



Agenda

To all Members of the

AUDIT COMMITTEE

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

Venue: Council Chamber - Civic Office, Waterdale, Doncaster, DN1 3BU

Date: Thursday, 1st February, 2018

Time: 10.00 am

Items for Discussion:

- | | Page No. |
|---|-----------------|
| 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 26th October, 2017. | 1 - 10 |
| A. Reports where the public and press may not be excluded. | |
| 5. Audit Committee Action Log. | 11 - 22 |
| 6. Regulation of Investigatory Powers Act. | 23 - 40 |

Jo Miller
Chief Executive

Issued on: Wednesday, 24 January 2018

Governance Services Officer for this meeting: Amber Torrington
Tel. 01302 737462

Doncaster Metropolitan Borough Council
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7.	Update Report on Contracts and Commissioning in Adults, Health and Wellbeing.	41 - 46
8.	2016-17 Annual Governance Statement - Progress Update.	47 - 56
9.	Quarter 2 2017/18 Strategic Risk Update.	57 - 68
10.	Internal Audit Progress Report for the Period: October 2017 to January 2018.	69 - 96
11.	External Auditor's (KMPG) Audit Plan 2017/18 and Arrangements for the Preparation of the 2017/18 Accounts.	97 - 128

Members of the Audit Committee

Chair – Councillor Austen White

Vice-Chair – Councillor Richard A Jones

Councillor Iris Beech, Susan Durant and David Nevett

Co-opted Member: Kathryn Smart

Agenda Item 4

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 26TH OCTOBER, 2017

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 26TH OCTOBER, 2017, at 10.00 am.

PRESENT:

Chair - Councillor Austen White

Councillors Iris Beech and David Nevett

APOLOGIES:

Apologies for absence were received from Councillors Richard A Jones, Susan Durant and Co-Optee, Kathryn Smart.

Also in Attendance:

Denise Bann, Head of Strategic Procurement
Patrick Birch, Programme Manager
Colin Earl, Head of Internal Audit
Nicola Frost-Wilson, Internal Audit Manager
Peter Jackson, Internal Audit Manager
Griff Jones, Assistant Director Adult Social Care and Safeguarding
Steve Mawson, Assistant Director of Finance
Clare Partridge, KPMG
Simon Wiles, Director of Finance and Corporate Services
Holly Wilson, Senior Category Manager, Corporate Procurement

86 Quorum

As apologies had been received from the Vice Chair, Councillor Richard Allan Jones and Councillor Susan Durant, there was no quorum present at the commencement of the meeting. Further to confirmation that Councillor Nevett would be in attendance and was on his way, it was agreed that the meeting stand adjourned until he arrived.

87 Adjournment of Meeting

RESOLVED that the meeting stand adjourned at 10.00 am in order to await the arrival of Councillor David Nevett in order to achieve Quorum for the meeting to go ahead.

88 Reconvenement of Meeting

The Audit Committee reconvened at 10.30 am.

89 Declarations of Interest, if any

There were no declarations made at the meeting.

90 Minutes of the meeting held on 27th July, 2017

AGREED that the minutes of the meeting of the Audit Committee held on 27th July, 2017, be agreed as a true record and signed by the Chair.

91 Announcement by Chair

The Chair commented that this would be the last meeting attended by the Director of Finance and Corporate Services, Simon Wiles, before he left the Authority in January, 2018. On behalf of the Committee, Councillor White conveyed his thanks to Mr Wiles, thanking him for his work in taking the Council forward and for the support and assistance he had provided over the years both to himself in his capacity as Chair and to the Committee as a whole.

92 Audit Committee Action Log

The Committee considered the Audit Committee Actions Log which updated Members on any actions agreed by Members at previous meetings and that satisfactory progress was being made.

Members noted that good progress was being made, and out of the 17 actions detailed, 8 had been completed and would now be removed, 4 had not yet met their agreed action date, but were on track, and 5 were partially completed with 3 of these 5 relating to the breach relating to services provided from RDaSH through the Solar Centre. The final 2 actions, related to the provision and take up of training in relation to covert surveillance and Regulation of Investigatory Powers Act (RIPA).

Officers updated the Committee in terms of the actions detailed within the log and Members were invited to put any questions to Officers with regard to any concerns they may have. In terms of the backlog of assessments, (Item 6b, June 2017), queries were raised as to how it was anticipated the backlog would be reduced. Griff Jones, Assistant Director of Adult Social Care and Safeguarding, reported that it was hoped that this would be achieved by the utilisation of more social workers and provision of further training to staff. Furthermore, it was reported that an external provider would be brought in on a temporary basis in order to provide the ability to deal with the backlog in a timely and effective manner. As a result of this, Members requested that an update on this issue be provided at the next meeting of the Audit Committee in February, 2018.

With regard to the RIPA training still outstanding, the Chair requested that this be chased up by Officers to ensure that this was done, and on behalf of the Audit Committee, as Chair, he would ensure the relevant Members who had not yet completed this would do so.

RESOLVED that:-

- 1) The Committee note the progress being made against the actions agreed at previous Committee Meetings; and
- 2) All Members and Officers still required to complete their RIPA training be encouraged to do so as soon as possible; and
- 3) An update report on the Assessments Backlog as detailed within Ref. 6b of the Action Log be provided at the next meeting of the Audit Committee.

93 Breaches and Waivers to the Financial and Contract Procedure Rules.

Members considered a report that provided information relating to all waivers and breaches of Financial Procedure Rules (FPRs) and Contract Procedure Rules (CPRs) for the period 18 March to 30 September, 2017.

The last report of breaches and waivers was presented to the Committee in April, and the report detailed any further since this date. Members noted that there had been 7 breaches and 27 waivers, with the details of these summarised within the body of the report.

Since the last meeting of the Audit Committee, six of the breaches reported at that time, had been resolved, these being:-

- PD Resources
- Odgers Interim Management
- Autism Plus
- Appointment of Markets Management and Development
- AQUA MI System
- Nuway

A further 6 breaches detailed, were not scheduled to be resolved until the end of March, 2019 and therefore were not currently of grave concern. There still remained a further 5 outstanding breaches. These are detailed below:-

- Solar Centre
- Doncaster Mind and Changing Lives
- Managed Accounts
- Shop 4 Support
- Sony Music Downloads

Following consideration of the report and further to updates provided by the Assistant Director of Finance, Members were afforded the opportunity to speak on this item. Members noted that the majority of breaches and waivers reported, had occurred in the Adults, Health and Well-being Directorate, which Members voiced concern on. However, Officers provided assurance that this was largely due to the transformation ongoing within Adults. The commissioning of contracts in the future would be done in a different way, with a more holistic approach to ensure that all contracts ran for the same time period, and as a result a large number of waivers had been agreed prior to getting to this point.

Concerns were also raised with a number of other issues, including the Nuway Chamber system, which Members were informed had been resolved, and also the Re-read service, where concern was voiced in relation to Askern Library. However, Officers stated that they would ensure a written response was provided on this issue by Nick Germain, Communities, who was leading on this issue.

In terms of one of the outstanding breaches, Shop 4 Support, queries were raised on this as this remained a concern. Members were informed that Officers would be looking at options for this, and the best way to move forward with this. It was a complex situation, and needed looking at carefully before this was completed.

RESOLVED that:-

- 1) the Audit Committee note the information and actions contained within the report regarding waivers and breaches; and
- 2) Officers ensured that Councillors were provided with an update with regard to the Re-read Service at Askern Library.

94 Adult Social Care Commissioning Review Programme 2017-2021.

Patrick Birch, Programme Manager, Commissioning and Contracts was in attendance at the meeting to provide an update with regard to the Adult Social Care Commissioning Programme for 2017/2021.

Delivering effective commissioning and contract management was at the heart of the Authority's transformational ambitions and the Commissioning Plan represented a strategic approach to support the delivery of the Adults Transformation Programme. This would ensure that any future commissioning activity was evidence based, reflective of needs, and cost effective.

Members noted that a number of initiatives were required in order to deliver required budget savings, and the plan needed to be mindful of the bigger picture and ensure that it was able to deliver against its short term priorities, as well as build the foundations for the long term transformation.

There was a huge volume of work to be undertaken in order to drive the change, and it was important that it was prioritised in the correct order in order to ensure success. A lot of work was being carried out in terms of recruiting staff to undertake job roles, and there was a great deal of pressure and responsibility to ensure that the correct path was taken.

Further to the update provided, the Chair invited Members to put their queries forward to Officers in order that they had a clear understanding of what was being taken forward.

Concerns were raised with regard to project management plans, and how progress would be reviewed throughout the process. Members were informed that it was critical that strong plans were in place, and that they were clear on the resources needed to ensure good progress was made. Members noted that progress had been made over previous years, but there were still substantial improvements to be made.

Officers reported that progress of the programme would be monitored at all stages to ensure that performance was satisfactory, with reviews undertaken in many different remits, with Health and Well-being Board, OSMC and Audit all looking at the issues from their respective angles, and updates would be provided in a further 6 months' time to the Audit Committee.

RESOLVED that:-

- 1) The Audit Committee note the achievements made and the current workload of the team;
- 2) The content and ambition of the Commissioning Plan be noted, along with the resourcing requirements and implications associated with its successful implementation; and

- 3) The Director of People, or nominated deputies, be delegated the authority to agree and sign off the commissioning recommendations as the work plan is delivered and progressed.

95 Safeguarding Adults Personal Assets Team - Responsive Review.

The Head of Internal Audit, Colin Earl presented a report to the Committee with regard to a Responsive Review of the Safeguarding Adults Personal Assets Team (SAPAT). The report provided Members with further updates with regards to the issues uncovered and the significant weaknesses that had been found as a result of a review of the SAPAT.

The report considered by members was the final report to be received by the Committee, and provided a detailed progress statement.

Overall, Members noted that SAPAT was now in a much better position than it had been in the past, and a significant amount of work had been undertaken in order to improve systems processes and training in order that the Teams objectives and aims could be fulfilled. Testing by the Audit Service showed that progress had been made, and reassurance given. Whilst there were still some risks remaining, with some areas still requiring completing. However, it was felt that the service was now more 'business as usual' and could be removed from the 'critical list'.

Members welcomed the report, and took the opportunity following consideration to raise any final queries which officers endeavoured to provide clarity on.

RESOLVED that the Audit Committee note the progress of the Audit Review, Summary, the issues within SAPAT, and the progress made.

96 External Auditor (KPMG) Annual Audit Letter 2016/17.

Members considered the External Auditor Annual Audit Letter for 2016/17. KPMG had issued the Annual Audit Letter and signified the formal sign off of the Audit to the Audit Committee. This was attached as an Appendix to the report, and Clare Partridge, representing KPMG was in attendance at the meeting to respond to any queries from Members. In signing off the audit, the letter confirmed that the external auditor had agreed the following points:-

- Issued an unqualified opinion on the Council's core financial statements and associated disclosure note included in the Council's 2016/17 Statement of Accounts;
- Concluded that the Council had made appropriate arrangements for financial resilience and economy, efficiency and effectiveness in the use of its resources; and
- Issued an audit certificate to demonstrate that the full requirements of both the Audit Commission's Code of Audit Practice and the Audit Commission Act 1998 have been discharged for the year.

Members noted that an unqualified audit opinion on the Council's financial statements and a good value for money (VfM) conclusion indicated that there was robust internal control in place to safeguard council resources, and that the Council had proper arrangements to secure economy, efficiency and effectiveness in the use of these resources.

With regard to the VfM conclusion, Members were informed that the risk assessment had identified two significant issues, these being as follows:-

- Governance of the Children's Trust – the Q2 Finance and performance report had identified that of a £4m overspend, £3.2m of this related to the Children's Trust and it was a risk that there was insufficient governance in place with the Trust to verify that the payments delivered value for money.
- Also raised as a risk was the number of ongoing breaches and waivers occurring within Adults, Health and Well-being Directorate.

However, the Committee was assured that the Council were taking these issues seriously, and the External Auditors were comfortable with the arrangements in place during 2016/17.

The Committee were informed that there were no high priority recommendations arising out of the audit work for 2016/17, and only two medium priority recommendations. These related to IT User Documentation and Processing, and the standardisation of valuation certificates when valuing assets held by the Council. It was noted that these recommendations would be implemented during the 2017/18 financial year.

RESOLVED that the Audit Committee note the contents of the Annual Audit Letter.

97 Internal Audit Progress Report for period: July to October 2017.

The Committee were presented with a report, that detailed the work undertaken by the Internal Audit Team for the period July to October 2017, and provided information on performance information, and incorporated an update on the Quality Assurance Improvement Plan (QAIP).

Members noted that there had been some revisions to the Plan, with four new items added, and two removed, which were all in response to emerging risks and concerns.

The report informed Members that a very high level of responsive work had been undertaken during the first half of 2017, further to requests from management which was important in order to address weaknesses and potential errors.

The six investigations that were currently ongoing were detailed in depth within the report, but were as follows:-

- Primary School – Loss of monies
- Adult Care Home Financial Review
- Street Lighting
- ICT Equipment Losses
- Server Charge
- Markets Contracts

Some of these pieces of work were nearing completion, but others still required ongoing work in order to reach a satisfactory conclusion.

Members were invited to put any concerns to Officers, or raise any issues of concern prior to agreement of the recommendations contained within the report.

One of the main queries raised was with regard to the high level of responsive work, and what effect this had on the 'day to day' work, and if there was a shortfall, could this be made up in order to ensure that there was no backlog? Members were reassured that whilst there had been some slippage, Officers were confident that this could be clawed

back with accelerated progress made to ensure this. In terms of numbers, at the current time, it was estimated that they had delivered 38% of the work they had hoped to, but it was expected that by the end of the financial year that if 100% was not achievable, they would not be far behind that figure.

The responsive work, Members were notified, largely came from managers wanting to address any areas of concern in their service areas, with these often being new managers who were looking to make positive changes within teams. It was added, that there was no particular pattern as to which service area the responsive work arose in, and was largely spread across the Authority. Members noted that they would receive a further update on these issues at the February meeting of the Audit Committee, and if no positive changes had been achieved, the support of the Committee would be sought to tackle this with Managers across the Authority and their respective teams. However, plans were in place and the overall picture was more positive than it had been in the past.

RESOLVED that

- 1) The changes to the Audit Plan be noted by the Committee;
- 2) The internal audit work be noted;
- 3) The Audit Committee note the progress made by Officers with regard to the implementation of previous audit recommendations; and
- 4) The Audit Committee note information relating to Internal Audit's performance in the period, the arrangements made to manage the demand for responsive work and the progress made in implementing the actions set out within the Quality Assurance Improvement Plan.

98 Preventing and detecting fraud and error - April 2016 to September 2017.

Members considered a report that summarised the work undertaken by the Council between April 2016 and September 2017, with regard to preventing, detecting and investigating fraud and corruption in line with the Government's 'Fighting Fraud and Corruption Locally' Strategy.

Members noted that the overall incidence of fraud remained low in general terms when taken into comparison against the scale of the Council's activities.

Instances of fraud and error highlighted within the report include:-

- 782 Council Tax Single Persons Discounts cancelled - £195,500
- 3 prosecutions, 4 cautions and 3 pending cases relating to blue badge fraud
- Housing Benefit – Fraud and Error Recovery Incentive Scheme (FERIS) – £15,744

The report was welcomed, and Members commended the layout of the document, that was felt to be user friendly, clear and concise, and promoted the good work being done to tackle fraud across the Borough by the Authority.

RESOLVED that the Audit Committee note the production of the Fraud Response Report and agree to appropriate publicity being produced to highlight the outcomes from the Council's anti-fraud activity and act as a deterrent to fraud.

99 Income Management Progress Report.

The Committee were presented with a report that provided an update on the income management reviews that had been ongoing since December, 2015.

It had been identified in the 2015 Value for Money review, that there were savings that could be made across the Council, in the area of Income Management, and that in certain areas, income was not being maximised, and therefore the target of achieving an additional £100k income was put forward. Since this point:

- Reviews had been completed in 16 key areas;
- Corporate and service specific recommendations had been identified;
- The identification of £296k in additional income;
- Systems and process had been improved to ensure that billing took place for all goods and services.

Members were afforded the opportunity to comment on the report, and raised queries in terms of the £296k of additional billed income, and as to whether or not this was a one-off achievement or would be an ongoing income. Members were informed that of this, £120k was a one-off payment, but that £175k of this would be on-going which was pleasing to hear. Members noted, that largely the report provided good news, with some of the additional income being used to achieve savings targets, but in terms of certain collection and recovery amounts, there were some outstanding debts that wouldn't be received and would be written off.

Further to a question from a Member on unbilled income, the Committee noted that there wouldn't be a great deal of additional money achieved from further areas as the top income areas had already been covered in the reviews undertaken so far.

RESOLVED that the Audit Committee note the progress detailed within the report and approve the actions taken in order to further improve income collection.

100 Quarter 1 2017/18 Strategic Risk Update.

Members considered the Q1 2017/18 Strategic Risk Update that provided information on strategic risks across the Authority.

Members noted that 3 new strategic risks had been identified for inclusion within the risk register, and would be profiled within the Q2 update report:-

- As a result of insufficient capacity and skills in AH&WB commissioning, contract management and monitoring not being effective, it had led to non-compliance with legislation and internal governance and delaying plans for joint health and social care commissioning.
- Workforce issues within AH&WB and support service, including vacancies, recruitment, staff development and sickness, reduce the ability to transform at the pace required in current plans, leading to an inability to modernise services sufficiently to achieve the requirements of the Place Plan and Medium Term Financial Forecast.
- An under developed local market and ineffective market management affects the ability to change services, leading to market instability and difficulty in meeting the needs of vulnerable people.

Further to the addition of the three risks as detailed above, Members noted that 14 risk profiles had remained the same, and mitigating actions had reduced two profiles, and only one prolife had increased during this quarter.

The Chair invited Members of the Committee to put any questions forward to Officers, with queries raised on the following issues:-

- Devolution deal – Members were informed that this remained a high risk, as there may be big changes with regard to this over the next 12 months;
- Poverty and Deprivation – Further to Members comments that they would like to see this risk lowered, Officers informed the Committee that at the present time it remained a concern, but it was felt that the commentary needed updating on this issue, particularly in relation to the introduction of Universal Credit;
- Children and Young People – there were a number of risks still in place with regard to Children’s Services, and it would remain this way for a considerable length of time. Children’s Services remained in intervention, and with an Ofsted Inspection anticipated imminently, no updates on these risks could be provided at the current time.

RESOLVED that:-

- 1) Members note the report; and
- 2) Approve the inclusion of three new strategic Risks as detailed within the report.

CHAIR:_____

DATE:_____

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Doncaster Council

Report

1st February 2018

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

AUDIT COMMITTEE ACTIONS LOG

Relevant Cabinet Member(s)	Wards Affected	Key Decision
n/a	n/a	No

EXECUTIVE SUMMARY

1. The Committee is asked to consider the attached 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.
2. Most actions requested are progressing well (see paragraph 7 below) and the Committee is asked to note that following its suggestion that Adults Health and Well-Being Commissioning should be considered as an item to be included in the corporate risk register, this has now been agreed by management and Cabinet (reference 58 in the Action Log). This shows a positive intervention by the Committee that will now facilitate closer review of progress in addressing this matter.

EXEMPT REPORT

3. The report does not contain exempt information.

RECOMMENDATIONS

4. 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?

