looks like' and how it can be achieved. The LGA offers a panel of "critical friends" which is made up of other Local Authority members as well as other local government specialists, who can provide an impartial review of the Councils policies.	A waiver was granted to direct award a contract to the LGA for a 7 month period to work alongside the Council to deliver an Equality, Diversity and Inclusion Review.	One off funding
Finance & Corporate Services CPR/16/12/0001	JANET(UK) Internet Connection Contract	£10,000	30/09/17	Currently Internet access to educational establishments is delivered using an Internet Connection provided by JANET (UK), ICT have conducted a proof of concept to deliver internet access using an alternative method to our educational establishments to deliver best value and further drive down cost. The outcome of the proof of concept was to use the current YHPSN framework and Virgin Media Business (VMB) to deliver the required connectivity services. The YPSN framework is a fully EU compliant procurement vehicle and has been used to deliver the Council Wide Area Network. The YHSPN framework will deliver the internet connectivity to educational establishments	Waiver granted to provide continuity of service to schools whilst the migration to VMB is completed	All services to be migrated from JANET (UK) to VMB by the end of September 2017

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
				<p>for a period of 3-5 years as permitted under the framework.</p> <p>Work has commenced by VMB to migrate educational establishments to new internet connections however due to delays caused by construction delays and school holidays the migration is taking significantly longer than expected</p>		
Finance & Corporate Services CPR/16/12/0012	Appointment of expert witnesses for Planning Inquiry in relation to appeals by Catplant Ltd in respect of Hazel Lane Hampole	£20,000	30/04/17	<p>To appoint an expert witness to provide expert evidence in the case of the appeal made by Catplant Ltd against the refusal of planning permission for storage of Sterefibre at Hazel Lane Quarry, Hampole together with two related appeals.</p> <p>The case on which the expert evidence is required relates to a long standing planning enforcement dispute in relation to the storage of Sterefibre (a compost like material derived from black bin waste) at Hazel Lane Quarry without planning permission.</p> <p>An enforcement notice was served in 2011 and unsuccessfully appealed but the notice has not been complied with to date and the three current appeals relate to the proposals made by Catplant Ltd to retain part of the Sterefibre on the site. The inquiry is listed to last 5 days and due to take place in March/April 2017.</p> <p>.</p>	Research into the availability of suitable experts has shown this to be a very discrete and limited field The waiver has been granted on the basis of the expertise and experience of the witnesses.	One off funding
Finance & Corporate Services CPR/16/12/0005	Instruction of the High Court Enforcement Group in relation to enforcement	£8,000	16/12/17	The Council was seeking possession of the land at the former Civic Theatre site, Waterdale, Doncaster as the land was occupied without permission by the organisers of the so-called "Doncaster Tent	A waiver was granted to award a contract to High Court Enforcement Group as the services proposed within the report are of a specialist nature and of low value.	One off requirement

Directorate & waiver no	Contract Description	Waiver Value	Waiver End Date	Background	Reason for waiver	Proposed action
	action at Tent City Waterdale			<p>City”.</p> <p>The Council made an application to Court to re-possess the land and it is envisaged that enforcement of the subsequent Court order will require considerable resources to action. Any site clearance will need to be carried out sensitively and such work requires specialist personnel. High Court enforcement officers are the only practical method of achieving the desired result.</p> <p>The chosen contractor – High Court Enforcement Group are a specialist provider who have recently carried out similar actions at Leeds Tent City.</p>		

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To the Chair and Members of Audit Committee

ADULT SOCIAL CARE COMMISSIONING REVIEW PROGRAMME 2017-2021

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Councillor Glyn Jones	All	No

