

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

**INTERNAL AUDIT REPORT FOR THE PERIOD: APRIL 2017 TO 4 JULY 2017**

**EXECUTIVE SUMMARY**

1. The report attached at **Appendix 1** updates the Audit Committee on the work done by Internal Audit for the period April 2017 to 4 July 2017, 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. Three new jobs have been added to the plan and one grant review is being removed as it no longer requires an audit. The changes are in response to emerging risks and concerns. Current progress in delivering the audit plan is commented in more details within Section 2 of this report.

**Section 2: Audit Work Undertaken During the Period**

5. Internal Audit is currently experiencing a high and almost unprecedented level of investigative 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. There are currently xx ongoing investigations. Details of the work being carried out are included in the report.
6. The exceptionally high level of responsive work and a lower level of audit resources than previously available within the service, means there is a

negative impact on achievement of the planned work. In the first quarter of the year 15% of the planned work has been delivered, when normally 25% could be expected to be delivered in any quarter. However, in line with previous assurances given to the Audit Committee by the Assistant Director Finance and Chief Financial Officer, 2x temporary resources (one internal secondment and one experienced audit contractor) have now been secured to help the Team address the current backlog. This should enable the service to catch up during the second quarter.

7. As Head of Internal Audit I am satisfied with the current position and that appropriate action is being taken to address the progress on planned work.
8. The planned audit work done continues to confirm the Council generally has appropriate controls in place and that the controls are operating effectively. There was one negative opinion issued in the period and this was in relation to the billing of Business Waste Income, where we found that key reconciliations designed to ensure that all collections made had been billed for were still not being carried out. This was despite the issue being raised in previous audit reports from 2015 and 2016. More details are provided in paragraph 2.3 and Appendix A of the attached report.

### **Section 3: Progress on the implementation of audit recommendations**

9. There are 7 overdue major recommendations across the Council. The number outstanding has oscillated around this level for over a year, with older recommendations being cleared and new ones being added to the outstanding list. However, at the current time progress is being made on all 7 recommendations and the oldest original implementation date is October 2016. We are satisfied appropriate attention is given by senior management to outstanding major recommendations and their implementation.
10. In April 2017 there were 94 lower level audit recommendations late and still to be implemented by services. In the last two months we have been working with services to prioritise their clearance of these recommendations and we have received positive commitment from directorate management teams to doing so. As agreed previously with the Audit Committee, we will continue to progress actions with services and we will provide a detailed report on these lower level actions to October's Audit Committee meeting, and at appropriate intervals in the future.

### **Section 4: Performance Information**

11. The overall performance of the audit service is mixed in the period. Three out of six key service performance indicators are at or above target and three are slightly below target.
12. 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 100%.

13. Delivery of planned work is behind target as outlined in paragraph 6 above. Performance on issuing draft reports within 15 days of fieldwork completion and audits completed within budgeted time is behind target, both as a result of a new trainee auditor involvement and a degree of 'learning' involved.
14. Progress in implementing the actions included in the Service's Quality Assurance Improvement Plan, including recommendations arising from the Peer Review, is very good. Seven out of 11 actions are fully complete and the four remaining actions do not fall due until 31st December 2017. The full current 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 AND RECOMMENDED OPTION**

18. Not applicable - for information only

## **IMPACT ON THE COUNCIL'S KEY OUTCOMES**

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

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

## LEGAL IMPLICATIONS

21. 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

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

## **HUMAN RESOURCE IMPLICATIONS**

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

## **TECHNOLOGY IMPLICATIONS**

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

## **EQUALITY IMPLICATIONS**

25. 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**

26. 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 meeting are held with Senior Management to ensure there is effective and relevant Internal Audit coverage provided.

## **BACKGROUND PAPERS**

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

## **REPORT AUTHOR & CONTRIBUTORS**

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## **Appendices Attached**

Appendix 1 - Internal Audit Progress Report to 4 July 2017

# **Doncaster Council**

## **Internal Audit Progress Report**

**April to 4 July 2017**

## Section 1: Revisions to the Audit Plan

- 1.1. The 2017/18 Audit Plan was approved by the Audit Committee on 6<sup>th</sup> 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.

It is proposed to add the following jobs to the plan:

- Solar Centre – The Solar Centre is a day care unit run by RDASH for audits with learning difficulties and complex needs. An exempt report was taken to the April Audit Committee setting out some of the issues around the breach of the contract since 31/3/14 for the Solar Centre. At the April Audit Committee meeting Internal Audit committed to investigate further into the use of the Solar Centre to report to the committee on any lessons that could be learned.
- Money Laundering Review - Changes to the Money Laundering Regulations are due to come into effect from July 2017. This piece of work will look at the new changes and ensure the Council has adopted them as required.
- Music Service Review –Concerns have been raised over the financial and governance arrangements at the Music Service. This review will assess how robust the arrangements in place are.