5. 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

6. The Audit Committee Actions 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.
7. The action log shows details relating to 14 actions requested in previous meetings. Of these:
 - 6 have been completed and will be removed from the next action log
 - 5 have yet to reach the agreed action date and are on track (they are either in progress and in time, or are scheduled for completion within the expected time)
 - 3 are in progress but behind original timelines. These are as follows:
 - An update on Deprivation of Liberty Safeguards (DoLS) will be presented in April 2018, to take advantage of a current full follow-up audit which is due to be reported to management by mid-February 2018. Management will be able to reflect the outcomes from the audit in its service development, and include this in the update to Audit Committee. Senior management from the Adults, Health and Well-Being Directorate will be in attendance at the meeting to answer any questions on this matter.
 - A reconciliation of Business Waste Income due to Income billed is (now) scheduled to be completed by the end of January 2018. However, at the time of drafting this update report, a reconciliation is unlikely to be achieved. A follow-up audit in 2017 showed that income reconciliations, first identified as having not been completed in 2015, were still not being done. An agreed date to complete a first reconciliation was set at September 2017 and, after this was not achieved, a project plan was produced, leading to an expected first reconciliation by 31 December 2017. The lack of any reconciliation means there is a risk of unknown unbilled income. Some progress has been made and the reconciliation process is currently being tested. If successful, it is possible a reconciliation could be completed by 31 January 2018, but until testing is completed it seems unlikely a live reconciliation could be completed in this timescale. The Assistant Director for Waste will be in attendance to provide an update on this item.
 - The Solar Centre audit and management reports will be presented to the April Audit Committee meeting, following current consultation and decisions

on future service provision. A strategic review of the Solar Centre is well underway and reviews of the needs of people using the service have been completed. Engagement with service users and families has commenced to consider best interests and determine the best outcomes for service users. The outcome of these decisions will then formulate a plan for future commissioning decisions. It is expected that the Best Interests process will have been completed by the end of January \ beginning of February 2018. This is taking longer than expected due to the holiday period and the availability of advocates. Senior management from the Adults, Health and Well-Being Directorate will be in attendance at the meeting to answer any questions on this matter.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

8. 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

9.

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	

	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>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</p> <p>The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.</p>

RISKS AND ASSUMPTIONS

10. 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

11. There are no specific legal implications associated with this report (CE, 17 January 2018).

FINANCIAL IMPLICATIONS

12. There are no specific financial implications associated with this report (CE, 17 January 2018).

HUMAN RESOURCES IMPLICATIONS

13. There are no specific human resources issues associated with this report (CE, 17 January 2018).

TECHNOLOGY IMPLICATIONS

14. There are no specific technological implications associated with this report (CE, 17 January 2018).

EQUALITY IMPLICATIONS

15. 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 (CE, 17 January 2018).

HEALTH IMPLICATIONS

16. There are no specific health implications associated with this report (CE, 17 January 2018).

CONSULTATION

17. 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

18. None

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Steve Mawson
Chief Financial Officer &
Assistant Director of Finance

AUDIT COMMITTEE ACTION LOG – OCTOBER 2017

Follow-up actions from previous meetings:-

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting October 2017				
General Point re Audit Committee Reports				
	Chair request all committee reports be able to be read and understood by members of the public / readers of the report without detailed knowledge of the service area and requested further that future reports be without acronyms and abbreviations etc.	Instruction were provided to all report authors and this issue was considered by the Chief Financial Officer as part of the report clearance process.	Steve Mawson	Yes – Applied to all reports for February's Audit Committee Meeting
Breaches and Waivers to the Council's Financial and Contract Procedure Rules				
	Denaby Main Volunteer Library - Committee to receive a further update on the operation of the library.	Update provided	Sharon Collins	Yes – Update provided to committee members by email
Adult Social Care Commissioning Review Programme 2017-2021				
	Chair sought guidance on whether Audit Committee should receive an update on the progress of the programme.	Confirmed Audit Committee should receive update reports to support governance arrangements in addition to updates being provided to other bodies.	Steve Mawson	Yes – Confirmation provided. Regular updates will be provide to Audit Committee

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Income Management Progress Report				
	Committee to receive a further update report on the Income Management Improvements by September 2018.	Report to be provided to October 2018 Audit Committee.	Steve Mawson	Scheduled but not yet due
Meeting June 2017				
Deprivation of Liberties Safeguards (DoLS) Update Report				
6	A full update on the DoLS investigation be provided in February 2018.	Report to be provided to April 2018 Audit Committee.	Damian Allen	In progress but overdue – The area is subject to a full follow-up audit which will be completed by mid-February. It is proposed to bring forward a full report in April 2018, to incorporate the findings from the current audit.
Annual Accounts				
	Committee to be updated on the implementation of the agreed recommendations raised by KPMG	5 of the 6 recommendations have been put in place. A review of the IT User documentation and processing being undertaken as part of the internal Services Project, which is looking at the whole process for starters, movers and leavers, has been delayed, therefore an alternative process will be used for 2017/18 to evidence IT users of the main financial systems.	Steve Mawson	In progress and in time – The IT user documentation and processing is being reviewed to identify the preferred method of evidencing the IT users of the main financial system. It is envisaged this work will be completed by March 2018.

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Internal Audit Progress Report July 2017				
6a	Business Waste and Recycling follow up. It was suggested that an update be brought back to the October meeting detailing any progress made and the Assistant Director be asked to attend to explain any inconsistencies, if that is deemed necessary at the time.	A new set of actions and implementation dates were agreed (latest 30 th September 2017) with the Head of Service, however these implementation dates have not been achieved. Internal Audit has since been working closely with the Waste and Recycling Manager and actions have now been broken down into definable achievable tasks with a revised Implementation date of 31 st December 2017.	Gill Gillies	In progress but overdue - To achieve a reconciliation of income due to income billed. Although progress has been made, the first reconciliation has not yet taken place. The systems data is currently being tested and if the testing exercise runs smoothly, the first reconciliation will be attempted before the end of January 2018. However, it is not yet known whether the reconciliation will be successful on the first attempt.
Meeting April 2017				
Strategic Risk Management in Learning and Opportunities				
52	Committee to receive further evidence on the risk management of the Doncaster Childrens' Services Trust.	Report to be provided to April 2018 Audit Committee following the OFSTED inspection as inspection will not be finalised for February Committee reporting.	Damian Allen	Scheduled - Not yet due

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Solar Centre Update				
57a	Committee to receive a further update report on the conclusion of the contractual position at its October meeting.	<p>Work ongoing – a comprehensive report to be presented to the April Audit Committee pending the progression of the project actions set out under 49b below.</p> <p>An Agreement in the form of a “short letter contract” and broad outline specification to cover current service provision has been drafted.</p>	Damian Allen	In progress but overdue – report to be provided to April Audit Committee
57b	Committee to receive a backward looking report from Internal Audit surrounding the chronology and reporting of the Solar Centre at its October meeting.	Work completed – report to be presented to the April Audit Committee alongside the report updating on the project progress and contractual position from management set out under 57a above.	Colin Earl	In progress but overdue – report completed and will be presented to the April Audit Committee

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
49 b	<p>From Meeting April 2016 report - Financial and Purchasing and Contract Procedure Rules</p> <p>Solar Centre – Individual reviews taking place.</p>	An independent project manager has been contracted by Doncaster Council to co-ordinate and lead on resolving this issue. Consultations are ongoing and decisions on future service provision will be determined by the outcome of service user reviews and best interest decisions. Reviews have been completed and best interest discussions are taking place with service users and families (to be complete by end of January \ beginning of February 2018).	Patrick Birch	In Progress but overdue – comprehensive report to be provided to April Audit Committee
61b	Committee requested a report providing information on the existence and current effectiveness of the Council's ethical arrangements	A report has been scheduled in the Committee's work programme for the 2017/18 year	Scott Fawcus	Scheduled on the Audit Committee work programme for April 2018 - not yet due
Meeting January 2017				
Internal Audit Progress Report				
42b	Internal Audit to provide numbers of outstanding lower level recommendations in future progress reports	Report to be provided to October 2017 Audit Committee	Colin Earl	Yes - High level numbers included in the October report. Full numbers to be reported in February.

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting November 2016				
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.	Helen Potts	Yes - All officers have received the training.
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.	Helen Potts	Yes - Audit Committee members have undertaken the training.

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1st February 2018

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

**COVERT SURVEILLANCE - REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)
UPDATE**

EXECUTIVE SUMMARY

- 1.1 The Council occasionally has a need to conduct covert surveillance in the investigation of matters for which it has responsibility to prosecute or for other authorised intelligence gathering. On such occasions, the Regulation of Investigatory Powers Act 2000 (RIPA) regulates how covert surveillance is undertaken. The Home Office statutory Codes of Practice recommend that best practice is for Councillors to be involved in oversight of covert surveillance policy and usage.
- 1.2 At its meeting held on 27th July 2010, Audit Committee agreed that it should receive reports reviewing the Council's use of RIPA. As agreed in 2014, these reports are brought on a six monthly reports basis due to the limited number of covert surveillances taking place. A yearly report and a six monthly update report are brought each year, this is the update report.

RECOMMENDATIONS

2. To note that 1 RIPA application has been authorised since the last report in June 2017, details are attached at Appendix 1. No RIPA applications have been refused by the Magistrates.
3. To note that all those who were required to do the online RIPA training have done so, following the recommendation of the Audit Committee in November 2016. A refresher internal half day course took place on 20th July 2017 for those officers regularly involved in covert surveillance.
4. To note that the Council has carried out its first Non-RIPA covert surveillance and a process for this is attached at Appendix 2.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. RIPA policies and procedures ensure that the Council has appropriate arrangements in place to comply with the law relating to RIPA authorisations and Covert Surveillance and that it is properly and lawfully carrying out covert surveillance where it is required.

BACKGROUND

6. The Regulation of Investigatory Powers Act 2000 was introduced in response to The Human Rights Act 1998 to ensure that Local Authorities could continue lawfully to carry out Covert Surveillance. The Government also set up the Office of Surveillance Commissioners who regularly inspects Local Authorities. From 1st September 2017 the Office of Surveillance Commissioners has been transferred to the Investigatory Powers Commissioner's Office. The Council has been subjected to five inspections namely, 2003, 2004, 2009, 2012 and most recently in January 2016.
7. The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 came into force on 1st November 2012. This provides that directed surveillance can only be authorised under RIPA where the criminal offence sought to be prevented or detected is punishable by a maximum of at least 6 months imprisonment or would constitute an offence involving sale of tobacco or alcohol to underage children.
8. The Protection of Freedoms Act 2012 also requires Local Authorities to have all their RIPA surveillance authorisations (both directed and Covert Human Intelligence Sources (CHIS)) approved by a Magistrate before they take effect.
9. Appendix 1 details the covert surveillance authorisation since the last report in April 2016 and an update on earlier authorisation outcomes from recently completed matters. Where an authorised surveillance involves a number of premises this is now detailed in the Appendix.
10. A recommendation from the Surveillance Commissioners Inspection on 5th January 2016 was to arrange a training programme to improve RIPA knowledge. An external trainer with expertise in the field provided training on the 7th April 2016 for those within the Council whose work regularly involves RIPA. A refresher internal course for those officers regularly involved in RIPA was provided on 20th July 2017. An online RIPA course is now live on the training portal. Following a recommendation from the Audit Committee on 17th November 2016 that all managers should complete the RIPA training course, a group of managers and teams were identified and the process was completed to make this training compulsory. These officers have now all completed the course. Audit Committee members have also completed the course. It should be noted that only a very limited number of departments within the Council are involved in covert surveillance activities.
11. In November 2016, the Council undertook test purchases for fireworks using a non-RIPA authorisation process as the maximum penalty for selling fireworks to under aged children is outside the scope of a directed surveillance authorisation. The under age selling offence is now within the Pyrotechnic Articles (Safety) Regs. 2015 (SI 2015/1553), the penalty for which is a fine (there is no standard scale level specified)

and/or 3 months imprisonment. As such it does not meet the threshold for RIPA authorisation process of 6 months imprisonment or offences involving sale of tobacco and alcohol to underage children. Since 2015, the trading standards service has not carried out test purchasing of fireworks and has instead with its partners carried out proactive inspection and patrols. This has not had the desired effect and the police and Neighbourhood teams were still seeing instances of anti-social behaviour by children involving fireworks. It was felt by all partners that a proactive intelligence led test purchase programme alongside patrols and inspections over the period will act as deterrent to sales and reduce the incidences of underage sales. The surveillance was in place for a month from 26.10.17 and the outcome of this covert surveillance was that the Trading Standards carried out 12 targeted firework underage sales and all attempted purchases were refused. Such cases are likely to happen infrequently nevertheless it is best practice that such cases are subject to a written process, which is set out for members' information at Appendix 2

OPTIONS CONSIDERED

12. Failing to follow the revised recommendations of the RIPA Code of Practice with regard to members seeing the reports would lead to criticism at the next inspection by the Office of Surveillance Commissioners.
13. Failing to follow the recommendations of the Inspection Report would leave the Authority open to criticism.

REASONS FOR RECOMMENDED OPTION

14. This will ensure that we are properly and lawfully carrying out covert surveillance where it is necessary

IMPACT ON THE COUNCIL'S KEY OUTCOMES

15.

	Outcomes	Implications
	Working with our partners we will provide strong leadership and governance.	The work undertaken by the Audit Committee helps to ensure that the systems of covert surveillance used by the Council are overseen ensuring good governance arrangements and compliance with the law and statutory codes.

RISKS AND ASSUMPTIONS

16. Failing to follow the Law, Regulations and Inspection report will put us at risk of criticism at the next inspection by the Surveillance Commissioners.

LEGAL IMPLICATIONS

17. The Regulation of Investigatory Powers Act 2000 provides Local Authorities with the mechanism in which they can carry out covert surveillance without breaching individuals' human rights under Article 8 of the Human Rights Act 2000. Failure to follow the law, statutory codes and the inspection report could be the subject of a challenge in court proceedings where RIPA powers were relied upon and also would lead to criticism at the next inspection by the Surveillance Commissioner. The Covert Surveillance and Covert Human Intelligence Source codes of practice provide that 'elected members of a local authority should review the authority's use of the 2000 Act and set the policy at least once a year. They should also consider internal reports on use of the 2000 Act on a regular basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose.'
18. In 2012 the Regulation of Investigatory Powers Act 2000 (RIPA) was amended so as to provide that a local authority Authorising Officers may not authorise directed Surveillance unless it is for the purpose of preventing or detecting a criminal offence and it meets the conditions that it is a criminal offence which is sought to be prevented or detected is punishable by a maximum term of at least 6 months of imprisonment, or would constitute an offence under sections 146, 147 or 147A of the Licensing Act 2003 or section 7 of the Children and Young Persons Act 1933 (offences involving sale of tobacco and alcohol to underage children).
19. RIPA is there to ensure that certain types of covert surveillance undertaken by public authorities is done in such a way as is human rights compliant. RIPA is permissive legislation. Authorisation under RIPA affords a public authority a defence that the activity is lawful for all purposes. However, failure to obtain an authorisation does not make covert surveillance unlawful. Section 80 of RIPA states local authorities will still be able use covert surveillance for such purposes as long as it is necessary and proportionate in accordance with Article 8 of the European Convention on Human Rights (right to privacy). To ensure a Non RIPA process is lawful it is important that it is only carried out in accordance with a proper process, as set out in Appendix 2,. Such a process will only be used in exceptional circumstances and where necessary and proportionate. There will be a requirement in all such cases for a paper audit trail

FINANCIAL IMPLICATIONS

20. There are no specific implications due to the recommendations of this report. Where Covert Surveillance is used the costs are met from within individual service budgets.

HUMAN RESOURCES IMPLICATIONS

21. There are no human resources implications arising directly from the report.

TECHNOLOGY IMPLICATIONS

22. There are no technology implications arising directly from the report.

EQUALITY IMPLICATIONS

23. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have 'Due Regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic. There are no specific equality implications arising directly from this report.

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Date of Magistrates Approval	Unique reference Number	Purpose of Investigation	Job title of Authorising officer	Outcome
3.1.17 (Mags approval)	URN102	Illegal tobacco sales (6 locations)	Chief trading standards officer	1 Warning 1 Prosecution
11.4.17 (Mags approval)	URN103	Illegal tobacco sales (not specific locations)	Chief trading standards officer	Targets Profiled
21.4.17 (Mags approval)	URN104	Illegal tobacco sales (3 locations)	Chief trading standards officer	2 Prosecutions
21.4.17 (Mags approval)	URN105	Illegal tobacco sales (7 locations)	Chief trading standards officer	4 Warning 1 Prosecution and licence review proceedings
21.11.17 (Mags Approval)	URN106	Illegal tobacco sales (19 locations)	Chief trading standards officer	Ongoing 3 licence review proceedings

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DONCASTER METROPOLITAN BOROUGH COUNCIL

NON-RIPA Authorisation Procedure.

Contents

1. Introduction
2. Overview
3. Types of Surveillance
4. Authorisation Procedures

Appendices

1. Non RIPA Application for Authorisation to carry out Directed Surveillance
2. Non RIPA Review of a Directed Surveillance Authorisation
3. Non RIPA Renewal of a Directed Surveillance Authorisation
4. Non RIPA cancellation of Directed Surveillance Authorisation
5. NON – RIPA form for legal services approval

1 .Introduction

1.1 This procedure document has resulted from the change in the law in respect of Directed Surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) and the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2012. From the 1st November 2012 Directed Surveillance under RIPA only applied to the detection and prevention of a criminal offence that attracts a penalty of 6 months imprisonment or more or are offences involving sale of tobacco and alcohol to underage children. This essentially takes out surveillance of disorder (unless it has 6 months custodial sentence) and most summary offences such as littering, dog fouling, underage sales of fireworks lower level benefit fraud and anti-social behaviour from regulation.

1.2 Enforcement officers can undertake such surveillance but because it is not now regulated by the Office of Surveillance Commissioners the Council should have procedures in place to ensure that we can prove that we have given due consideration to necessity and proportionality, central tenets of European Law and the likely grounds of any challenge that may be received.

1.3 RIPA is there to ensure that certain types of covert surveillance undertaken by public authorities is done in such a way as is human rights compliant. RIPA is permissive legislation. Authorisation under RIPA affords a public authority a defence under Section 27 i.e. the activity is lawful for all purposes. However, failure to obtain an authorisation does not make covert surveillance unlawful. Section 80 of RIPA provides that the Act should not be construed so as to make it unlawful to engage in any conduct of that description which is not otherwise unlawful under this Act and would not be unlawful apart from this Act. Case law confirms that lack of authorisation under RIPA does not necessarily mean that the carrying out of directed surveillance is unlawful. Local authorities will still be able use covert surveillance for such purposes as long as it is necessary and proportionate in accordance with Article 8 of the European Convention on Human Rights (right to privacy).

2. Overview

2.1 The forms to be completed are an amended version of RIPA forms as used by the Home Office. It will be the responsibility of Authorising Officers to ensure that their relevant members of staff are suitably trained so as to afford common mistakes appearing on forms for Directed Surveillance authorisations. A current list of authorising officers is available on the Covert Surveillance page of the intranet. Authorising officers will also ensure that staff who report to them follow this Procedure and do not undertake or carry out any form of surveillance without first obtaining the relevant authorisations in compliance with this document.

2.2 Health and safety: Authorising Officers must also pay particular attention to Health and Safety issues that may be raised by any proposed surveillance activity. Under no circumstances should an Authorising Officer approve any form unless, and until s/he is satisfied that the health and safety of Council employees/agents are suitably addressed

and/or risks minimised, so far as is possible and proportionate to/with the surveillance being proposed. A risk assessment should be undertaken. If an Authorising Officer is in any doubt he should obtain prior guidance on the same from Legal Services.

2.3 Private and confidential information: Consideration must be given prior thought before any applications are authorised, as failure to do so may invalidate the admissibility of any evidence obtained. Furthermore, thought must be given before any forms are signed to the retention and disposal of any material obtained under a surveillance authorisation. Where there is any possibility of private and confidential information being obtained through covert surveillance, the application must be authorised by an Authorised Officer.

2.4 Necessity and proportionality: The Authorising Officer must ensure proper regard is had to necessity and proportionality before any applications are authorised. Stock phrases or cut and paste narrative must be avoided as the use of the same may suggest that insufficient detail and consideration had been given to the particular circumstances of any person likely to be the subject of surveillance. Any equipment to be used in any approved surveillance must also be properly controlled, recorded and maintained for audit purposes. The Human Rights Act requires the Council and organisations working on its behalf, pursuant to Article 8 of the European Convention to respect the private and family life of citizens, his home and his correspondence. The European Convention did not however, make this an absolute right, but a qualified right. Accordingly, in certain circumstances the Council may interfere in the citizen's right mentioned above, if such interference is:-(a) in accordance with the law;(b) necessary; and (c) proportionate

2.5 If the correct procedures are not followed, evidence may be disallowed by the Courts, a complaint of maladministration could be made to the Ombudsman, and/or the Council could be ordered to pay compensation. It is essential that that all involved with surveillance comply with this procedure and seek advice from Legal Services.