1 EXECUTIVE SUMMARY

- 1.1 This report outlines to the Council’s Audit Committee, the recommendations to be made to Cabinet to develop and implement a two stage, process comprising:
- A four year strategic review programme of adult social care commissioning activity.
 - A corporately agreed and regularly updated procurement plan updated once review outcomes have leadership and / or political sign off.
- 1.2 It is imperative that both the four year review programme and the subsequent procurement plan takes into account all new planned developments for example, the Thorne Extra Care Scheme, implementation and mobilisation of the Commissioned Care at Home Service (CCaSH), the comprehensive money management service, a new Dementia pathway and the urgent re-commissioning of RDASH supported Living . These new developments will obviously impact on commissioning, legal and procurement staff’s workload going forward.
- 1.3 The strategic approach outlined will enable:
- Future commissioning activity to reflect the outcomes of the developing four year Transformation Programme approved by Cabinet in November 2016.
 - Related programme areas / contracts to be considered holistically rather than triggered by individual contract expiry dates.
 - The capacity of adult commissioning staff to be prioritised in the first instance on those reviews with the greatest potential for change / savings.
- 1.4 The two stage approach comprised service review and resultant procurement (or de-commissioning) plan is being advocated in order to:
- Ensure that planned procurement activity is only scheduled when review outcomes have been formally accepted and agreed.
 - Effectively manage the workload and capacity across procurement, legal services and commissioning staff.
- 1.5 To effectively mitigate the corporate risk of insufficient capacity to effectively support the planned review programme, procurement colleagues have been working closely with the commissioning team and have committed to working

together with Commissioners on the programme of reviews to ensure delivery and to maximise the complimentary skills and abilities of each area.

- 1.6 To support the effective management of the Council's contract duties and responsibilities it will be necessary to approve waivers as appropriate to either align individual component contracts to be reviewed as part of a wider programme, or to prioritise reviews and workloads in terms of potential savings / outcomes.
- 1.7 Appendix 1 briefly summarises the current position in relation to contracts. In addition a more detailed document has been developed based upon a broad prioritisation of programme areas / reviews. Early reviews will be undertaken on those programme areas with the greatest potential for change / savings, accepting that the implementation of the Transformation Plan Project Initiation Documents (PIDs) across the Directorate may require adjustments to respond to developing strategic direction.
- 1.8 On the reports journey to Cabinet the implications sections below will be developed which may require amendments to the report.

2 EXEMPT REPORT

Not Applicable

3 RECOMMENDATIONS

- 3.1 That Audit Committee note the recommended approach outlined in the report and the draft initial phasing of the review programme which will be presented to Cabinet.

4 WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

- 4.1 The adult social care commissioning review programme will support the adult social care transformation programme to enable future commissioning activity to reflect the diminishing resources and increasing demand in an intelligent way.

5 BACKGROUND

- 5.1 The Council's Adults Health and Well-being Transformation Programme is fundamental to drive the necessary changes in culture, practice and delivery to enable and support modern, efficient and effective interventions including:
 - The provision of wider information and advice to encourage and support people to find their own independent solutions where possible.
 - A focus on community led support underpinned by a positive "asset based" approach to reduce the need for traditional social care.
 - Helping more people to live at home with direct payments and lower levels of support with less reliance on the use of residential care.
 - Improving customer pathways including re-ablement, respite and reviews, building on people's strengths, and connecting them with community support.
 - Integrated health and social care commissioning to improve people's experiences and outcomes.

- The implementation of modern and empowering technology including improved case management and business support technology.
- A move to more locality based commissioning particularly in relation to preventative services.

5.2 The Adult Social Care Commissioning Review Programme will be undertaken in line with the following principles:

- Commissioned services are affordable within the context of significantly reduced budgets and a continued increase in demand.
- Ineffective services are decommissioned or remodeled.
- Alignment of commissioning activities is effectively undertaken with partners consistent with the Doncaster Place Plan.
- The strategic objectives of the Council are met.
- Supporting individuals to take a direct payment to manage their own resources and care wherever they are able.
- Achieving value for money in all services.

6 OPTIONS CONSIDERED

6.1 Option 1. Do nothing. In this option there is no agreed Adult Social Care Commissioning Review Programme and associated procurement forward plan and there is a significant risk that the planned transformations will not be delivered.

6.2 Option 2. Agree the recommended approach outlined in the report.

7 REASONS FOR RECOMMENDED OPTION

7.1 Option 2 is the preferred option as a coordinated approach will support the Council's Transformation Programme to drive the necessary changes in culture, practice and delivery to enable and support modern, efficient and effective interventions.