The following job has been removed from the plan:

- Sustainable Transport Exemplar Programme – this grant claim audit is no longer required to be completed by the Government Department.

## 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. 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

- 2.2 Summary conclusions on all significant audit work to 4<sup>th</sup> July 2017 are set out in **Appendix A**.

### Audits providing 'limited' assurance opinions

- 2.3 Our work concluded that the control environment was inadequate in 1 area, leading to the issuing of a limited assurance opinion in this area, as detailed below:

Directorate / Audit Area	Report to Management	Summary of Significant Issues
<b>Regeneration and Environment</b> Business Waste and Recycling – Follow Up	14/06/17	<p>A <i>Limited</i> Opinion was given due to major issues being raised in relation to Billing Reconciliation Processes – i.e. reconciliation processes intended to ensure that all Business Waste collections made are billed, have not been carried out. This had been reported in a previous Internal Audit Report and also in an Income Management report.</p> <p>Unbilled income in excess of £10k has already been identified and estimates of further unbilled income are in the range of £10-20k. It is imperative that reconciliations are completed in a timely manner to resolve these outstanding issues, quantify unbilled income and minimise any loss to the Council.</p>

### 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
Safeguarding Adults Personal Assets Team (SAPAT)	Internal Audit Work is nearing a conclusion. A full report has been provided to Audit Committee at its April 2017 meeting and further updates are scheduled for meeting later in the year
DOLs (Deprivation of Liberty Safeguards) – Best Interest Assessments	A full report has been provided to Audit Committee at its July meeting which sets out the issues and actions required in this area



Internal Drainage Boards	A full report has been provided to Audit Committee at its July meeting which sets out the issues which Internal Audit has been involved in, and the many improvements made in this area both at a local and national level and set out further improvements being sought
Primary School - Loss of Monies	A detailed forensic investigation is taking place around the loss of cash for banking related to school dinner monies and school trips.
Adult Care Home Financial Review	Investigations are being carried out into potential losses at a care home and the use of residents' monies. The work is nearing completion and will be reported upon more fully when complete.
Stores Losses	Internal Audit is investigating recent losses from the North Bridge Depot.
Street Lighting	Internal Audit is investigating stock management issues relating to street lamps used in the SALIX Street Light Project.
ICT Equipment Losses	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.

- 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 most significant areas in terms of impact and resource that have been worked on are Safeguarding Assets Personal Assets Team (SAPAT), Deprivation of Liberties Safeguards (DOLS) and Internal Drainage Boards. Reports on these areas have been provided to recent audit committees. Other investigations will be reported to future audit committees as appropriate. The resourcing and impact of this work is 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**. Key issues to note are:

a) The number of major recommendations that are currently overdue for completion is 7.

b) The 7 overdue as at 4<sup>th</sup> July 2017, are distributed as follows:

Directorate	Overdue major recommendations at 4 July 2017
Adults, Health and Well-Being	1
Regeneration & Environment	0
Finance & Corporate Services	4
Learning & Opportunities (Children & Young People)	2
<b>TOTAL</b>	<b>7</b>

*(note: schools are excluded from this analysis)*

3.5 The number of 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. However, at the current time progress is being made on all 7 recommendations and the oldest original implementation date is October 2016.

3.6 In April 2017 there were 94 lower level audit recommendations late and still to be implemented by services. In the last two months we have been working with services to prioritise their clearance of these recommendations and we have received positive commitment from directorate management teams to doing so. As agreed previously with the Audit Committee, we will continue to progress actions with services and we will provide a detailed report on these lower level actions to October's Audit Committee meeting, and at appropriate intervals in the future.

## 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 April 2017 to 4 July 2017.

Performance Indicator	Target	April to 4 July 2017	Variance (positive is good)
Percentage of planned audit work completed	25%	15%	- 10%
Draft reports issued within 15 days of field work being completed	90%	82%	- 8%
Final reports issued within 5 days of customer response	90%	100%	10%
% 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%	75%	- 15%

- 4.2 The percentage of planned audit work completed is below target. This is due to the very high levels of responsive work experienced by the team in this period. However, in line with previous assurances given to the Audit Committee by the Assistant Director Finance and Chief Financial Officer, 2x temporary resources (one internal secondment and one experienced audit contractor) have now been secured to help the Team address the current backlog. This should enable the service to catch up during the second quarter.
- 4.3 The percentage of jobs completed within 110% of budget is currently 75%, a negative variance of 15% against a target of 90%. Jobs exceeding time have been due to the time spent by a new trainee member of staff and include an element of 'learning' time. This is also largely the reason for the under-achievement at this stage in relation to issuing reports within 15 days of completion of field work. Further support is being provided to the employee, along with clearer target setting and it is expected these actions will lead to improvements over the remainder of the year.
- 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.