3.Types of Surveillance

3.1 Surveillance includes: Monitoring, observing, listening to persons, watching or following their movements, listening to their conversations and other such activities or communications; recording anything mentioned above in the course of authorised surveillance and Surveillance, by or with, the assistance of appropriate surveillance devices. Surveillance can be overt or covert.

3.2 Overt Surveillance: Most of the surveillance carried out by the Council will be done overtly – there will be nothing secretive, clandestine or hidden about it. In many cases, officers will be going about Council business openly. Similarly, surveillance will be overt if the subject has been told it will happen (e.g. where a noise maker is warned (preferably in writing) that noise will be recorded if the noise continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without

notice of identifying themselves to the owner/proprietor to check that the conditions are being met).

3.3 Covert Surveillance : Covert surveillance is carried out in a manner calculated to ensure that the person subject to the surveillance is unaware of it taking place. It cannot however be necessary if there is reasonably available an overt means of finding out the information desired.

3.4 Directed Surveillance: Directed Surveillance is surveillance which:-is covert; and Is not intrusive surveillance. The Council must not carry out any intrusive surveillance or any interference with private property. It should not carry out any unauthorised surveillance unless an immediate response to events which would otherwise make seeking authorisation under the act unreasonable e.g. spotting something suspicious and continuing to observe it. Authorisation must be obtained where surveillance is undertaken for the purpose of a specific investigation or operation in a manner likely to obtain private information about an individual (whether or not that person is specifically targeted for purposes of an investigation).

3.5 Private Information in relation to a person includes any information relating to his private and family life, his home and his correspondence. The fact that Covert Surveillance occurs in a public place or on a business premises does not mean that it cannot result in the obtaining of private information about a person. Prolonged Surveillance targeted on a single person will undoubtedly result in the obtaining of private information about them and others that they comes into contact, or associates with. Similarly, although overt town centre CCTV cameras do not formally require authorisation, if the cameras are to be directed for a specific purpose to observe particular individuals, authorisation will be required. The way a person runs their business may also reveal information about their private life and the private lives of others.

3.6 Investigations involving Social Media: Social Media sites are a useful tool for intelligence and evidence gathering. However there is a fine distinction between accessing readily available personal information posted into the public domain on Social Media and interfering in an individual's private life. The Internet is a surveillance device. Reviewing open source sites does not require authorisation unless the review is carried out with some regularity, usually when creating a profile, in which case directed surveillance authorisation will be required. If it becomes necessary to breach the privacy controls and become for example 'a friend' on the Facebook site, with the investigating officer utilising a false account concealing his/her identity as a council officer for the purposes of gleaning intelligence, this is a covert operation intended to obtain private information and should be RIPA authorised, at the minimum, as directed surveillance. If the investigator engages in any form of relationship with the account operator then they become a Covert Human Intelligence Source (CHIS) requiring authorisation as such and management by a Controller and Handler with a record being kept and a risk assessment created. It will only be in

exceptional circumstances that a NON RIPA authorisation will be considered appropriate for social media. The use of Social Media for the gathering of evidence to assist in enforcement activities should be used with the following considerations:

- It is only in the most exceptional cases that a false identity should be used in order to 'friend' individuals on social networks. Authorisation will be required.
- Officers viewing an individual's open profile on a social network should do so only in order to obtain evidence to support or refute their investigation; this should only be done to obtain the information and if necessary later to confirm the information.
- Systematic viewing of a profile will normally amount to surveillance and an authorisation should be obtained.
- Authorisation should also be considered where a friend request is sent or if a conversation has been entered into with the owner of the page as this may amount to a CHIS.
- Officers should be aware that it may not be possible to verify the accuracy of information on social networks and, if such information is to be used as evidence, reasonable steps must be taken to ensure its validity.

3.7 Procedure: For the avoidance of doubt, only those Officers designated and certified to be Authorised Officers for the purpose of surveillance can authorise an application for Directed Surveillance if and only if the authorisation procedures detailed in this document are followed.

3.8 Necessity and Proportionality: Obtaining an authorisation under the non RIPA surveillance procedure will only ensure that there is a justifiable interference with an individual's Article 8 rights if it is necessary and proportionate for these activities to take place. RIPA requires that the person granting an authorisation believe that the authorisation is necessary in the circumstances of the particular case for directed surveillance. Once necessity is established then proportionality must be considered. The following elements of proportionality should be considered: balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence; explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others; considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result; evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented. This involves the balancing the intrusiveness of the activity on the target subject and others who might be affected by it or against the need for the activity in operational terms. The activity will not be proportionate if it is excessive in the circumstances – each case will be judged on and be unique on its

merits – or if the information which is sought could be reasonably be obtained by other less intrusive means. All such activity must be carefully managed to meet the objective in question and must not be arbitrary or unfair. Extra care should also be taken over any publication of the product of the surveillance.

3.9 It is important that when setting out the proportionality and necessity of the surveillance, that the applications include clear statements of the other reasonably possible methods of obtaining the desired information and the reasons why they have been rejected. It is therefore crucial that the Authorising Officer give particular attention to necessity and proportionality and expresses his own view rather than those explanations given by the applicant.

3.10 Collateral Intrusion: Before authorising surveillance the Authorising Officer should also take into account the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation (collateral intrusion). Measures should be taken, wherever practicable, to avoid or minimise unnecessary intrusion into the lives of those not directly connected with the investigation or operation. Those carrying out the surveillance should inform the Authorising Officer if the investigation or operation unexpectedly interferes with the privacy of individuals who are not covered by the authorisation. When the original authorisation may not be sufficient, consideration should be given to whether the authorisation needs to be amended and reauthorized or a new authorisation is required.

3.11 Retention and destruction of product surveillance: Where the product of surveillance could be relevant to pending or future criminal or civil proceedings, it should be retained in accordance with established disclosure requirements for a suitable period and subject to review. There is nothing which prevents material obtained from properly authorised surveillance from being used in other investigations. Authorising Officers must ensure therefore, that they follow the procedures for handling, storage and destruction of material obtained through the use of covert surveillance. Authorising Officers must also ensure compliance with the appropriate data protection requirements.

4 Authorisation Procedures

4.1 Directed Surveillance can only be lawfully carried out if properly authorised, and in strict accordance with the terms of the authorisation.

4.2 Authorising Officers: Forms can only be signed by Authorising Officers. Legal Services will keep the list of Authorising Officers up to-date. All authorisations for Directed surveillance are for specific investigations only, and must be reviewed, renewed or cancelled once the specific surveillance is complete or about to expire. The authorisations do not lapse with time. On completion of the authorisation, the Authorising officer must pass the authorised form to by Legal Services (using Document 5 in the Appendices) to be

approved. Surveillance cannot commence until written approval has been obtained from Legal Services for the surveillance.

4.3 Training Appropriate training has been given to Authorising Officers and Enforcement personnel. The training is an ongoing programme and an online course is available on the intranet.

4.4 Application Forms: Only the surveillance forms set out in this document and available on the Councils intranet are permitted to be used. Any other forms used will be rejected by the Authorising Officer and/or Legal Services. The forms are

1. Non RIPA Application for Authorisation to carry out Directed Surveillance
2. Non RIPA Review of a Directed Surveillance Authorisation
3. Non RIPA Renewal of a Directed Surveillance Authorisation
4. Non RIPA cancellation of Directed Surveillance Authorisation
5. NON – RIPA form for legal services approval

4.5 Grounds for Authorisation: Directed Surveillance which does not meet the crime threshold under RIPA has no statutory grounds. However, the Council will only authorise on the grounds of preventing or detecting crime or disorder.

4.6 Assessing the Application Form: Before an Authorising Officer signs a form, they must:-
(a) Follow the procedures as laid down in this procedure (b) Satisfy themselves that an authorisation is:-(i) In accordance with the law (ii) Necessary in the circumstances of the particular case on the grounds mentioned in paragraph (enter) above; and (iii) Proportionate to what it seeks to achieve.

4.7 In assessing whether or not the proposed surveillance is proportionate the Authorising Officer must consider whether there are any other non-intrusive means to meet the required aim, if there are none, whether the proposed surveillance is no more than necessary to achieve the objective, as the least intrusive method will be considered proportionate by the Courts. Consideration is required of the risk of intrusion into the privacy of persons other than the specified subject of the surveillance (Collateral intrusion). Measures must be taken wherever practicable to avoid or minimise (so far as is possible) collateral intrusion as the matter may be an aspect of determining proportionality.

4.8 Completing the Application Form: All forms must be given a unique reference number. Legal Services will issue the unique reference number. A date for review of the authorisation should be set. The review should take place on that date using the relevant form. A copy of every form/notice and documents in support must be sent to Legal Services for the Central Register within one week of the relevant authorisation, review, renewal, cancellation or rejection.

4.9 Duration: There is now no specified time for duration but it is proposed to keep to the times provided for under RIPA for consistency. Forms must be reviewed in the time stated, renewed and/or cancelled once it is no longer needed. The authorisation to carry out/conduct the surveillance lasts for a maximum of three months (from authorisation) for Directed Surveillance. In other words the forms do not expire, they have to be reviewed, renewed and/or cancelled once they are no longer required. Authorisations should be renewed before the maximum period in the authorisation has expired. The Authorising Officer must consider the matter afresh including taking into account the benefits of the surveillance to date, and any collateral intrusion that has occurred. An authorisation cannot be renewed after it has expired. In such event a fresh authorisation will be necessary.

4.10 Record Management: A Central Register of all Authorisations, Reviews, Renewals and Cancellations and Rejections will be maintained and monitored by Legal Services in regard to Non RIPA Directed Surveillance. Authorised Officers will be required to send Legal Services a copy of all forms with immediate effect – within one week of authorisation. The Council will retain records for a period of at least three years from the ending of the authorisation. The documents to be stored will include a copy of the Forms together with any supplementary documentation and notification of the approval given by the Authorising Officer

4.11 Risks: . Where there is an interference with the right to respect for private life and family guaranteed under Article 8 of the European Convention on Human Rights, and where there is no other source of lawful authority for the interference, or if it is held not to be necessary or proportionate to the circumstances, the consequences of not obtaining or following the correct authorisation procedure set out in this document, may be that the action (and the evidence obtained) will be held to be unlawful by the Courts pursuant to Section 6 of the Human Rights Act 1998. Challenges could also occur under Article 8 of the European Convention on Human Rights. Obtaining an authorisation and following this document, will assist in showing that the action is carried out in accordance with the law and subject to stringent safeguards against abuse of anyone's human rights.

Policy drafted: November 2017

Appendices

1. Non RIPA Application for Authorisation to carry out Directed Surveillance
2. Non RIPA Review of a Directed Surveillance Authorisation
3. Non RIPA Renewal of a Directed Surveillance Authorisation
4. Non RIPA cancellation of Directed Surveillance Authorisation
5. NON – RIPA form for legal services approval

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Doncaster Council

1st February 2018

To the Chair and Members of the
AUDIT COMMITTEE

UPDATE REPORT ON CONTRACTS AND COMMISSIONING IN ADULTS, HEALTH AND WELLBEING

EXECUTIVE SUMMARY

1. This report provides Members with an update on progress within the Adult Commissioning and Contract function to:
 - maximise effectiveness;
 - manage contract breaches and waivers;
 - help the Directorate deliver against short term improvement priorities; and
 - provide the basis for longer term transformation

RECOMMENDATION

2. To note the information contained in this report, and the actions and progress made by the Commissioning and Contracts function in Adults Health and Wellbeing (AH&W).

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

3. Effective commissioning and contract management is essential, to ensure the delivery of value for money, quality, effective and efficient services to the citizens of Doncaster. The Commissioning Plan supports the Adult Transformation Programme as well as the Doncaster Place Plan and Doncaster Growing Together.

BACKGROUND

3. A report was presented to Audit Committee on the 26th October 2017 regarding the adult social care commissioning review programme 2017-2021. The report contained:
 - The Executive Summary and Summary Delivery Plan developed by Ernst & Young; and

- Details of achievements and activity undertaken by the Commissioning and Contracts team since April 2017.

Commissioning Plan

4. With the support of EY, a 4 year Commissioning Plan has been produced that will provide the framework for all future commissioning and contracting activities moving forward. This is a working document which will inevitably change and evolve, driven by political or leadership agreed outcomes.

The Commissioning Plan details:-

- Prioritised short and longer term activities to support the Directorate's improvement priorities including a programme of reviews of existing commissioned services;
 - A range of procurement activities for both new and existing services; and the phasing of the above activities based on immediate priorities, workload demands and resource availability; and
 - Current capacity issues within the Commissioning and Contracts team. Identifying where the team is currently under-resourced to satisfy workload demands.
6. The full Commissioning Plan report was formally presented by EY at an AHWb Directorate Leadership Team Meeting (DLT) on Wednesday 20th December 2017.

Capacity Issues

7. At the time of the audit committee in October 2017, thirty one members of staff were employed in the Commissioning and Contracts team (ie in full and part time posts). Since October three full time members of staff from the adults and commissioning team have left the team and secured new positions outside of the commissioning and contracts function.
8. Recruitment has commenced to fill the following key posts and provide additional capacity to support the delivery of service transformation, the proposed move towards integrated commissioning and the delivery of the Commissioning Plan.
 - **Permanent Posts:** - Head of Service, Commissioning Manager and Commissioning Officer (to fill existing vacant posts)
 - **Temporary new posts - initial 12 month basis:** - Head of Service, Contracts Officer, Commissioning Manager, Commissioning Officer,
9. A temporary Head of Service is due to commence employment on the 29th January 2018. Interviews for the temporary Commissioning Manager have so far been unsuccessful, however, further interviews are due to take place mid-January. The Interviews for the permanent posts are scheduled for early February.
10. In the interim, a review of capacity has been undertaken within the commissioning and contracts team, changes have been made to staff reporting lines to maximise available capacity and focus that capacity on essential work priorities.

11. Additional internal capacity from the strategic procurement team and via the Clinical Commissioning Group has been sought. However, due to capacity issues within their areas of responsibility they have been unable to release capacity from their own resource to the commissioning and contracts team.

Activity

12. Since October 2017, the Commissioning and Contracts team has continued to make progress across the following areas:-
 - Continued to reduce off contract spend (i.e. spend where no contract has been put in place or the contract has expired). Since April 2017 off contract spend has reduced by £2.1m i.e. from £5.4m to £3.3m.
 - Finalised a comprehensive list of contracts which contain expiry dates and values which has been agreed with the Strategic Procurement team. This will help to ensure that breaches and waivers are minimised;
 - Commenced the re-procurement of the Supported Living Service contract which is the highest value contract that is currently commissioned at circa £14m per year and involves 300 plus service users. As part of this process the Directorate has implemented a rigorous process of challenge and review involving all parts of the strategic commissioning cycle, including data, insight and intelligence, service delivery, finance, procurement, commissioning and programme management. The work produced has been robustly challenged and quality assured by the Directorate Leadership Team and other colleagues. We are confident that this approach has yielded a more appropriate and comprehensive approach to the forthcoming commissioning activity with a key emphasis on innovation and the delivery of key service outcomes as well as the need to deliver targeted financial savings;
 - The currently proposed date for the publication of the Supported Living tender documentation is 18th January 2018. After this, and in line with our commitment to continually improving and strengthening the strategic commissioning cycle, the intention is to hold a 'lessons learned' session on 31st January 2018 at which all involved will work together to draw the key lessons from implementing this approach so far. The outcomes of this work will be used to provide the basis for the approach that will be taken to all future significant procurement activities.
 - Commenced the evaluation of the Care and Support at Home contract. This is due to be completed in February 2018;
 - Continued to support the RDASH residential and Solar Centre project;
 - Begun the negotiation with care home providers regarding the fees to be paid to care homes from April 2018;
 - Commenced preparations for the tendering of a new money management service, so that the new service is in place for 1st June 18. The tender process is complex in that it likely involves staff transfers across a number of agencies;
 - Developed an outline commissioning plan which provides clarity and strategic direction for a range of housing support services, to deliver services for

vulnerable people, supported accommodation hostels and floating tenancy support services;

- Re-commissioned a mental health floating support service which supports 250 units delivering savings in the region of £100k;
- Commissioned a new Carer Support Service across 4 localities in Doncaster to align with the Community Led Support model;
- Implemented an Agreement with the Clinical Commissioning Group regarding intermediate care;
- Commissioned extra provision to support homelessness over the Christmas period;
- Continued to support the delayed transfer of care initiative working with home care providers to ensure individuals can safely be discharged from hospital without delay;
- Commissioning an emergency home support response service to support individuals over the winter period; and
- Providing ongoing support and expert advice to the Directorates transformation programme and top priority improvement projects.

Waivers and Breaches to CPR's

13. In the last 3 months there has been 5 waivers to Contract Procedure Rules (CPR's) this compares to the 12 waivers reported to audit committee in October 17. There has been one breach to CPR's which concerns the engagement of one member of staff outside of the corporate agency staff contract.

OPTIONS CONSIDERED

14. Option 1 – do nothing. This option would not effectively support the delivery of the commissioning plan and priorities or the delivery of the Transformation Programme. There would likely be an increase in the number of contracts in breach.
15. Option 2 – To note the information contained in this report, and the actions and progress made by the Commissioning and Contracts function in Adults Health and Wellbeing (AHWb).

REASONS FOR RECOMMENDED OPTION

16. To ensure that the Council continues to delivery it's commissioning priorities and supports the delivery of the transformation programme.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

17.

	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 commissioning plan will:-</p> <ul style="list-style-type: none"> • Benefit the local economy by increasing opportunities for local service providers. • Support the delivery of modern, quality, value for money services.
	<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>Robust contract management processes will ensure that individuals remain safe and supported.</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> 	
	<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

18. The principle risk is an inability to recruit to the key posts within the commissioning and contracts function and a continued reduction in resources. This will impact on the team's ability to deliver business as usual, the commissioning plan and provide support to the transformation programme.

LEGAL IMPLICATIONS

19. There are no specific legal implications arising from this report. However, Legal Services provide ongoing advice and assistance on commissioning and procurement exercises and contract matters.

FINANCIAL IMPLICATIONS

20. The funding of temporary posts will need to be reviewed in the event that resources need to be secured any longer than a 12mth period.

HUMAN RESOURCE IMPLICATIONS

21. Human Resources are supporting the recruitment processes.

TECHNOLOGY IMPLICATIONS

22. Any new recruitments will need to be set up as users and read the relevant policies and complete e-learning. Work continues to rationalise the technology used to manage the commissioning of care services and any changes to how these need to function as an outcome of new commissioning activity must be communicated to ICT as soon as possible.

EQUALITY IMPLICATIONS

23. To comply with the Council's obligations under the Public Sector Equalities Duty.

CONSULTATION

24. The Commissioning Plan has been developed by Ernst & Young in partnership with the Commissioning and Contracts Team. Further consultation will be undertaken with key stakeholders in pursuit of the delivery of the commissioning and transformation programme.

BACKGROUND PAPERS

25. None

REPORT AUTHOR & CONTRIBUTORS

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Doncaster Council

Report

1 February 2018

To the Chair and Members of the AUDIT COMMITTEE

2016-17 Annual Governance Statement – Progress Update

EXECUTIVE SUMMARY

1. The Council's Annual Governance Statement (AGS) is an annual report which provides a review of governance arrangements for the authority. The 2016-17 Annual Governance Statement was presented to the Audit Committee in July 2017. It identified issues and outlined actions that needed to be dealt with.
2. As in previous years Audit Committee members requested a brief update be provided at a future meeting to outline what progress has been made against the issues identified in the current Annual Governance Statement.
3. Attached to this briefing note is an update on progress made against the improvement issues identified in the 2016-17 Annual Governance Statement (Shown in Appendix A).