8 IMPACT ON THE COUNCIL'S KEY PRIORITIES

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The programme will benefit the local economy by increasing the opportunities for local service providers and developing local markets.</p> <p>The programme will also help to protect vital services by ensuring that resources are focussed on those most in need.</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding</i> 	<p>The programme is geared towards maximising the individual's independence and ensuring they remain safe</p>

	<p>our Communities</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>Community development is a key element of the related Transformation Programme. Capacity will be increased in local communities to support vulnerable people, which in turn will strengthen those communities.</p>
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	<p>The Transformation Programme and adult social care commissioning review programme will help to mitigate the unprecedented cost pressures faced. Increased value for money and efficiency will be fundamental to the achievement of savings.</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	<p>The adult social care commissioning review programme will promote and support more effective partnership working within and across agencies.</p>

RISKS AND ASSUMPTIONS

9. The principal risk is that future and unspecified reductions in the resources available for the Council to fund social care services are likely and will inevitably impact on the Council's actual commissioning activity and levels going forward.

10 LEGAL IMPLICATIONS

The Council must operate within the parameters set by its own Contract Procedure Rules and European Procurement Regulations. The services identified within the Commissioning Programme will inevitably require formal procurement exercises and further legal advice will be required as the programme progresses, including employment law advice to ensure that the Council complies with its TUPE obligations.

11. FINANCIAL IMPLICATIONS

The total budget for bought in services in Adults, Health and Wellbeing in 2017/18 is nearly £90m before client contributions. The gap between the total spend and the value of the plan is due to two factors.

- Excluded from the figures quoted are other large scale contracts like the Residential and Nursing Care Home contracts.
- The values quoted in the plan are the original contract values and as some of the contracts are demand driven the current values are different. Work is underway to get the current values on those contracts.

Although there are savings in the 2017/18 budget relating to many of the areas contained in here those will be primarily delivered through the actions of Care Management. The longer term reshaping of services is a key part of the AHWb transformation plan and will provide vital support to achieving the savings contained in the MTFE for 2018/19 and onwards.

12. HUMAN RESOURCES IMPLICATIONS

There are no significant Human Resources implications to the recommended approach of the two stage process. It is, however, noted that there is a potential for increased capacity and workload in the commissioning and support services and it is advised, therefore, that timely discussions with Human Resources take place wherever there is a need to recruit to temporary positions to support the work.

13. TECHNOLOGY IMPLICATIONS

In achieving the required level of transformation detailed in this reports, the requirement for technology and digital transformation must continually considered throughout the approach.

Customer, Digital & ICT have been working with Adults, Health & Wellbeing to deliver a range of transformation to support the Directorate including the delivery of immediate business improvements in respect of Deprivation of Liberties and Non-Residential processes contained with the Adult Management Information System (CareFirst) in addition to providing the required technology to support the Community Led Support model and the introduction of mobile/remote working devices to social care staff.

As the themes contained within this report evolve, it is important that a continued dialogue occurs across ICT & Digital Council Programme to ensure the proposals are aligned with the current AH&WB transformation work within Digital & ICT and the wider Doncaster Integrated People Solution (DIPS) Programme. This engagement will ensure that any technical developments or procurements required will consider the required integrations with corporate systems as well as ensuring that the future operating model is established in compliance with security and stability standards of Doncaster Council and its PSN Compliance.

14. EQUALITY IMPLICATIONS

- 14.1 We are aware of the Council's obligations under the Public Sector Equalities Duty and will ensure that due regard is embedded within each of the individual work areas identified within the commissioning work plan.

15. CONSULTATION

- 15.1 Developments flowing from the adult social care commissioning review Programme will be informed by any consultation undertaken through the related transformation programme activities.
- 15.2 The associated commissioning review plan 1 has been developed jointly by the Commissioning Team and Strategic Procurement in liaison with Audit. Further consultation will be undertaken in relation to the resultant procurement programme to ensure the capacity of Legal and Procurement staff is reflected.

16 BACKGROUND PAPERS

- 16.1 The Adults, Health and Wellbeing Transformation Programme Cabinet report 22nd March 2016.

REPORT AUTHOR & CONTRIBUTORS

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Appendix 1

Commissioning Plan Headlines:

Breaches (March 2017): 14 total contract value per annum £2.2 million

Waiver Required 17-18: 6 total contract value per annum £1.2million

Annual Value Contracts Commissioned/Reviewed:

17/18: £13.1m per annum

18/19: £3.2m per annum

19/20: £30k

20/21: £3.1m per annum

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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