EXEMPT REPORT

4. N/A

RECOMMENDATIONS

5. Audit Committee are asked to note and comment on the content of this briefing paper and Appendix A

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. By ensuring that there is good governance and a sound system of internal controls in place the Council will be able to provide the citizens of Doncaster with services that are provided in accordance with the law and proper standards. It will also ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

BACKGROUND

7. An annual review of governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS) are statutory requirements by virtue of the Accounts and Audit Regulations (England) 2015.

The Annual Governance Statement must demonstrably be a corporate document, corporately owned. The Council's governance arrangements in place during 2016-17 have been reviewed in line with the revised guidance and an Annual Governance Statement has been approved.

8. To ensure that there is good governance and sound system of internal controls in place, an update on the current Annual Governance Statement has been provided to assess current progress.

OPTIONS CONSIDERED

9. Alternative options to the successful approach implemented would require potentially significant re-design in terms of both procedures to be followed and staff involvement.

REASONS FOR RECOMMENDED OPTION

10. The streamlined approach that has been adopted by directorates has worked well for the last few years and continues to meet the requirements of the new guidance.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

11.

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning 	

	<p>experiences within and beyond school</p> <ul style="list-style-type: none"> • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place</p>

RISKS AND ASSUMPTIONS

12. The production of an Annual Governance Statement is a statutory requirement. The key risk is that failure to produce a statement to meet this requirement would result in an adverse audit report by the Council's external auditor and damage the Council's reputation. The original risk profile is 16 but by producing the Annual Governance Statement and addressing key corporate issues the risk profile is reduced to 8

LEGAL IMPLICATIONS

13. The production and publication of an Annual Governance Statement is a statutory requirement.

FINANCIAL IMPLICATIONS

14. There are no direct financial implications resulting from this report

HUMAN RESOURCES IMPLICATIONS

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

TECHNOLOGY IMPLICATIONS

16. There are no direct Technology implications resulting from this report

HEALTH IMPLICATIONS

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

EQUALITY IMPLICATIONS

18. The council has a legal obligation under the Public Sector Equality Duty to consider how different people will be affected by their activity and service. Equalities and Due Regard issues will be considered as part of the individual policies and procedures that are contained within the Annual Governance Statement and as a result a Due Regard statement has not been completed for this process

CONSULTATION

19. N/A

BACKGROUND PAPERS

CIPFA guidance –Delivering Good Governance in local Government Framework - 2016 Edition
Corporate Governance Framework

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2016-17 Annual Governance Statement - Progress Update

SECTION 1: Significant Governance Issues Identified in 2016/17

1. Adult, Health and Wellbeing - Contract and Commissioning Arrangements	Action Date	Responsible Manager
<p>There has been a large number and value of ongoing contract breaches and waivers occurring within the 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, some other elements have been in breach for lengthy periods of time and now need to be progressed more quickly.</p> <p>ACTION: A four year commissioning and procurement action plan has been developed by the Adult Commissioning Team, with involvement of the Strategic Procurement Team, which sets out a structured programme of contract reviews. The outcome of these individual contract reviews will inform decision making on which contracts will be re-let, realigned or decommissioned. The action plan set out (for each contract) the timescales for this work to be undertaken and concluded. Training on the Council's Contract Procedure Rules and Democratic Processes has been provided to managers within the service and capacity for commissioning is being reviewed. This will lead to better services being offered to users in the future</p>	<p>4 YEAR PLAN IN PLACE WHICH IS SUBJECT TO REGULAR REVIEW</p>	<p>Director of Adults, Health & Wellbeing</p>
Improvement Action Progress update		
<p>Whilst further actions have been taken to increase capacity in the team, additional capacity is still required and efforts continue in this area. Nonetheless significant commissioning activity continues to be undertaken including the tender of the Learning disability Supported Living Service for which both provider engagement and service user engagement has been undertaken and continues Other significant procurement / commissioning activity includes a range of housing related support services.</p>		
2. DOLS (Deprivation of Liberty Safeguards) – Best Interest Assessments	Action Date	Responsible Manager
<p>Internal Audit identified anomalies in relation to payments made for Best Interest assessments, which had arisen due to poor financial and administrative processes.</p> <p>ACTION: The DOLS (Deprivation of Liberty Safeguards) Team is working with Internal Audit Services and the Digital Council Team to implement a new system for recording, monitoring and paying for assessments undertaken. This will include the development of full new processes and performance management information to ensure that the situation is monitored and reported on going forwards. A backlog of Best Interest Assessments that has developed will be cleared by an external party and monitored internally. A full review of any Best Interest Assessments that need to be re-done as a result of the delays in the process is already underway. Assessments will be re-done where issues are identified to ensure a full assessment is place as and where required.</p>	<p>31 DECEMBER 2017</p>	<p>Director of Adults, Health & Wellbeing</p>
Improvement Action Progress update		
<p>The assessment and outcomes part of the DoLS process is now recorded on Carefirst, however the financial/payment element of the DoLS process is still recorded on a</p>		

spreadsheet. We are waiting for Phase 2 to begin which would allow Independent Assessors to input directly on to Carefirst therefore saving time and work in the Business Support Team having to input the information.

Amended processes ensure that Best Interest Assessors (BIA) and Mental Health Assessors (MHA) work is received in a timely manner and payment is not made until the goods are received. An external organisation were contracted to undertake assessments to assist in clearing the backlog. The backlog in terms of granted cases signoff have reduced and is on a downward trajectory. The numbers of referrals awaiting allocation remains broadly consistent with numbers originally reported and further measures are being considered to further improve the situation.

There is currently an audit review taking place in this area which is highlighting some serious concerns over poor data quality, reliance on manual systems and performance management arrangements.

SECTION 2: Improvement Areas identified during 2015-16 that remain an issue in 2016-17

3. Direct Payment	Action Date	Responsible Manager
<p>In 2015/16 there was a high level of overpayments that had been made in paying personal budgets for adult social care. Issues identified included:-</p> <ul style="list-style-type: none"> •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. <p>Responsibility for the payments and checking of these monies was transferred to Finance and Corporate Services and since then administration processes have been streamlined and payments made in more efficient ways. All service users accounts 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. Systems and processes have been improved to make the payments quicker and easier to access and be more efficiently administered.</p>	31 MARCH 2018	Director of Adults, Health & Wellbeing
Improvement Action Progress update		
<p>Improved arrangements set out above have proven effective; the amount of debt relating to Direct Payment overpayment being raised over 12 months has reduced from £1.35m to £998k. The amount of debt cleared over 12 months has increased from £790k to £881k. There is now more effective joined up working between all parties and the backlog of annual financial monitoring reviews has been cleared and reviews are now being conducted on a risk basis.</p> <p>Financial monitoring reviews are now being conducted on a risk basis meaning that issues with the management of Direct Payments are being identified earlier and therefore less debt is being accrued. Direct Payment Card accounts are now the preferred method of making a direct payment resulting in reductions in Financial Monitoring administration. Excess balances are being reclaimed from Pre-Payment Card Accounts before debt accrues. Financial Administrative business processes have been streamlined.</p>		

Whilst arrangements are considerably improved regarding the overpayments issue, there is an ongoing Internal Audit review highlighting serious concerns around inaccurate data held in CareFirst, inconsistent practices and procedures and a historic lack of management

4. Safeguarding Adults Personal Assets Team (SAPAT)	Action Date	Responsible Manager
<p>There was a number of governance risks associated with SAPAT highlighted in the 2015-16 statement. These included:</p> <ul style="list-style-type: none"> • a lack of robust policies and procedures; • a lack of clear performance and monitoring data; • lack of appropriate recording systems and poor data quality; • multiple paper based systems; • inadequate storage and retrieval of documents and property; <p>Strong progress has been made during the year, with clear procedures now in place for assessing clients' eligibility for support by SAPAT. Performance monitoring continues to allow SAPAT to better understand its client base, work more efficiently and continually improve data quality. An exercise to digitalise historic paper records is complete, allowing multiple workers to view the same information simultaneously. Changes to procedures have significantly reduced the amount of clients property held by the authority. Financial processes continue to be strengthened with guidance from Internal Audit and reconciliations of clients' accounts are undertaken at agreed points.</p>	<p>31 DECEMBER 2017</p>	<p>Director of Adults, Health & Wellbeing</p>
Improvement Action Progress update		
<p>Strong progress / completion has been made in all the above areas Remaining actions involve completion of all procedures, developing banking and transactional documentation and developing improved document storage arrangements</p>		

5. Learning Disability/Supported Living Reviews	Action Date	Responsible Manager
<p>An improvement area was identified relating to annual reviews within the Learning Disability Team. There was a risk that some of these reviews may relate to individuals who have not had a financial assessment, are not contributing towards their care and support and have not been considered for Continuing Health Care (CHC) funding. All of the 267 people identified in supported living had a review of their care and support needs, and where appropriate and required, are now being supported to contribute their disposable income towards their care.</p> <p>Annual reviews are now scheduled in and allocated in a timely manner to ensure reviews do not become overdue. Financial assessments are now fully embedded within the assessment process. Continuing healthcare (CHC) is now fully embed and considered during the assessment process and where someone is identified as eligible for an NHS assessment this is progressed by</p>	<p>31 MARCH 2018</p>	<p>Director of Adults, Health & Wellbeing</p>

<p>referral to the CCG. Reviews are becoming part of business as usual. There are still opportunities within this setting to take forward the personalisation agenda by decommissioning block contracts and commissioning care which more closely meets people's personal needs and ambitions. This is a key part of the transformation programme and will be delivered through a joint commissioning strategy, and action plan to ensure individuals in supported living have access to a personal budget.</p>		
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Improvement Action Progress update		
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<p>A Project Team which was initially tasked with undertaking wide-scale reviews across the service has had to be re-tasked in order to manage a forthcoming project. This work is ongoing jointly with CCG colleagues and aims to review, reassess and re-provide services to the individual's concerned and their families. The effect of this project has been that planned wide-scale reviewing activity has not progressed as initially intended thus leaving a significant deficit in relation to reviews completed. Given the volume of reviews yet to be undertaken, there is a risk that this work will not be fully completed as previously anticipated.</p>		
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<p>The Supported living contract is in the process of being re-tendered with the expectation that the new provider will be in a position to take-up the new contract by September 2018. Work is being undertaken in relation to the service specification which will include enablement support for people living in supported living to promote personal independence and reduce reliance on formal services in the future.</p>		
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<p>Prior to the implementation of the new supported living contract a contractor will be appointed with a view to undertaking holistic reviews of all residents in supported living in the first half of 2018 with a view to ensuring that support is tailored to the individual, that support promotes and maximises people's independence, to ensure best value for Doncaster Council and identify financial efficiencies. It is also intended that people living in residential or nursing care funded exclusively by Doncaster Council or jointly with Doncaster CCG will also be reviewed with a view to ensuring personalised outcomes and best value. Where identified, people will be supported to leave residential care and move to more independent accommodation within the borough.</p>		
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<p>Recruitment has now taken place to the Team Manager post and a number of the other vacancies in the team. The Audit Team has also been asked by the Service to look at the work flow of the Learning Disability Team to ensure that this is effective</p>		
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6. Doncaster Children's Services Trust Overspend	Action Date	Responsible Manager
<p>The Council has significant concerns regarding the pressures and financial sustainability of the Doncaster Children's Services Trust. £3.5m additional one-off funding has been provided to the Trust in 2016/17 to fund key pressures including the cost of children placed in care within residential, special guardianship placements and independent fostering agencies. The Council is receiving regular financial updates; the Trust will provide the latest care and modelling assumptions for 2017/18, which will then be discussed with key Council managers. Further discussions are taking place on various innovation and improvement business cases which are expected to deliver savings in the future. This will be incorporated into the sustainable medium-term financial plan for the Trust, which will also include delivering £2m savings in 2018/19 to 2020/21. The actions aim to provide the Trust with the necessary resources to meet the needs of individuals and deliver value for money services. Overview and Scrutiny Management</p>	<p>31 MARCH 2018</p>	<p>Director of Finance & Corporate Services</p>

Committee reviewed their plans in February and will be looking in-depth at the progress against them in July 2017.		
Improvement Action Progress update		
The projected overspend at Q2 was £1.6m. Officers from the council are working with officers from the Childrens Trust to assist with the understanding how demands for increased number of children in care can be managed effectively. A further meeting has been scheduled for OSMC on the 8 th February 2018.		

7. Data Quality Arrangements	Action Date	Responsible Manager
Internal Audit and the Strategy and Performance Unit highlighted an opportunity to improve the reliability of information to support performance management. A revised Data quality strategy (2016-2018) was agreed by Cabinet and the action plan is being monitored by the Business Intelligence Board. A Data Quality Working group is currently active to ensure actions are delivered including introducing Data Quality Standards and self assessments for statutory returns.	31 MARCH 2018	Director of Finance & Corporate Services
The working group continues to meet regularly to drive forward the activity in the 2017/18 plan. Annual self-assessments across the council for statutory returns are on track to be completed during Quarter 3 and policy management and sign off and e-learning training completion continues to be monitored quarterly. Other areas of focus for this progress update have been to continue the activity need to ensure we can respond effectively to the GDPR by May 2018 and the first levels of data quality standards have been agreed.		
Mitigating Actions: To further strengthen the data quality standards across our key systems and integrate plans with the DIPs project. In addition, in order to drive forward and embed the improvements in data quality a proposal has been drafted for the creation of a Data Quality Team which aims to focus on the systems authoritative to the Council and using a systems approach to improve data quality. The proposal describes a 'task and finish' project approach which will include, culture and organisational development and clearly defined expected outcomes with particular emphasis on the roles of Heads of Service as Information Asset Owners.		

Page 55

8. Income management	Action Date	Responsible Manager
Internal Audit identified weaknesses regarding compliance with the Council's procedures and for monitoring and collecting debt. An Income Management project plan has been produced and is now working through opportunities to maximise income, ensuring income due to the Council is identified, charged for and collected in a cost efficient and timely manner. The Income Management	30 OCTOBER 2017	Director of Finance & Corporate Services

<p>project has delivered savings in several areas of the council. There is still, however, improvements to be made in performance monitoring information and reporting, this continues to be developed but these processes have yet to be fully embedded.</p>		
<p>Improvement Action Progress update</p>		
<p>The policies and procedures for monitoring and collecting debt have been reviewed and improvements have been implemented including,</p> <ul style="list-style-type: none"> • Improved reporting • Proactive debt chasing • Regular liaison with legal department and enforcement agency • Improvements to reconciliations e.g. debt write offs <p>There have been targeted interventions working with specific service areas e.g. Adults Direct Payments, Markets, Trade Waste, etc.</p> <p>The Income Management project has</p> <ul style="list-style-type: none"> • Identified and coordinated the invoicing of £296k unbilled income • Contributed towards the recovery/re-profile of £0.6m of doubtful debt • Re-aligned Income budgets by £280k to improve budget income monitoring controls • Implemented new business processes to become more time efficient e.g. planning application cheque processing. <p>Further work is planned to continue to provide guidance and training to staff to ensure compliance with the Council's procedures for Income Management.</p>		



Doncaster Council

Report

1st February 2018

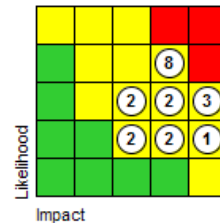
**To the Chair and Members of the
AUDIT COMMITTEE**

Q2 2017/18 STRATEGIC RISK UPDATE

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

EXECUTIVE SUMMARY

1. The purpose of this report is to provide an overview of the Strategic Risks profiles in Quarter 2 2017/18.
2. There are currently 20 Strategic Risks and all have been updated as part of the Quarter 2 reporting process. The heat map opposite shows a summary of the scores.
3. No current strategic risks have been identified for demotion.
4. The following 2 risks have been proposed for inclusion in the strategic risk register and will be profiled for Q3:
 - DTOC- Doncaster systems do not integrate effectively to enable the rapid discharge of hospital patients, resulting in increased delayed transfers of care and risks to better care funding.
 - Financial savings - Savings from the Adults Health and Wellbeing Transformation Programme are not delivered as quickly as anticipated or are not achievable. Therefore alternative savings plans will be required in order to achieve the Medium Term Financial forecast.
5. Two risks will be re-worded for Q3 to ensure the risk continues to reflect the latest position; these are our equality, diversity and inclusion risk and our working in partnership risk.
6. 18 risk profiles have remained the same during the quarter.



7. Effective mitigating actions have reduced 1 profile:
 - The potential personal financial position facing individual citizens across Doncaster Borough may result in an increase of poverty and deprivation
8. 1 profile has increased during the quarter:
 - Failure to achieve the budget targets for 17/18.

RECOMMENDATIONS

9. The Audit Committee members are asked to:
 - a) Note and comment on the report
 - b) Note the proposed creation of 2 new Strategic (paragraph 4)

EXEMPT REPORT

10. Not Applicable

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

11. 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

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 Q2 challenge meetings.

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Director of Finance and Corporate Service

Q2 Strategic Risk Register

APPENDIX A

Heat Map	<p>There are currently 20 strategic risks in the Corporate Risk Register, all have been updated for Q2.</p> <p>The profile is as follow: 1 risks profiles have reduced, due to the implementation of mitigating actions 18 risks have retain the same profile; 1 risk profile has increased.</p> <p>During the quarterly challenge process 2 new strategic risk has been proposed: - DTOC- Doncaster systems do not integrate effectively to enable the rapid discharge of hospital patients, resulting in increased delayed transfers of care and risks to better care funding. - Financial savings - Savings from the AHWb Transformation Programme are not delivered as quickly as anticipated or are not achievable. Therefore alternative savings plans will be required in order to achieve the Medium Term Financial forecast.</p> <p>Two risks will be re-worded for Q3 to ensure the risk continues to reflect the latest position, these are our equality, diversity and inclusion risk and our working in partnership risks</p>
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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	<p>16</p> <p>Likelihood</p> <p>Impact</p>	<p>Current Position: Following the formal agreement of the Data Quality Strategy 2016/17 – 2020/21, a working group is meeting regularly to drive forward the activity in the 2017/18 plan. Annual self assessments across the council for statutory returns are scheduled to be completed during Quarter 3 and policy management and sign off and e-learning training completion continues to be monitored quarterly. Other areas of focus for this quarter has been to continue the activity need to to ensure we can respond effectively to the GDPR by May 2018.</p> <p>Mitigating Actions: Adopt and strengthen the data quality standards across our key systems. In addition, in order to drive forward and embed the improvements in data quality a proposal has been drafted for the creation of a Data Quality Team which aims to focus on the systems authoritative to the Council and using a systems approach to improve data quality. The proposal describes a 'task and finish' project approach which will include, culture and organisational development and clearly defined expected outcomes.</p>	Target Risk
			<p>8</p> <p>Likelihood</p> <p>Impact</p>

Failure to achieve the budget targets for 2017/18.

Simon Wiles

Current Risk	<p>16</p> <p>Likelihood</p> <p>Impact</p>	<p>Current Position: At quarter 2 there is a £3.0m year-end overspend projected for 2017/18 detailed in this report; this shows there is a significant risk achieving all the budget targets for 2017/18.</p> <p>Mitigating Actions: Discussions will take place with managers to identify if any actions could be implemented to reduce the overspend by year-end and bring the budget back in line for 2018/19. The budgets will continue to be monitored and reported to managers, Directors and Cabinet.</p>	Target Risk
			<p>9</p> <p>Likelihood</p> <p>Impact</p>

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

Damian Allen

Current Risk	<p>16</p> <p>Likelihood</p> <p>Impact</p>	<p>Current Position: The School Improvement strategy has been revised with more specific detail around the three tier model of support. Additionally, the Reading Strategy is now in its second year with a focus on : <i>Raising awareness of age related expectations in Years 3 and 4 and curriculum requirements ensuring a greater proportion of Y4 pupils meet the expected standard in reading Improving the attainment and progress of Year 6 pupils to improve the conversion rates of children assessed at the end of KS1 at 2bDeveloping the teaching of inference skills in upper KS2Continuing to develop assessment materials to support planning and assessment of reading. Improving reading outcomes for disadvantaged pupils, Developing parental and community engagement in reading</i></p> <p>During the first year of the Reading Strategy, schools that participated showed an average increase in KS2 test scores of 11% against 8% across the LA . improved performance by an average of 12% which is much high</p> <p>The Raising Aspiration and Achievement Strategy has been revised and delivery plans are being developed to support the three main school improvement priorities of :</p> <ul style="list-style-type: none"> . Continuing to improve Reading . Raising Achievement of disadvantaged pupils . Ensuring that all schools offer a broad and balanced curriculum. <p>. In October 2017, 75% of all Doncaster pupils attended a good or outstanding school. This splits into 80% of primary pupils and 66% of secondary pupils. Although this demonstrates an</p>	Target Risk
			<p>12</p> <p>Likelihood</p> <p>Impact</p>

IMPROVING PICTURE, DONCASTER REMAINS AMONGST THE LOWEST PERFORMING LA S NATIONALLY.

Mitigating Actions:

- Challenge The Regional Schools Commissioner and Academy principals and CEOs on underperformance
- A revised School Improvement Strategy is being delivered
- The School of Concern process has been strengthened to include input from all agencies involved in a specific school or setting
- Deliver aspects of the One Doncaster Education and Skills Commission report - including KS2 and KS4 initiatives and support the delivery plan of the Education and Skills programme.
- Academy exploration and growth strategy for schools at risk of decline and those wishing to join Multi Academy Trusts
- Leadership succession and recruitment support initiatives in partnership with the Teaching School Alliance (Partners in Learning)

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

Peter Dale

Current Risk 16	<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 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 16
Likelihood Impact		Likelihood Impact

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.

Simon Wiles

Current Risk 16	<p>Current Position: During June 2017 the queens speech alluded to key pieces of legislation which will enable the UK to exit the European Union and there are around 8 pieces of legislation which are likely to go through parliament. The uncertainty still remains, however the government have provided more of a road map in which to exit the European Union .</p> <p>Mitigating Actions: Review key pieces of legislation and work with regional and national government to ensure impacts of exiting the European Union are minimised as much as possible.</p>	Target Risk 6
Likelihood Impact		Likelihood Impact

As a result of insufficient capacity and skills in AH&WB commissioning, contract management and monitoring is not effective, leading to non-compliance with legislation

Damian Allen

Current Risk 16	<p>Current Position: An adult social care commissioning and procurement plan has now been completed by commissioners in adult social care with support from strategic procurement and from Ernst Young. The plan sets out the individual activities required to deliver commissioning and transformational priorities together with the anticipated resources required to deliver those priorities within a 4 year timeframe.</p> <p>There is currently:</p> <ul style="list-style-type: none"> • A lack capacity in the commissioning and contracts team to deliver commissioning and procurement priorities. • Inability to recruit to senior and key positions also in a timely manner <p>MITIGATING ACTIONS: An ODR has been developed and is currently in the process of being signed which seeks permission to recruit to a number of key posts within the commissioning and contracts team as these posts are key to support the delivery of the plan.</p>	Target Risk 6
Likelihood Impact		Likelihood Impact

Workforce issues in AH&WB and support services, including vacancies, recruitment, staff development and sickness, reduce the ability to transform at the pace required in current plans

Damian Allen

Current Risk	Current Position:	Target Risk
<p style="text-align: center; font-weight: bold; font-size: 1.2em;">16</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	<p>• There are a number of vacancies, particularly in social work, which need to be recruited to achieve the planned transformation.</p> <p>• Staff development is taking place, but is impacted by the pressures of copying with day to day operations and covering for vacant posts and long-term sickness absence.</p> <p>• Absence is reducing in the Directorate in all areas except Adult Social Care which remains above target. Short-term absence has fallen slightly, however, this together with long-term absence issues has a detrimental impact on the services' performance levels.</p> <p>Mitigating Actions:</p> <ul style="list-style-type: none"> • A recruitment campaign is commencing in October to recruit to permanent staff, including vacant social work posts. • There is to be a greater focus on workforce development over the next Quarter. • Sickness absence clinics have commenced to challenge and support managers to pick up and deal with absence more efficiently and effectively; managing attendance awareness sessions are being held in service areas where absence is high; spot checks are being carried out to check compliance with policy and procedures. 	<p style="text-align: center; font-weight: bold; font-size: 1.2em;">8</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

An underdeveloped local market and ineffective market management affects the ability to change services, leading to market instability and difficulty in meeting the needs of vulnerable people.

Damian Allen

Current Risk	Current Position:	Target Risk
<p style="text-align: center; font-weight: bold; font-size: 1.2em;">16</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	<p>The transformation and commissioning and procurement plan have recently been developed. Previous to this, commissioning staff have not been able to proactively work with providers to change and develop their offer to meet the requirements and activities needed to transform services.</p> <p>There is currently:</p> <ul style="list-style-type: none"> • A lack of provider engagement and ability to transform service provision within tight timescales • A provider market that does not respond to change • Insufficient capacity within the team to deliver within timescales • Lack of joint working to deliver the required outcomes <p>Mitigating Actions: Provider forums and market engagement events are being undertaken for key commissioning and procurement activity. Commissioning staff have developed positive relationships with providers therefore there is a robust foundation to begin the transformation work, with providers needed to ensure delivery of personalised services.</p>	<p style="text-align: center; font-weight: bold; font-size: 1.2em;">8</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

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

Damian Allen

Current Risk	Current Position:	Target Risk
<p style="text-align: center; font-weight: bold; font-size: 1.2em;">15</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	<p>DCST have yet to provide their Q2 Finance report the update below is based on Q1 at this stage:</p> <p>Current Position: Doncaster Children's Services Trust have supplied their Q1 monitoring report which shows that their projected overspend is £1.856m. The over spend is net of a contract variation that has been provisionally agreed for £1.115m to fund increased activity on the care ladder based on modelling submitted as part of the annual review. The 70/30 risk share mechanism agreement for 2017/18 means the Council are liable to fund the Trust for £1.299m of the overspend. DCST only have reserves of £73k, therefore do not have the funds to cover their share of the over spend. The Trust's overspend mainly relates to care ladder placements despite the additional £1.115m contract variation due to more activity in OOA, fostering and SGO/CAO than forecast in the care ladder modelling. 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 has been tasked with producing a sustainable operating model as they have efficiency targets of £2m per year for the next 3 financial years, and will be presenting an update report to OSMC on 20th July 2017.</p> <p>Mitigating Actions: There are monthly finance meetings between the Council and DCST to keep the forecast under review and to challenge the assumptions in the care ladder, and there are regular meetings between Senior Management of both organisations.</p>	<p style="text-align: center; font-weight: bold; font-size: 1.2em;">10</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</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

Damian Allen

Current Risk	Current Position:	Target Risk
<p>15</p> <p>Likelihood</p> <p>Impact</p>	<p>The formal monitor arrangements the Trust have in place are believed to provide assurance to this risk and go beyond the contractual requirements. Overall the safeguarding indicators specific to children are now performing better than last year. The conclusion from the Ofsted Monitoring Visits that have taken place since 2016 have been that the Trust has made 'significant progress' in improving the quality of work. Inspectors highlighted the continued pace of improvement and reaffirmed the conclusion that no children were found to be in situations of unassessed, unmanaged or unacceptable risk. Recommended improvements to social work practice have been addressed through the Ofsted Improvement Plan and the Ofsted monitoring visits, this is regularly challenged with the Trust at the high level QPM and at individual Head of Service level; more consistent quality of practice is now evident.</p> <p>Mitigating Actions: Regular challenge takes place: Social work practice challenged with the Trust; the Joint strategic Inspection Group regularly reviews the Improvement Plan; the High level challenge meetings review specific audits; and all challenge meetings review the basket of contractual PIs. The DSCB receives a regular report of the audited cases from the DCST and regularly reviews the quality of Multi-Agency thematic audits at its Quality and Performance Sub Group. DMBC is clear that the three most pressing impediments to this risk remain demand management, placement policy and quality of practice. DMBC focus is 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. Regular Ofsted monitoring and peer challenge is considerably mitigating against this risk</p>	<p>10</p> <p>Likelihood</p> <p>Impact</p>

Failure to successfully prevent a major cyber attack

Simon Wiles

Current Risk	Current Position:	Target Risk
<p>15</p> <p>Likelihood</p> <p>Impact</p>	<p>The chance of an attack remains the same - critical impact and likelihood possible. All the protection possible to protect the Council's network and devices used is in place and is in adherence with the Cabinet Office Public Service Network certification.</p> <p>Mitigating Actions: The next health test and certification assessment are about to begin. Awareness of staff is also tested on a regular basis with e-learning permanently available to all including Councillors now increasingly using Council technology. The target risk cannot be reduced at this time.</p>	<p>6</p> <p>Likelihood</p> <p>Impact</p>

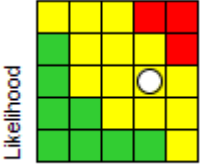
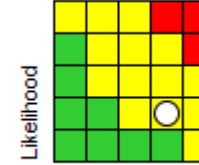
Failure to adequately implement effective joint working arrangements which could lead to ineffective delivery of children’s services across the wider partnership system

Damian Allen

Current Risk	Current Position:	Target Risk
<p>12</p> <p>Likelihood</p> <p>Impact</p>	<p>The Children and Families Partnership Executive Group is the forum for the arrangements to discharge the S10 statutory responsibility which is a new core group of leading partner members.</p> <p>Mitigating Actions: Arrangements are now in place following the governance review which see a new Executive Board to formalise the former interim Executive Group and which will meet monthly and which will provide overarching governance and delivery oversight across the partnership of the CYPP along with a new fit for purpose sub structure and a new strategic forum which will meet quarterly to comment plan and shape the CYPP championing the voice of CYP.</p> <p>The new JSNA is a more dynamic document as is the consequential Children’s plan for 2017-2020. The Participation and Engagement strategy professional version has been published and a child friendly version for both this is pending and for the CYPP has been launched. 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 Strategic Forum as the keystone in the oversight and management of the children’s strategic partnership across the entire 'estate'</p> <p>The Governance sub structure is aligned with and reflects the CYPP. A new Participation & engagement sub group has been in place since Dec 2016 and has been active developing the Participation & Engagement strategy and the co-production of the CYPP and the PES with children and young people and a child-friendly version of the PES will be produced in September 2017 to mirror the child-friendly version of the CYPP. The P & E sub group has a priority to produce the action plan which supports and implements the actions proposed within the PES.</p>	<p>8</p> <p>Likelihood</p> <p>Impact</p>

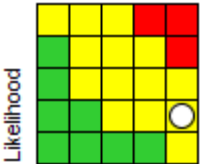
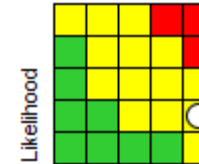
Failure to respond adequately to borough emergencies or mitigate effectively against the effects of extreme weather conditions e.g. flooding

Peter Dale

Current Risk	Current Position:	Target Risk
<p>12</p> 	<p>Current Position: During 2017 we have focused on our preparedness arrangements to respond to a terrorist incident. 12 Exercise have been delivered involving 115 attendances by Strategic Officers, 125 Tactical Officers and 200 Operational Staff. In addition 16 Training events have been held for 122 Staff. The exercises have provided us with the opportunity to rehearse and enhance our preparedness arrangements and have included live play exercises, live evacuation and shelter exercises, corporate exercises and strategic response exercises. Wide range of multi-agency partners have supported and attended our training and exercise events. A learning session for leadership, partners and senior managers on the incidents in Manchester and Grenfell was held in Sept 2017. The session provided the opportunity to further consider our strategic preparedness arrangements for major incident in Doncaster.</p> <p>Mitigating Actions: A corporate response to the increase in the UK Threat Level was activated in Sept 2017 using well established procedures. Enhanced planning and arrangements put in place for the Leger Race Meeting ensured that the increase in threat level was managed effectively. Doncaster Racecourse have advised that they felt "Safe and secure and well supported." We have worked with the Airport to support their Civil Aviation Authority inspection thorough assisting with the delivery of a live exercise held overnight at Doncaster Airport in Sept and Oct 2017.</p>	<p>8</p> 

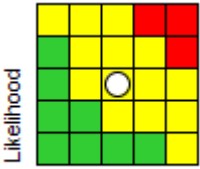
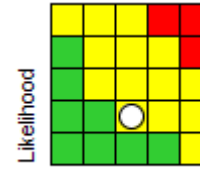
The agreed standards and policies are not adequately understood and implemented by practitioners who work with vulnerable adults increasing the risk of vulnerable people experiencing harm or abuse

Damian Allen

Current Risk	Current Position:	Target Risk
<p>10</p> 	<p>Current Position: Following on from a Peer review (November 2015) and subsequent follow up review undertaken by Dr Adi Cooper (September 2016) the Safeguarding Adults Hub was formed to manage all Adult Safeguarding and MCA DoLS for Doncaster. This brought together what were previously separate teams, workers from Area Teams and also a Health Worker. All based within the same building as the District Nurses Single point of Contact for Health, the Police Public Protection Unit, Child Sexual Exploitation Service and the Domestic Violence Team, facilitating easy access to a variety of key teams and personnel to facilitate information sharing to inform robust decision making.</p> <p>Mitigating Actions: The Safeguarding Adults Hub was formed in April 2016 and has been in operation for 18 months. During this time the system and process has changed to ensure that we are Care Act compliant and applying the principles of Making Safeguarding Personal. All Safeguarding is now Managed within the Team enabling better management and monitoring of cases and ensuring a greater level of consistency. The Teams staffing resource has increased in order to facilitate these changes and has resulted in cases being responded to in a more timely manner at the front door. In response to the Peer Review a comprehensive multi-agency action plan was produced with clear actions and timescales and this has been reviewed on a regular basis, The action plan was updated following the review undertaken by Adi Cooper which resulted in positive feedback. 68 out of 75 actions were complete with 7 actions still in progress. These are discussed and reviewed at the Performance and Quality sub group of the Safeguarding Adults Board (DSAB). Regular performance reports are completed and reported on to the DSAB for governance purposes. The Board continues to provide a multi-agency training programme to support staff across the multi-agency partnership to deliver safeguarding in line with South Yorkshire Procedures and the Care Act 2014.</p> <p>Mitigating Actions: The Board has revised its Performance and Assurance framework which is providing assurance to the Board that safeguarding practice is now outcome focused and in line with the 6 principles of safeguarding adults. The Council has now developed a draft Safeguarding Adults Policy and is currently working to develop internal safeguarding procedures all of which are aligned to South Yorkshire procedures and will be accompanied by mandatory training for key staff. A further peer review is scheduled to take place 20th October 2017 by Dr Adi Cooper and findings will be used to inform future services developments.</p>	<p>10</p> 

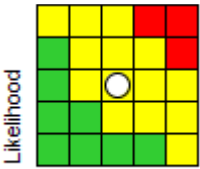
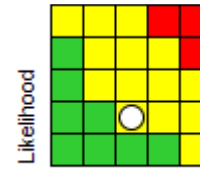
Failure of partnership to engage in effective early intervention leading to inappropriate referrals to statutory services and unnecessary escalation of need and risk

Damian Allen

Current Risk	Current Position:	Target Risk
<p style="text-align: center;">9</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	<p>Although contacts have reduced in August this could reflect seasonal factors and remain high due to high demand in the community. 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. The Conversion rate of contact to referral remains low which indicates inappropriateness of referral, particularly from one agency. There is an issue of incorrect threshold application by partners and the interface with early help remains a wicked issue.</p> <p>Of relevance is the need to improve engagement across the EH partnership including engagement by identified LPs. Engagement in this cohort is highest in schools and PAFFSS but is poor among health visitors; school nursing and maternity services. School LPs exhibit high caseloads which also compromise the effectiveness of the EH offer. There is also evidence of a fundamental misunderstanding of the LP role among some partners and concerns as to the capacity to undertake what is perceived to be an 'add on' to the 'day job'. There is an identified problem of EH cases not being picked up by PLs which are then becoming additions to the waiting list.</p> <p>A high figure is not necessarily indicative of poor performance and if children need to be referred to social care then that is 'good' performance – 'appropriateness' is the key, high numbers of children on a CP plan in Doncaster, would tend to support this hypothesis, but the conversion rate to referral remains low at 21% in May 2017. The problem here is that there are a number of the referrals which are known to be 'inappropriate' and this refers in large part to the continued and thorny issue of referrals from one of the partners which continues to apply its protocol, this means that less than 10% of contacts are genuine cases for attention by social care.</p> <p>High demand pressures are unhealthy for the work of social work teams in 'clogging up' the machinery. Contacts below threshold which could have gone to the Early Help Hub are deemed 'inappropriate'. Inappropriate referrals which should have gone to Early help remain at, or around 18%.</p> <p>Mitigating Actions:: Cross reference to the volume of early help contacts shows a welcome improvement in contacts to the Hub which supports the impact of improved awareness and application of thresholds among Agency partners. Early help volumes are increasing but this is not having an obvious, corresponding impact, however, despite this pattern overall contacts may not necessarily reduce, because causal links are more complex than a straightforward binary effect and the hypothesis is that increased use of the Early Help Hub is capturing a significant number of cases which may have gone nowhere, or which were not being reported within any one single system.</p> <p>The Trust is confident that the new Triage and MASH initiatives will demonstrate a positive impact. As the foregoing identifies, the demand on social care is key and the Trust is confident that this will improve. Further analysis of NFAs would enhance understanding.</p> <p>The EH strategy group has commenced work to investigate and seek solutions to the EH threshold and LP engagement issues identified above.</p>	<p style="text-align: center;">6</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

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

Damian Allen

Current Risk	Current Position:	Target Risk
<p style="text-align: center;">9</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	<p>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 split 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 • Placement policy – care management and costs, in particular increased levels of SGO's, there is a need to review the SGO process. • Assessment timeliness • Re – referrals (new and emerging) • High numbers of CIN & CPP & LAC – in themselves may not be a risk and may mitigate / address risk, but could burden the system and capacity, with consequential risks arising; <p>Mitigating Actions:: The current arrangements and the number and scope of performance indicators have been amended following the Annual Review process which was completed and submitted on time to the Secretary of State and a new basket of PIs which is more reflective of the child's journey and the development stage in the maturity of the Trust implemented from Q1 2017/2018. 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</p>	<p style="text-align: center;">6</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

process is now in place with more emphasis on exception reporting. The split screen report to the Children's scrutiny panel provides robust and forensic analysis of performance against exception and good performing PIs and challenges the Director of People as to his oversight and accountability of the Trust performance as well as the specific performance behind the PI themselves.

Failure to deliver the actions identified in the Equality and Inclusion action plan may impact our ability to effectively embed and delivery the equality agenda which could result in the council being exposed to public 'due regard' challenge

Simon Wiles

Current Risk	Current Position:	Target Risk
<p>8</p> <p>Likelihood</p> <p>Impact</p>	<p>The review of the Council's approach to Equality, Diversity and inclusion is embedded within the current Corporate Plan and will highlight how equality, diversity and inclusion underpins the corporate priorities and drives improvement across the borough. EDI objectives have been developed and Member and senior manager EDI champions have been identified. The EDI Board has been established and is currently reviewing the base line data to understand the issues and develop the EDI performance indicators that will be the focus of our activity for the comming year.</p> <p>Mitigating Actions: - The review of our approach to EDI; - The development of EDI champions; - Continuing to work with the LGA; - Main streaming EDI within service areas; - Establishment of EDI board.</p> <p>Target profile: Impact 4 x Likelihood 2</p>	<p>8</p> <p>Likelihood</p> <p>Impact</p>

Failure to identify and manage Health and Safety risks

Peter Dale

Current Risk	Current Position:	Target Risk
<p>8</p> <p>Likelihood</p> <p>Impact</p>	<p>Corporate Health and Safety continue to monitor the effectiveness of all council health and safety arrangements through both active and reactive monitoring. In light of the Grenfell Disaster, Doncaster Council's Fire Safety Advisor continues to work closely with St Leger Homes (SLH), and will be assisting with the results of the Type 4 archetypal Fire Risk Assessments that are being undertaken in a number of flats by Savills, a Specialist Contractor.</p> <p>Mitigating Actions: Corporate Health and Safety will continue to work closely with SLH & SYF to assist and advise throughout this process and to ensure the Council's interests are met. There have been two recent incidents with Scaffolding Contractors where Doncaster Council is the project Client. At the Corn Exchange there have been issues regarding the adequacy of hoarding around the scaffold, and concerns about 3 cantilever fixings failing in a 6 month period. The Councils Project Manager is working closely with the Corporate Health and Safety Team to address these issues with the scaffold company's (Interserve) Senior Management Team, and their own Health and Safety Professionals. At Colonnades there have been issues with the lower levels of the scaffold being readily accessible to members of the public. There have also been reports from occupiers of the building that children have been playing on the scaffold. The Councils Project Manager for this job has been working closely with the Corporate Health & Safety Team, and has immediately addressed these issues with the Principal Contractor (Kier), who have implemented a number of controls. Both shafts at the Hatfield Colliery site have now been topped up with spoil by the Coal Authority; removing the previous 17 to 19 metre drop in the shafts. This also prevents the possibility of any unauthorised access to a previously high risk area at the Colliery. A meeting took place on the 28th September 2017 between the Council and the agent (Hargreaves) acting on behalf of the bank (ING) that holds the debt on the Colliery land. The discussions that took place were very positive with a shift towards working together, looking at future development of the area and a potential review of site and risk management. Further meetings have been planned on a bi-monthly basis to ensure progress is taken at all opportunities. In the meantime, Doncaster Council continues to have plans in place to prevent unauthorised access and to manage the on-site hazards. This will reduce the risks to as low as reasonably practicable. Further site visits continue to be undertaken.</p>	<p>8</p> <p>Likelihood</p> <p>Impact</p>

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

Damian Allen

Current Risk	Current Position:	Target Risk
<p>6</p> <p>Likelihood</p> <p>Impact</p>	<p>is that we lack an up to date assessment of child poverty, or a co-ordinated local response, underpinned by any strategy / plan. As a result, we are failing to reduce levels of child poverty in the borough, or mitigate its impact.</p> <p>Mitigating Actions: We have commissioned The Children's Society to run a Child Poverty Commission. They have recruited young people from across the borough to act as commissioners and are beginning to brief them on the issues children in poverty face. Alongside this, we have undertaken preparatory data analysis across a range of areas to provide an indicative baseline for the borough. This will then be used to inform the evidence gathering sessions run by the young people. The final report, with complete data and recommended actions, will be ready in February 2018.</p>	<p>6</p> <p>Likelihood</p> <p>Impact</p>

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

Simon Wiles

Current Risk		Target Risk
<p style="text-align: center;">6</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	<p>Current Position: Doncaster Growing Together (DGT) is Doncaster's four-year transformational plan and at the heart of it is partnership working. The key borough objectives have been developed alongside the partnership and as such they reflect the ambition of all of Team Doncaster. Following the official launch of DGT at full council on September 21st it is important to ensure that the wider partnership is engaged.</p> <p>Mitigating Actions: Therefore at the Team Doncaster Summit on the 19th October the partnership will meet to discuss DGT and its programmes. It will be an opportunity to for service managers, third sector reps and the business community to further understand, interact with and further take ownership of DGT. Further follow up workshops are taking place on a programme by programme basis.</p>	<p style="text-align: center;">6</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

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Doncaster Council

Report

Date: 1st February 2018

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

**INTERNAL AUDIT REPORT FOR THE PERIOD: OCTOBER 2017 TO JANUARY
2018**

Relevant Cabinet Member(s)	Wards Affected	Key Decision
n/a	n/a	Yes/No

EXECUTIVE SUMMARY

1. The report attached at **Appendix 1** updates the Audit Committee on the work done by Internal Audit for the period October 2017 to January 2018, and shows this in the context of the audit plan for the year. The report includes details on the implementation of internal audit recommendations. It also provides details on performance information, incorporating an update on the section's Quality Assurance Improvement Plan (QAIP) which ensures compliance with the Public Sector Internal Audit Standards.
2. The attached report is in four sections:
 - Section 1. The Audit Plan / Revisions to the Plan
 - Section 2. Audit Work Undertaken During the Period
 - Section 3. Implementation of Audit Recommendations
 - Section 4. Internal Audit Performance
3. A summary of the main points from each of the sections is provided in the following paragraphs:

Section 1: The Audit Plan / Revisions to the Plan

4. Section 1 of the attached update report shows the 2 new jobs that are being added to the plan, relating to the Council's adoption of revisions to Money Laundering Regulations and to the provision of training in care homes. It also shows the jobs being removed from the plan as no longer required.

The changes are in response to emerging risks and concerns. Current progress in delivering the audit plan is commented in more detail within Section 2 of this report.

Section 2: Audit Work Undertaken During the Period

5. Throughout the whole of the year so far, Internal Audit has experienced a very high level of investigatory work in response to requests from management. This work is important as it helps to address weaknesses and potential errors and/or irregularities, and Internal Audit's support is generally highly regarded in these circumstances.
6. There are currently 5 ongoing investigations. Details of the work being carried out are included in the report. In a small team of 9.7 fte, the level of responsive work continues to impact adversely on the time available to complete planned work. The Assistant Director of Finance and Chief Financial Officer has continued to be supportive by providing additional resources to mitigate the pressures on the delivery of the planned audit programme. As a result it is expected around 85% to 90% of the plan will be achieved in the year, which will be sufficient to provide the statutory internal audit opinion on the Council's risk, governance and control arrangements at the year end. Jobs not completed by the year end will be of a lower level risk and will be carried forward into 2018/19.
7. The planned audit work done continues to confirm the Council generally has appropriate controls in place and that the controls are operating effectively. More details are provided in paragraph 2.3 and Appendix A of the attached report.

Section 3: Progress on the implementation of audit recommendations

8. There are 5 overdue major recommendations across the Council. Overall, this is a small number and at the current time progress is being made on all 5 recommendations. We are satisfied appropriate attention is given by senior management to outstanding major recommendations and their implementation
9. The current number of lower level audit recommendations late and still to be implemented by services is 83, reduced from 109 in April 2017. In recent months we have been working with services to prioritise the clearance of these audit recommendations. We have received positive commitment from directorate management teams to doing so, and this is being reflected in progress made, although there are further inroads to be made into the number of recommendations overdue.

Section 4: Performance Information

10. Performance on four out of the service's six key performance indicators is close to or above target and is currently below target on the other two.

11. Results relating to major recommendations and customer satisfaction remain very positive, with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above. Final reports issued within 5 days of client feedback on the draft report is 97%. Performance in relation to the percentage of jobs completed within 110% is reasonable at 87% against a target of 90%.
12. As stated in paragraph 6, the service's delivery against the planned audit work was 62% at 5 January 2018, a significant increase on the figure of 38% reported in October 2017.
13. Performance on issuing draft reports within 15 days of fieldwork completion is slightly below target, mainly due to the development needs of a junior member of staff.
14. Progress in implementing the actions included in the Service's Quality Assurance Improvement Plan, including recommendations arising from the Peer Review, is exemplary, with all agreed actions being completed. The full Quality Assurance Improvement Plan is included at Appendix C in the attached report.

RECOMMENDATIONS

15. The Audit Committee is asked:
 - To note the changes to the original audit plan
 - To note the internal audit work completed in the period
 - To note progress made by officers in implementing previous audit recommendations
 - To note information relating to Internal Audit's performance in the period, the arrangements made to manage the demand for responsive work and progress in implementing actions set out in the Quality Assurance Improvement Plan.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

16. 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

17. 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

18. Not applicable - for information only

REASONS FOR RECOMMENDED OPTION

19. 19. Not applicable - for information only

IMPACT ON THE COUNCIL'S KEY OUTCOMES

20. 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> • <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

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

LEGAL IMPLICATIONS

22. 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

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

HUMAN RESOURCE IMPLICATIONS

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

TECHNOLOGY IMPLICATIONS

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

EQUALITY IMPLICATIONS

26. 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

27. 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. Regular meetings are held with Senior Management to ensure there is effective and relevant Internal Audit coverage provided.

BACKGROUND PAPERS

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

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Colin Earl
Head of Internal Audit

Appendices Attached

Appendix 1 - Internal Audit Progress Report to January 2018

Doncaster Council

Internal Audit Progress Report

October 2017 to January 2018

Section 1: Revisions to the Audit Plan

- 1.1. The 2017/18 Audit Plan was approved by the Audit Committee on 6th April 2017. As the audit year progresses, the plan is reviewed to take into account new and emerging risks and any responsive work arising. So far in 2017/18 the service has received and responded to a high number of responsive work requests (see section 2), which have required a review of the plan alongside a review of available resources. Amendments to the plan are set out below.
- 1.2. It is proposed to add the following jobs to the plan:
 - Adult Safeguarding Board – A governance review of training in care homes.
 - Money Laundering Policy Revision.
- 1.3 Based on Internal Audits Risk Assessment Planning process some work is no longer required and frees up Internal Audit time to undertake areas added to the Internal Audit Plan. The following jobs have been removed from the plan:
 - Business Doncaster – Loans and Business Support – Anti Fraud and Financial Administration Review
 - Care First – Data Quality Review
 - Data Matching Projects
 - Compliance with rules relating to self-employment taxation (IR35)
 - Public Buildings Maintenance Works Costing
 - Software Licensing
 - Stores.

Section 2: Audit Work Undertaken During the Period

Internal Audit Opinion

- 2.1 Internal Audit provides an opinion on the control environment for all systems, services or functions which are subject to planned audit review. The opinions given are taken into account when forming our overall annual opinion on the adequacy and satisfactory operation of the Council's governance, risk management and internal control arrangements at the end of the year.
- 2.2 A '*limited*' opinion is given in any area under examination where one or more concerns of a 'fundamental' nature are identified. A '*no assurance*' opinion is given where the area under review is considered to be fundamentally exposed to critical risks, although '*no assurance*' opinions are rare.

Summary of Findings from Audit Reviews

- 2.3 Summary conclusions on all significant audit work to January 2018 are set out in **Appendix A**.

Responsive Audit Work and Investigations

2.4 In addition to our planned assurance work, we also investigate allegations of fraud, corruption or other irregularity and/or error, and respond to requests for assistance from the various services and functions in the Council. A summary of the significant pieces of work that have been completed or are ongoing is provided below:

Audit Area	Update
Primary School - Loss of Monies	<p>Significant amount of missing monies, misappropriation and theft of funds. The employee has been dismissed.</p> <p><i>The investigation is complete.</i></p>
Adult Care Home Financial Review	<p>Allegations of theft of monies and missing /odd items of expenditure for individuals. Process weaknesses were found, but there was insufficient evidence of any fraud.</p> <p><i>The investigation is complete.</i></p>
Smart Lights Phase 1	<p>Deficiencies in relation to project management and ordering, leading to potential significant losses to the Council.</p> <p><i>This work is complete.</i></p>
Smart Lights Phase 2	<p>This is an investigation launched in November 2017 after further issues were reported within the Smart Lights on Phase 2.</p> <p>Work progresses on understanding the current position but is a protracted issue due to significant data quality issues and a lack of overall project management.</p>
Server Charge	<p>Emergency work was required on their server which required the replacement of various parts. There is dispute as to whether the parts were actually replaced. The invoice is being disputed.</p> <p>This has been referred to Action Fraud. A review of other transactions did not uncover systematic issues.</p> <p><i>The investigation is now complete.</i></p>
ICT Equipment Losses	<p>Internal Audit is assisting management to put in place stronger controls relating to ICT inventory, following an inability to locate small amounts of ICT equipment.</p>

Audit Area	Update
Markets Contracts	A concern had been raised regarding Market rents charged and on the stall leases. No evidence was found to support the concerns raised. <i>The investigation is complete.</i>
Social Care Provider	This is a potential significant issue regarding cost of social care incurred either directly by the Council or through direct payments. The matter has been referred to Internal Audit from a reasonable source.
Strategic Infrastructure	A request from the police for assistance in the investigation of issues relating to an employee and harassment of an individual that is believed to have been carried out using DMBC equipment is underway as a joint effort with HR/ICT.
Occupational Therapy Service	This is a review by a brought in external contractor into concerns over previously poor management of the service. This review will cover financial, governance and asset management arrangements.

2.5 This responsive work has accounted for a significant proportion of the work carried out by the section in this period. Whilst some of these pieces of work are nearing conclusion, others will require ongoing resourcing for a while longer. The resourcing and impact of this work are commented on further in section 4 of this report.

Section 3: Implementation of Audit Recommendations

- 3.1 Following the completion of audit work, improvement plans are produced in consultation with service management containing details of agreed actions and dates for their implementation. Final reports, incorporating agreed improvement plans, are then formally issued to the appropriate Director, Assistant Director and Head of Service.
- 3.2 Internal Audit subsequently seeks assurance that agreed actions arising from audit work have actually been implemented. This involves contacting the officer allocated to complete the action to obtain evidence that agreed actions have been implemented or, where they have not, that appropriate progress is being made. Where fundamental weaknesses in internal control arrangements have been identified, more detailed follow up work is undertaken.
- 3.3 Any major recommendations that are not implemented in line with agreed timescales are reported as part of the Council's quarterly finance and performance challenge process and consequently monitored through that

process. Major recommendations outstanding are also reported routinely by Internal Audit to the Audit Committee.

- 3.4 A summary of all outstanding major recommendations is provided in **Appendix B**. The number of major recommendations that are currently overdue for completion is 5. These are distributed as follows:

Directorate	Overdue major rec's At 1 February 2018
Adults, Health and Well-Being	3
Regeneration & Environment	1
Finance & Corporate Services	0
Learning & Opportunities (Children & Young People)	1
TOTAL	5

(note: schools are excluded from this analysis)

- 3.5 The number of major recommendations outstanding has oscillated around this level for over a year, with older recommendations being cleared and new ones being added to the outstanding list.
- 3.6 The current number of lower level audit recommendations late and still to be implemented by services is 83. In recent months we have been working with services to prioritise the clearance of these audit recommendations. We have received positive commitment from directorate management teams to doing so, and this is being reflected in progress made, although there are further inroads to be made into the number of recommendations overdue, as shown below:

Directorate	Overdue lower level rec's at April 2017	Plus New rec's in year	Less Rec's implem'd in year or not due	Overdue Lower level rec's At 1 Feb 2018
Adults, Health and Well-Being	23	+ 58	- 57	= 24
Regeneration & Environment	37	+ 34	- 52	= 19
Finance & Corporate Services	11	+ 39	- 34	= 16
Learning & Opportunities (Children & Young People)	24	+ 11	- 25	= 10
Corporate	14	+ 4	- 4	= 14
TOTAL	109	+ 146	- 172	= 83

Section 4: Internal Audit Performance

Performance Indicators

4.1 The Audit Committee has previously 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 period October 2017 to January 2018

Performance Indicator	Target	October 2017 to January 2018	Variance (positive is good)
Percentage of planned audit work completed	75%	62%	- 13%
Draft reports issued within 15 days of field work being completed	90%	84%	- 6%
Final reports issued within 5 days of customer response	90%	97%	7%
% of critical or major recommendations agreed	100%	100%	0%
Percentage of Customer Satisfaction Surveys rated Satisfactory or above	90%	100%	10%
Percentage of jobs completed within 110% of budget	90%	87%	- 3%

4.2 The service's delivery against the planned audit work was 62% as at 5 January 2018, which represents a significant increase on the figure of 38% reported in October 2017. Although the current performance remains behind target at this stage, the improved rate of delivery is expected to continue to the point where sufficient planned work will be achieved to provide an audit opinion at the end of the year on the Council's control, risk and governance arrangements, as required by the Auditing standards.

4.3 The proportion of draft reports issued within 15 days of fieldwork is below target mainly due to the development needs of a junior member of staff.

4.4 Results relating to major recommendations and customer satisfaction remain extremely positive with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above. Final reports issued within 5 days of the clients' response to the draft report is achieved in 97% of cases so far this year and the % of jobs delivered within 110% of audit budget is acceptably close to target at 87% (note this excludes jobs completed by the audit junior)

Quality Assurance Improvement plan

4.5 In February 2017, Internal Audit was reviewed by the Head of Internal Audit and the Audit Manager from Kirklees Council and this was reported to the

Audit Committee at its meeting on 6 April 2017. The assessment confirmed that Doncaster's Internal Audit Service meets the highest of the three possible ratings within the standards, i.e. that the service "Generally Conforms" with the standards.

- 4.6 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 (QAIP). The QAIP is attached at **Appendix C**.
- 4.7 Progress in implementing the actions included in the Service's Quality Assurance Improvement Plan, including recommendations arising from the Peer Review, is exemplary, with all actions having been completed.

Summary of Planned Audit Work Completed

Audit Area	Assurance Objective	Final Report to Mgmt.	Overall Audit Opinion	Summary of Significant Issues
FINANCE AND CORPORATE SERVICES				
Financial Assessments	<p>To examine the processes within Financial Assessments to ensure that they are fit for purpose and Financial Assessments are being properly calculated and charged.</p> <p>Examine processes and procedures for the collection of financial assessment debt.</p> <p>Examine the extent to which Financial Assessments co-ordinates activities with other areas of the Council to ensure that it contributes to statutory responsibilities in respect of the Care Act 2014.</p>	01/10/17	<i>Partial Assurance</i>	Weaknesses in the information received from clients, and limitations on information held on customer records make it difficult to fully manage the recovery of monies owed to the Council in terms of social care fee debt.

Cashiers (Back office processing – cash office management)	<p>The objectives of this audit are to Map controls and processes associated with the receipt of income into the council through the post, the Civic Office and the operation of the Traders Credit Account.</p> <p>To examine the extent to which the operational risks and operational processes are effectively managed to protect council income from fraud and error and ensure financial expenditure is properly accounted for and monitored.</p>	08/12/17	<i>Substantial Assurance</i>	Not Applicable – nothing significant to report.
Risk Management	This audit will review compliance and effectiveness of the existing risk policy and arrangements.	03/01/18	<i>Partial Assurance</i>	<p>Strategic risks are currently not challenged by the risk champions prior to them being reported to Executive board, Cabinet and Audit Committee</p> <p>Service risks are not being updated on Pentana on a quarterly basis consistently across the service areas.</p> <p>There is a lack of evidence available to demonstrate the monitoring, challenge and review of service risks at Directorate level across the Council at each level of management for the risks within their control.</p>

REGENERATION AND ENVIRONMENT				
Energy team Financial Administration Review	To examine financial processes undertaken by the Energy team to ensure that they are fit for purpose and meet financial procedure rules.	20/11/17	Partial Assurance	Financial administration for the team was found to be reasonably well controlled. Some issues were noted around overdue debtor accounts. 6 accounts outstanding for more than 6 months were identified, however, these are with other public sector bodies and are therefore not likely to be doubtful debts. Co-ordination is required with the Accounts Receivable team to address this issue
Taxi Licensing	Review the processes and systems in place for the granting or refusal of licenses in relation to Hackney Carriage and Private Hire Vehicles, ensuring that the Council fulfils its obligations in respect to passenger safeguarding whilst not unduly restricting local transport provision.	29/11/17	Substantial Assurance	Not Applicable – nothing significant to report
Homes and Communities Agency Grant (HCA)	Confirm HCA funding had been used appropriately and in compliance with the conditions of the grant.	27/10/17	Not Applicable – Grant Claim	Grant signed, no issues raised.

	Sign off the grant statement as true and fair as stipulated by the grant.			
Bus Services Operators Grant (December Claim)	Confirm expenditure and that it is in keeping with the conditions of the grant. Sign off the grant statement as true and fair as stipulated by the grant.	05/12/17	Not Applicable – Grant Claim	Grant signed, no issues raised.
LEARNING AND OPPORTUNITIES:CYP				
Short Breaks Aiming High Follow Up Review	A follow up of the actions agreed during the Short Breaks Aiming High Team audit has undertaken up to ascertain the current position.	08/11/17	Not Applicable	Progress is being made against three remaining actions and this area does not represent the risks that it was previously regarded as.
ADULTS, HEALTH & WELLBEING				
None				
CORPORATE				
Children's Trust Contract Management	A review of the Council's arrangements for managing the contract with the Children's Trust to ensure the Trust achieves its financial and operational targets	29/12/17	Partial Assurance	Improved arrangements and relationships have been established over the last two years, making arrangements robust, within the constraints of the contract. Further development of relationships and information sharing will embed and enhance existing arrangements. Reviews of the achievement of objectives associated

				with additional Council investment and/or Trust initiatives, could be implemented to confirm objectives are being secured.
Troubled Families Grant (August to November)	The grant requires that the arrangements to verify the grant are confirmed by Internal Audit. 6 criteria are assessed to ensure that sustained & significant improvement is made or in the case of an adult which was out of work is now in employment. This is based on the Governments Troubled Families programme.	01/12/17	Not Applicable – Grant Claim	Grant signed, no issues raised.

APPENDIX B

Outstanding Major Recommendations

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
ADULTS AND COMMUNITIES						
Over-payment Review of Direct Payments	<p>Money management companies are used to make payment for direct payments, to ensure service users have access to their personal budget but in a controlled manner, ideally in cases where service users are not good at managing their own money or have had previous problems managing money.</p> <p>There is currently no contract in place for a company that is managing multiple service users' personal budgets.</p>	Companies become financially reliant upon DMBC money. Reputational risk of mis-management.	Contracts will be considered and put into place for all companies that are managing service users' personal budgets on their behalf.	31/10/16	28/02/18	<p>There are two current suppliers. One contract is subject to an agreed Contract Procedure Rules (CPR) Waiver that ends 28/02/18. The second is subject to a CPR Waiver that ends on the 31/08/18.</p> <p>A further waiver is being progressed for supplier one, to 31/08/18, to align the two suppliers.</p> <p>A specification for a new service has been produced and these waivers will allow the commissioning exercise to be completed and the new arrangements to be in place for 01/09/18.</p>
Solar Centre	A review of the Solar Centre CPR breach	Further breaches may	Review of the resourcing of the	30/09/17	31/03/18	A 4 year commissioning delivery plan was reported to

	situation raised questions as to whether there are sufficient resources to manage current procurement plans and contractual agreement effectively.	occur.	Adults Plan for dealing with contracts in breach / coming to an end to ensure further breaches are minimised - allocate responsibility; identify clear reporting lines and frequencies.			<p>October 2017 Audit Committee. This sets out a clear position regarding the directorate's contracts and commissioning arrangements.</p> <p>Further activity includes Corporate Procurement attendance at Directorate Leadership Team with regular dashboard and discussions on breach rectification, contracts coming to an end and off contract spend.</p> <p>However, the strategy is dependent upon both additional resources and robust monitoring mechanisms being in place.</p> <p>Appointment exercises for the additional resources commenced in December and are ongoing.</p>
Solar Centre	Contract Monitoring has not been undertaken for 3 significant contracts with RDaSH.	Poor performance may not be identified and corrected, at	Contract Monitoring Audit (process, regularity, timeliness, safeguarding	31/12/17	31/03/18	A 4 year commissioning delivery plan was reported to Cabinet in November. The plan includes an action 'to develop and implement a

		worst, this could lead to harm to service users.	issues, non standard arrangements etc.) / Establishing contract monitoring arrangements.			revised contract monitoring process' by the end of March 2018.
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Learning and Opportunities: CYP

Aiming High Care Package efficiencies	<p>The Aiming High budget has been overspent for a number of years. It is for Aiming High to prioritise where they incur expenditure and identify efficiency savings to offset expected overspends.</p> <p>However, there is an ongoing trend of an increase in cases within the service, with the net number of children at 31st March 2016 being 23 more than that 1st April 2015 and there is currently an average of 4 new cases a month in 16/17.</p>	Budget overspending may increase.	A working group should be formed to identify and assess possible ways of reducing the budget pressure e.g. review of all care packages above £X, cost / benefit analysis of services provided etc.	09/11/16	05/03/18	<p>A commissioning model was introduced in 2016/17. This was intended to create procurement savings, however these have not materialised.</p> <p>Further consideration of potential savings is to take place through a full service review by the end of March 2018.</p> <p>The overall budget position will continue to be monitored via Quarterly Challenge Meetings. A projected overspend is reducing but is not expected to be eliminated completely by the year end.</p>
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Regeneration & Environment

Waste & Recycling	A reconciliation of service contracts from the Mayrise system to the debt raised on the E5 Account Receivable system will be carried out to ensure that all customers who receive a collection service have been charged and charged correctly.	Income may not be invoiced or may be invoiced incorrectly as there is no ongoing transactional check or overall reconciliation in order to identify such omissions or errors.	A reconciliation of service contracts / charges from the Mayrise system to the debt raised on the E5 Account Receivable system will be carried out to ensure that all customers who receive a collection service have been charged and charged correctly.	30/09/17	31/01/18	<p>A new set of actions and implementation dates were agreed with the Head of Service, however these implementation dates have not been achieved.</p> <p>The revised implementation date was to achieve a reconciliation of income due to income billed. Although progress has been made, this reconciliation has not yet taken place. A major reason for the delay has been the support required from the system supplier. The systems data is currently being tested and if the testing runs smoothly then the first reconciliation will be attempted before the end of January 2018. However, it is not yet known whether the reconciliation will be successful on the first attempt.</p>
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APPENDIX C

Internal Audit – Quality Assurance Improvement Plan

Ref	Issue	Agreed Action	Lead Officer	Deadline	Position at October 2017
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).	<p>Map and compare current team skills, qualifications, experience, with work included in the audit plan for 2016/17.</p> <p>For any gaps, include development requirements in the team development plan.</p> <p>Highlight any work in the plan that is outside of current skills available.</p>	Colin Earl	<p>28 February 2017</p> <p>31 July 2017</p>	<p>Completed: Immediate team development priorities identified and scheduled.</p> <p>Completed: A full skills audit has been completed and used to inform completion of 2017 PDRs</p>
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	Completed. Refresh completed by 30 April 2017, with staff training refresh sessions and subsequent roll-out of refreshed procedures. New procedures are now being implemented.

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	Completed; All material is available to staff and training has been provided as required.
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	Complete; Assurance mapping process established in co-ordination with the Strategic Performance Unit and to be completed during the 2017/18 Annual Governance Statement and 2018/19 audit planning processes.
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.	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 – see action point 4 above	Colin Earl	6 April 2017	Completed: The audit universe and current assurance mapping was presented to management and the Audit Committee alongside the draft Audit Plan 2017/18.

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	Completed; Information in the audit progress reports and annual report has been extended to include details of the calculation methodology, including 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 under audit review, that may be gleaned from other authorities with landlord responsibilities, which they identified would be particularly welcome	<p>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.</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>	<p>Colin Earl</p> <p>Colin Earl</p>	<p>31 December 2017</p> <p>30 April 2017</p>	<p>Complete; Service review was finalised in November 2017 confirming audit service provision.</p> <p>Completed; This step is specifically included in the audit end-to-end process.</p>

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	Completed; The completion of complex work and the enhanced involvement of other staff in finalising and reporting complex work was considered through the 2017/18 Personal Targets and Development Planning Processes. Complete; Service review was finalised in November 2017 confirming audit service provision.
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	Completed; The revised Charter and Strategy have been presented to the July Audit Committee incorporating changes to the auditing standards and the issues identified as part of the Peer Review.
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	Completed; New job descriptions have been produced as part of the service review

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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Doncaster Council

Report

1st February, 2018

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

EXTERNAL AUDITOR (KPMG) AUDIT PLAN 2017/18 AND ARRANGEMENTS FOR THE PREPARATION OF THE 2017/18 ACCOUNTS

EXECUTIVE SUMMARY

1. The external auditor – KPMG – will undertake a programme of work 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 2017/18 financial year.
2. Attached to this report, at Appendix A, is KPMG's plan for completing this review of the Council's financial statements and associated disclosure notes and providing an audit opinion on the Council's 2017/18 Statement of Accounts.
3. This report also provides details of the audit plan and timetable for producing the 2017/18 Statement of Accounts. The statutory deadlines for producing the draft accounts and the approved audited accounts are set out in regulation and are currently 31st May and 31st July respectively.
4. The Accounts and Audit Regulations 2015 brought forward the timetable for the preparation and approval of the 2017/18 draft accounts from 30th June (1 month earlier) and an audit deadline from 30th September (2 months earlier). The Government believes that this change will reduce the burden of the closure process, enabling finance staff to give more time to in-year financial management.
5. The Council moved to the 31st July deadline from 2016/17; a year earlier than required. The draft accounts for 2017/18 will be certified and published by 31st May with the audited accounts to be finalised and published by 27th July. The Council will be fully compliant with the deadlines and the revised inspection process for the production of the 2017/18 accounts.

EXEMPT REPORT

6. Not applicable

RECOMMENDATIONS

7. The Audit Committee is asked to note: -
 - a. the content of KPMG's Audit Plan 2017/18;
 - b. the arrangements, including the draft timetable, to produce the 2017/18 accounts.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

8. The audit programme of work is necessary to enable KPMG to satisfy themselves that the Council has secured good governance and value for money in its use of public resources.
9. These arrangements will contribute towards the Council receiving an unqualified opinion on their accounts and secure good governance and value for money in its use of resources.

BACKGROUND

External Auditors Audit Plan

10. The External Audit Plan covers how the audit is performed in terms of the risks identified, key deliverables, timeline and fees for the audit.
11. KPMG are required to satisfy themselves that the Council's accounts comply with statutory requirements and that proper practices have been observed in their compilation. The statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities.
12. The Code of Audit Practice covers two main responsibilities requiring KPMG to review and report on the Council's: -
 - a. Financial statements (including the Annual Governance Statement) providing an opinion on the Council's accounts; and
 - b. Use of Resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources (the 'value for money' or VfM conclusion).
13. There are no significant changes to the accounting standards and financial reporting framework in 2017/18. Based on initial planning work, KPMG have identified two significant risks for the audit: -
 - a. The valuation of Property, Plant and Equipment; and
 - b. The valuation of the pension liability.
14. Further details on these and the impact on the audit are provided on pages 7 and 8 of the Audit Plan.
15. KPMG have identified two significant VfM risks: -
 - a. Children's Services Trust Overspend; and
 - b. Adult Services contracts.
16. Further details on this and the impact on audit are provided on page 11 of the Audit Plan.
17. The main year end audit is currently planned to commence on 4th June

2018. An interim visit is scheduled to commence on 26th February 2018 when KPMG will evaluate and test controls over key financial systems 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.

Timetable for the Preparation of the Accounts

18. The accounts and audit regulations 2015 require that the responsible financial officer, by no later than 31st May, signs and certifies that the statement of accounts presents a true and fair view of the financial position of the council for the year to 31st March previous, subject to the views of the external auditor (KPMG).
19. The regulations further require that on or before the 31st July, approval needs to be given to the Statement of Accounts by resolution of the Audit Committee. This approval will take into account the views of KPMG. This is done so that the Statement of Accounts can then be published.
20. To achieve this, a draft timetable has been developed which will enable the closedown process for the 2017/18 accounts to be proactively managed. Appendix B provides a summary version of the timetable showing the key dates and deadlines.
21. The date for the sign off of the draft 2017/18 accounts has been set as Thursday, 31st May 2018 with the audited 2017/18 accounts expected to be presented to this Committee on Thursday, 26th July 2018. It is expected that future years' accounts will be produced in line with these dates.
22. The timetable continues to be extremely challenging. However, the professionalism, knowledge and experience of key finance officers; and the continued development of the ERP financial system will assist in making these future deadlines achievable.
23. The Council moved to the 31st July deadline, see paragraph 4, from 2016/17; a year earlier than required. Meeting this deadline again will be subject to embedding changes to internal procedures, doing as much as possible in advance of the year-end e.g. production of notes that are not dependent on the year-end position, and the early availability of external audit resources.
24. The preparation and production of last year's Statement of Accounts went extremely well and KPMG highlighted officers' hard work and the high quality of working papers as major contributory factors. KPMG issued an unqualified opinion on both the Statement of Accounts and the Council's Value for Money conclusion following the presentation of the accounts to this Committee on 27th July 2017.
25. Work to improve the quality and timeliness of both the Statement of Accounts and associated working papers continues. Internal Financial Management Final Accounts meetings are held on a regular basis over the four month period to May to ensure that accounting procedures are applied consistently; best practice is shared; there is a shared understanding of any difficulties or delays that are happening and to disseminate updated information quickly and consistently.

OPTIONS CONSIDERED

26. KPMG’s Audit Plan includes information about planned audit work and the related fees for this work which KPMG deem to be necessary to fulfil their legal obligations. The Council is required to meet such fees.

REASONS FOR RECOMMENDED OPTION

27. The Council is subject to statutory external audit and performance evaluation by KPMG and must prepare annual accounts.

IMPACT ON THE COUNCIL’S KEY OUTCOMES

28. 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>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>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 strong governance is in place.</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> 	
	<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

29. KPMG identifies respective risks which their work is intended to consider. Assumptions about these risks have been made by KPMG in the planning of this work and the calculation of the respective fees.
30. Materiality for planning purposes has been set at £11.0 million which equates to 1.55% of gross expenditure
31. Failure to meet the statutory deadlines for signing, producing and/or publishing the accounts would attract adverse comments from KPMG, who could issue a public interest report.
32. KPMG need to be confident that the information in the accounts is accurate and reliable otherwise they may not be able to give an unqualified opinion on the accounts.

LEGAL IMPLICATIONS

33. The Council is subject to statutory external audit and performance evaluation by KPMG in their role as the external auditor for the Council.
34. The Council must comply with the CIPFA's Code of Practice on Local Authority Accounting (the 'Code') when preparing the accounts.
35. The account and audit regulations 2011 (and the 2015 regulations) and the Local Audit And Accountability Act 2014 specify the deadlines for signing and producing the accounts and when they will be available for public inspection.

FINANCIAL IMPLICATIONS

36. The proposed fee for this work for the 2017/18 audit is £164,844, which is the same fee as 2016/17.
37. Audit fees will continue to be minimised if the Council continues to achieve an efficient and well controlled financial closedown and accounts production process which complies with good practice and appropriately addresses new accounting developments and risk areas.

HUMAN RESOURCES IMPLICATIONS

38. There are no specific HR implications related to the contents of this report however the tightening of the timescales does have implications for the provision of payroll data which forms part of the final accounts. Liaison with the HR Shared Service Centre will be needed at the earliest opportunity to ensure the deadlines can be met.

TECHNOLOGY IMPLICATIONS

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

EQUALITY IMPLICATIONS

40. This report has no specific equality implications.

CONSULTATION

41. This report consults with members of the Audit Committee in these matters. There is consultation with managers at the outset, throughout and at the conclusion of the annual audit in order to ensure that key audit issues are identified and resolved and that adjusted / unadjusted audit differences and performance improvement recommendations are adequately communicated.

BACKGROUND PAPERS

42. None.

REPORT AUTHOR & CONTRIBUTORS

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Chief Financial Officer
& Assistant Director - Finance



External Audit Plan 2017/2018

Doncaster Metropolitan Borough Council

January 2018

Contents

	Page
Summary for Audit Committee	2
Introduction	4
Financial Statements Audit Planning	5
Value for Money Arrangements Work	11
Other Matters	16
Appendices	
1. Key elements of our financial statements audit approach	18
2. Audit Team	20
3. Independence and objectivity requirements	21

Summary for Audit Committee

Financial statements

There are no significant changes to the Code of Practice on Local Authority Accounting ("the Code") in 2017/18, which provides stability in terms of the accounting standards the Authority need to comply with. Despite this, the deadline for the production and signing of the financial statements has been significantly advanced in comparison to year ended 31 March 2017.

In order to meet the revised deadlines it will be essential that the draft financial statements and all prepared by client documentation is available in line with agreed timetables. Where this is not achieved there is a significant likelihood that the audit report will not be issued by 31 July 2018.

Materiality

Materiality for planning purposes has been set at **£11 million**.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at **£550k**.

Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- **Valuation of PPE** – Whilst the Authority operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We will consider the way in which the Authority ensures that assets not subject to in-year revaluation are not materially misstated; and
- **Pension Liabilities** – The valuation of the Authority's pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes in place to ensure accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation.

Summary for Audit Committee (cont.)

Value for Money Arrangements work

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- Children's Services Trust Overspend - We noted that the Finance & Performance Improvement Report for Q2 showed a year end forecasted overspend of circa £3.0m, of which £1.1m related to the Children's Services Trust. There is a risk that there is insufficient governance of the contract with the independent provider (Children's Services Trust) to verify that the payments deliver value for money
- Adults Services Contracts - This is a key development area for the Council in 2017/18. There are a number of out of date/expired contracts with Adult social care providers which are overdue for renewal by up to 3 years in some cases. There is therefore a risk that the council is not achieving value for money from these out of date contracts.

See pages 11 to 15 for more details

Logistics

Our team is:

- Clare Partridge – Partner
- Alison Ormston – Senior Manager
- Jakira Motala – Assistant Manager

More details are in **Appendix 2**.

Our work will be completed in four phases from December to July and our key deliverables are this Audit Plan and a Report to Those Charged With Governance as outlined on **page 15**.

Our fee for the 2017/18 audit is £164,844 (£164,844 2016/2017) see **page 16**. These fees are in line with the scale fees published by PSAA.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

Introduction

Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2017/18 presented to you in April 2017, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities.

Our audit has two key objectives, requiring us to audit/review and report on your:

01 | Financial statements :
Providing an opinion on your accounts. We also review the Annual Governance Statement and Narrative Report and report by exception on these; and

02 | Use of resources:
Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary. Any change to our identified risks will be reporting to the Audit Committee.

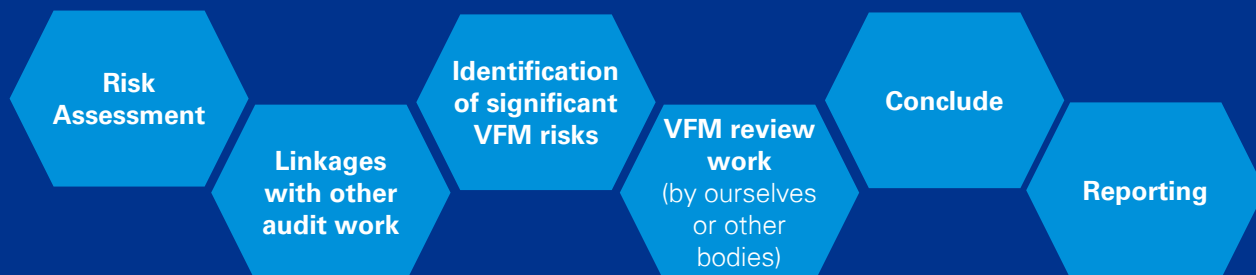
Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. Page 10 provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for 2017/18.



Financial statements audit planning

Financial Statements Audit Planning

Our planning work takes place during November 2017 to January 2018. This involves the following key aspects:

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of management's use of experts; and
- Issuing this audit plan to communicate our audit strategy.

Risk assessment

Auditing standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report.

01

Management override of controls

Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

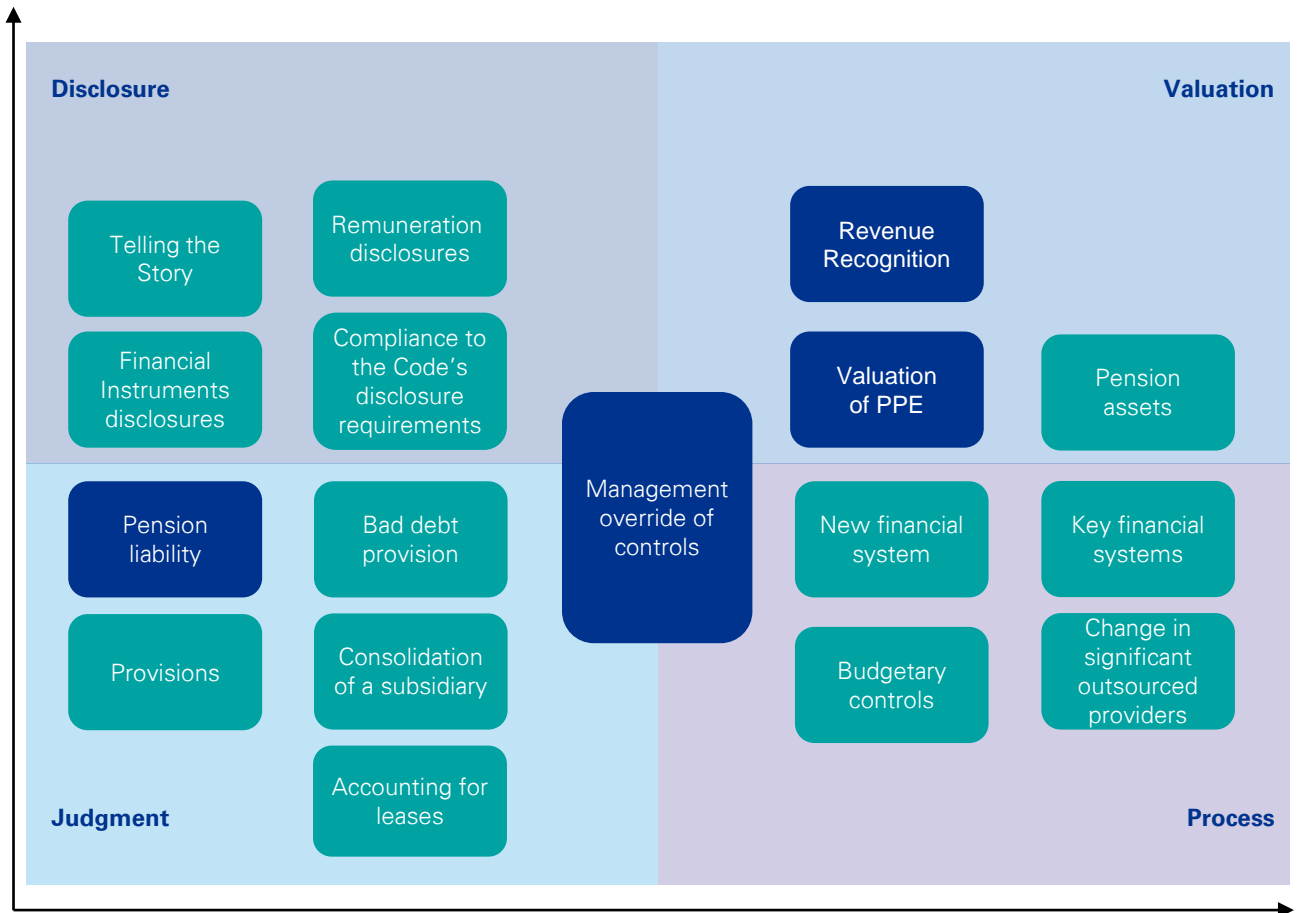
02

Fraudulent revenue recognition

We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

Financial statements audit planning (cont.)

The diagram below identifies significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



Keys: ■ Significant risk ■ Example other areas considered by our approach

Financial statements audit planning (cont.)

Significant Audit Risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

Risk:	Valuation of PPE <p>The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, however, individual assets may not be revalued for four years.</p> <p>This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value. In addition, as the valuation is undertaken as at 1 April, there is a risk that the fair value is different at the year end.</p>
Approach:	<p>We will review the approach that the Authority has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. We will also assess the risk of the valuation changing materially during the year.</p> <p>In addition, we will consider movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.</p> <p>In relation to those assets which have been revalued during the year we will assess the valuer's qualifications, objectivity and independence to carry out such valuations and review the methodology used (including testing the underlying data and assumptions).</p>

Financial statements audit planning (cont.)

Significant Audit Risks (cont.)

Risk:	Pension Liabilities <p>The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of South Yorkshire Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.</p>
Approach:	<p>As part of our work we will review the controls that the Authority has in place over the information sent directly to the Scheme Actuary. We will also liaise with the auditors of the Pension Fund in order to gain an understanding of the effectiveness of those controls operated by the Pension Fund. This will include consideration of the process and controls with respect to the assumptions used in the valuation. We will also evaluate the competency, objectivity and independence of Mercer.</p> <p>We will review the appropriateness of the key assumptions included within the valuation, compare them to expected ranges, and consider the need to make use of a KPMG Actuary. We will review the methodology applied in the valuation by Mercer.</p> <p>In addition, we will review the overall Actuarial valuation and consider the disclosure implications in the financial statements.</p>

Financial statements audit planning (cont.)

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority, materiality for planning purposes has been set at £11 million which equates to 1.5% percent of prior period gross expenditure.

We design our procedures to detect errors in specific accounts at a lower level of precision.

Authority Prior Year Gross Expenditure: £728.103m¹ (2015/16: £741.99m)

Materiality

£11.0m

1.5% of Expenditure

(2016/17: £11.5m, 1.5%)



£550K Misstatements reported to the audit committee (2016/17: £575k)

£8.25M Procedures designed to detect individual errors (2016/17: £8.625m)

£11m Materiality for the financial statements as a whole (2016/17: £11.5m)

¹The 2016/17 Statement of Accounts state 2016/17 gross expenditure as £573,917,000. However due to £151,679,000 of net upward HRA revaluation in 2016/17 which artificially reduced the expenditure balance and £2,507,000 net impairment in 2015/16 which inflated the expenditure balance, we have revised the 2016/17 expenditure benchmark by this. This provides us with a revised benchmark of £728,103,000 for prior year gross expenditure.

Financial statements audit planning (cont.)

Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £550k.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

We will report:



Non-Trivial corrected audit misstatements



Non-trivial uncorrected audit misstatements



Errors and omissions in disclosure
(Corrected and uncorrected)

Group audit

In addition to the Authority the group accounts include St Leger Homes which is not deemed to be significant in the context of the group audit.

We will reassess the significance of this subsidiary throughout our audit and will report any changes in our assessment to the Audit Committee.

Value for money arrangements work

VFM audit approach

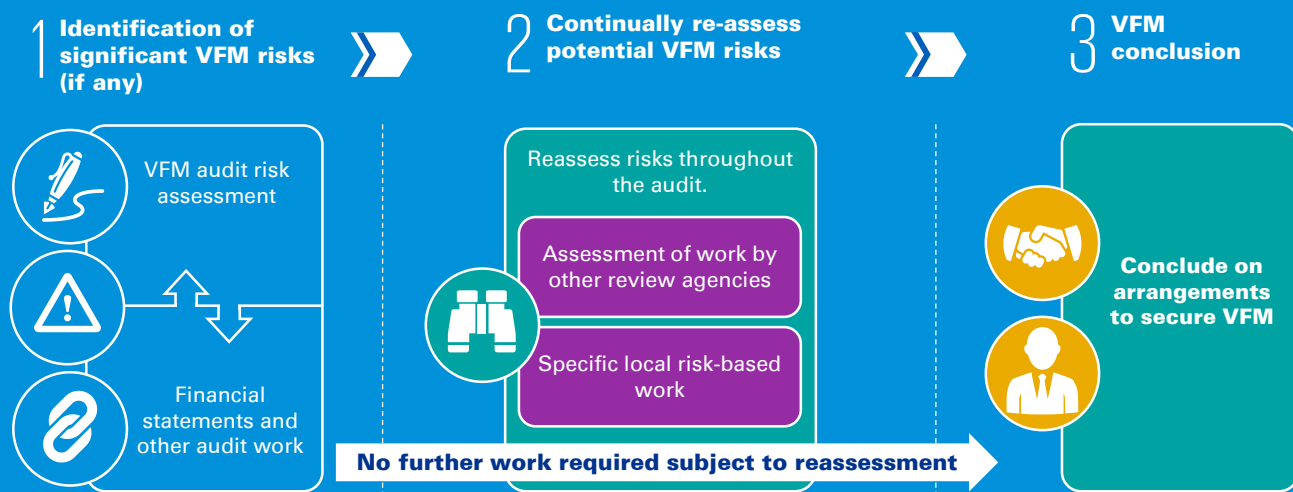
The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The VFM approach is fundamentally unchanged from that adopted in 2016/17 and the process is shown in the diagram below. The diagram overleaf shows the details of the sub-criteria for our VFM work.



Value for money arrangements work (cont.)

Value for Money sub-criterion

Informed decision making

Proper arrangements:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.
- Reliable and timely financial reporting that supports the delivery of strategic priorities.
- Managing risks effectively and maintaining a sound system of internal control.

Sustainable resource deployment

Proper arrangements:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Managing and utilising assets to support the delivery of strategic priorities.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

Working with partners and third parties

Proper arrangements:

- Working with third parties effectively to deliver strategic priorities.
- Commissioning services effectively to support the delivery of strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for money arrangements work (cont.)

VFM audit stage



VFM audit risk assessment

Audit approach

We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice*.

In doing so we consider:

- The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks;
- Information from the Public Sector Auditor Appointments Limited VFM profile tool;
- Evidence gained from previous audit work, including the response to that work; and
- The work of other inspectorates and review agencies.



Linkages with financial statements and other audit work

Audit approach

There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.

We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.



Identification of significant risks

Audit approach

The Code identifies a matter as significant *'if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.'*

If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:

- Considering the results of work by the Authority, inspectorates and other review agencies; and
- Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Value for money arrangements work (cont.)

VFM audit stage



Assessment of work by other review agencies, and Delivery of local risk based work

Audit approach

Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.

We will also consider the evidence obtained by way of our financial statements audit work and other work already undertaken.

If evidence from other inspectorates, agencies and bodies is not available and our other audit work is not sufficient, we will need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:

- Additional meetings with senior managers across the Authority;
- Review of specific related minutes and internal reports;
- Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.



Concluding on VFM arrangements

Audit approach

At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.



Reporting

Audit approach

On the following page, we report the results of our initial risk assessment.

We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.

Value for money arrangements work (cont.)

Significant VFM Risks

Those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

Risk:	Adult Services Contracts <p>The Transformation of Adults, Health and Wellbeing is a key area of development for the Council in 2017/18. There are a number of expired contracts with adult social care providers which are overdue for renewal by up to 3 years in some cases.</p> <p>There is therefore a risk that the Council are not achieving value for money from these out of date contracts.</p>
Approach:	We shall review the financial performance and contract management in relation to the Adult Social Care Services. In particular we shall assess the Council's processes for reviewing the performance of the contracts and whether there are appropriate methods for managing and monitoring performance, including the relevant reporting of this to management and members.
VFM Sub-criterion:	This risk is related to the following Value For Money sub-criterion — Working with partners and third parties

Risk:	Children's Services Trust Overspend <p>We noted that the Finance & Performance Improvement Report for Q2 showed a year end forecasted overspend of circa £3.0m, of which £1.1m related to the Children's Services Trust. There is a risk that there is insufficient governance of the contract with the independent provider (Children's Services Trust) to verify that the payments deliver value for money</p>
Approach:	We shall review the financial performance and contract management in relation to the Children's Services Trust. In particular we shall assess the Council's processes for reviewing the performance of the Trust and whether there are appropriate methods for managing and monitoring performance, including the relevant reporting of this to management and members.
VFM Sub-criterion:	This risk is related to the following Value For Money sub-criterion — Working with partners and third parties

Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2017/18 have not yet been confirmed.

Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the PSAA's fee scales.



Other matters

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit Committee. Our communication outputs are included in Appendix 1.

Independence and Objectivity

Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

Audit fee

Our Audit Fee Letter 2017/2018 presented to you in April 2017 first set out our fees for the 2017/2018 audit. This letter also set out our assumptions.

Should there be a need to charge additional audit fees then this will be agreed with the s.151 Officer and PSAA. If such a variation is agreed, we will report that to you in due course.

The planned audit fee for 2017/18 is £164,844, the same as in 2016/2017.

Our audit fee includes our work on the VFM conclusion and our audit of the Authority's financial statements.

Appendix 1:

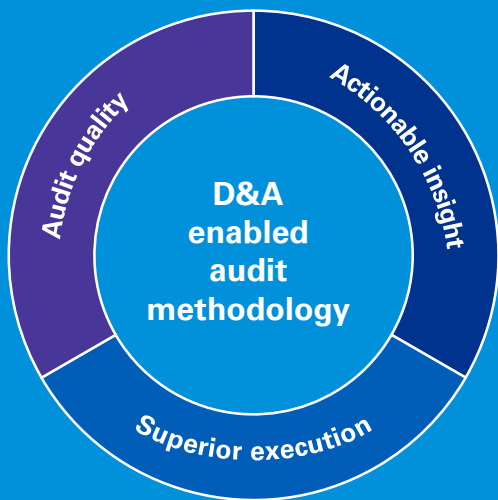
Key elements of our financial statements audit approach

Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. Data and Analytics allows us to:

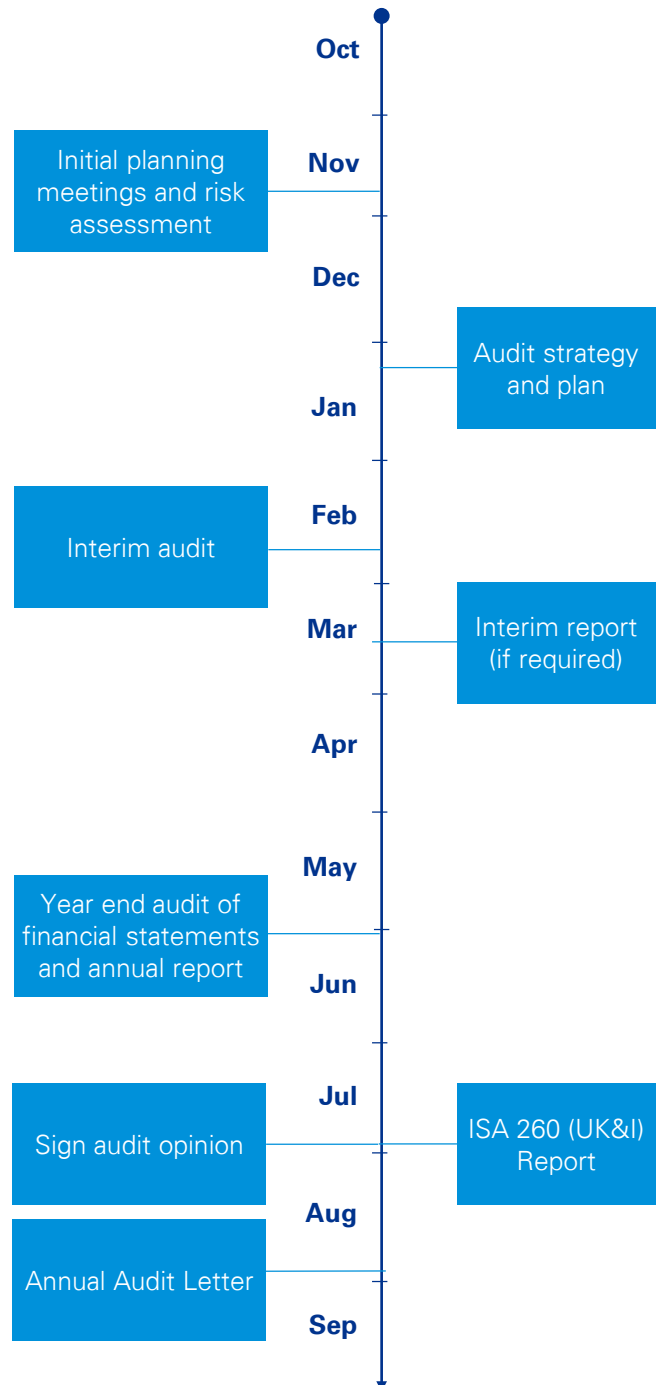
- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around key areas such as Income and journals.



Communication

Continuous communication involving regular meetings between Audit Committee, Senior Management and audit team.



Appendix 1:

Key elements of our financial statements audit approach (cont.)

Audit workflow

Planning

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of managements use or experts; and
- Issuing this audit plan to communicate our audit strategy.

Control evaluation

- Understand accounting and reporting activities;
- Evaluate design and implementation of selected controls;
- Test operating effectiveness of selected controls; and
- Assess control risk and risk of the accounts being misstated.

Substantive testing

- Plan substantive procedures;
- Perform substantive procedures; and
- Consider if audit evidence is sufficient and appropriate.

Completion

- Perform completion procedures;
- Perform overall evaluation;
- Form an audit opinion; and
- Audit Committee reporting.



Appendix 2:

Audit team

Your audit team has been drawn from our specialist public sector assurance department. Clare and Jakira were both part of the Doncaster MBC audit last year. Alison has come on board this year as the Audit Manager.



Clare Partridge
Partner

T: 07990 551735
E: clare.partridge@kpmg.co.uk

'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion. I will be the main point of contact for the Audit Committee and Jo Miller'



Alison Ormston
Senior Manager

T: 07833 400 887
E: alison.ormston@kpmg.co.uk

'I provide quality assurance for the audit work and specifically any technical accounting and risk areas. I will work closely with Clare to ensure we add value. I will liaise with the Debbie Hogg and Steve Mawson as well as other Executive Directors.'



Jakira Motala
Assistant Manager

T: 07771 815 987
E: jakira.motala@kpmg.co.uk

'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'

Appendix 3:

Independence and objectivity requirements

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF DONCASTER METROPOLITAN BOROUGH COUNCIL

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Ltd's ('PSAA's') Terms of Appointment relating to independence and the requirements of the FRC Ethical Standard and General Guidance Supporting Local Audit (Auditor General Guidance 1 – AGN01) issued by the National Audit Office ('NAO').

This Appendix is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

The conclusion of the audit engagement leader as to our compliance with the FRC Ethical Standard in relation to this audit engagement is subject to review by an engagement quality control reviewer, who is a Audit Director not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity

Appendix 3:

Independence and objectivity requirements (cont.)

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the authority and its affiliates for professional services provided by us during the reporting period.

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out in the following table

Analysis of Non-audit services for the year ended 31 March 2018

Appropriate approvals have been obtained from PSAA for all non-audit services above the relevant thresholds provided by us during the reporting period. In addition, we monitor our fees to ensure that we comply with the 70% non-audit fee cap set by the NAO.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

KPMG LLP

KPMG LLP



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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. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psa.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, by email to Andrew.Sayers@kpmg.co.uk. After this, 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.

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Final Accounts Summary Timetable 2017/18

Date	Item	Responsibility
03/04/2018	Final valuation report signed, certificate and supporting schedules	DMBC
10/04/2018	Capital funding agreed for all capital programmes including all capital financing	DMBC
20/04/2018	HRA outturn	SLHD
20/04/2018	Deadline for finalising Revenue Outturn Position and Balance Sheet	DMBC
11/05/2018	Completion of Core Statements	DMBC
11/05/2018	Draft Statement of Accounts (excluding Cash Flow Statement) sent to RFO	DMBC
18/05/2018	Completion of Cash Flow Statement and supporting notes	DMBC
25/05/2018	Draft Statement of Accounts (including Cash Flow Statement) sent to RFO	DMBC
31/05/2018	Draft Statement of Accounts signed by RFO	DMBC
31/05/2018	Draft Statement of Accounts distributed to Audit Committee members	DMBC
31/05/2018	Draft Statement of Accounts published on Council website	DMBC
01/06/2018	Public inspection of accounts starts for statutory six week period	DMBC
04/06/2018	Audit of Statement of Accounts starts	KPMG
06/06/2018	Informal Audit Committee (Workshop to consider draft accounts)	DMBC / Audit Committee
07/06/2018	Audit Committee report & draft accounts deadline	DMBC
21/06/2018	Audit Committee – draft Statement of Accounts for endorsement	DMBC / Audit Committee
29/06/2018	Unaudited Whole of Government Accounts (WGA) deadline	DMBC
12/07/2018	Public inspection of accounts finishes	DMBC
13/07/2018	Finalise WGA with audit adjustments	DMBC
13/07/2018	Audit of Statement of Accounts finishes - IAS260 issued	KPMG
16/07/2018	Date of representation to external audit	KPMG
18/07/2018	Audit Committee report & ISA260 deadline	DMBC
tbc	Audited WGA return submitted to CLG by KPMG	KPMG
26/07/2018	Audit Committee – to approve and certify final audited Statement of Accounts, Letter of Representation	DMBC / Audit Committee
26/07/2018	Final audited Statement of Accounts published on Council website (subject to audit opinion being received)	DMBC

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