#### 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 very good. Seven out of 11 actions are fully complete and the four remaining actions do not fall due until 31st December 2017.
- 4.8 Key actions delivered include refining reporting to the audit committee around audit planning and reporting, identifying and developing staff, and updating the Internal Audit Strategy and Charter. The four remaining actions do not fall due until 31<sup>st</sup> December 2017 and relate to the completion of a service needs assessment to inform Internal Audit service provision in 2018/19 and to further develop the Council's assurance mapping methodology and arrangements.

## APPENDIX A

### Summary of Planned Audit Work Completed

Audit Area	Assurance Objective	Final Report to Mgmt.	Overall Audit Opinion	Summary of Significant Issues
<b>FINANCE AND CORPORATE SERVICES</b>				
Core Financial Procedures – Council Tax	To ensure that the correct tax is collected from the right people at the right time and that collections are maximised and make value added recommendations to improve the service, its efficiency or effectiveness or further mitigate risk exposures.	26/06/17	<i>Substantial Assurance</i>	A light touch review found that controls within the system largely remain the same or improved from last year's full audit review. Testing showed the system remains functional with expected outputs.
<b>REGENERATION AND ENVIRONMENT</b>				
Management of Car Park Income	To ensure that the arrangements to collect car parking related income are satisfactory and ensure that income is appropriately collected and properly safeguarded; and to make appropriate	22/06/17	<i>Partial Assurance</i>	The audit made several recommendations which included: <ul style="list-style-type: none"> <li>Investigating cash discrepancies by the security company</li> <li>Amendments to policies, procedures and schemes of delegation to reflect regulatory and working practice changes including discretionary</li> </ul>

	recommendations to improve controls, their efficiency or to further mitigate risk exposures.			<p>circumstances where a fine may be cancelled</p> <ul style="list-style-type: none"> <li>• Completion of contract related documentation for the cashless parking payment contract</li> <li>• Small improvements to the financial recording of income</li> </ul>
Blue Badge Anti-Fraud review	To assess the adequacy of the arrangements to prevent abuse of Blue Badges.	10/05/2017	<i>Partial Assurance</i>	<p>The audit found that whilst there are arrangements in place to identify abuse of blue badges, Doncaster Council still had a low amount of detected frauds compared to some other neighbouring authorities.</p> <p>However, during the course of the audit 1 prosecution was made and there are 7 further cases on-going and working towards possible prosecution. The Civil Enforcement Officers now carry body-cams providing better evidence for prosecution. Additionally, the listings of deceased badge holders have been brought up to date and a process is in place to ensure these are now updated on a weekly basis. It is expected that any blue badge abuse would now be more likely to be detected.</p>
Business Waste and Recycling – Follow Up	To ensure that all Business Waste and Recycling customers are now being correctly invoiced. To make recommendations to managers for further improvements to the control environment as necessary. Provide assurance to stakeholders including the Audit Committee that	14/06/2017	<i>Limited Assurance</i>	<p>This review identified that the data quality improvements and reconciliation processes agreed and reported in the May 2015 Internal Audit report and the July 2016 Income Management report which would minimise any potential future cases of un-billed income have not yet been implemented.</p> <p>The data comparison exercise recently undertaken by Internal Audit has identified customers that have not been billed. 9 customers had been identified requiring backdated invoices to be raised generating</p>

	arrangements are in place and robust.			income in excess of £10k. Estimates of further unbilled income are in the range of £10-20k.
Bus Service Operators Grant (June Claim)	Sign off the grant statement as true and fair as stipulated by the grant.	22/06/17	n/a – grant claim	Grant signed, no issues raised.
<b>LEARNING AND OPPORTUNITIES: CHILDREN AND YOUNG PEOPLE</b>				
Early Help - Collaborations	The objective of this audit was to provide an opinion on the financial and governance arrangements in place over the Early Help Collaboratives	06/07/2017	<i>Partial Assurance</i>	<p>Our fundamental concerns were that a full reconciliation of all Collaboratives' spend to ensure that funds have been allocated, issued and used appropriately had not been carried out, nor were there any formalised agreements in place with Collaboratives and their fundholding schools to acknowledge responsibility and management of the funding.</p> <p>Management has already significantly improved these arrangements and put in place several actions, the most significant being the completion of the financial reconciliations.</p>

## APPENDIX B

### Outstanding Major Recommendations

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
<b>Adults and Communities</b>						
Over-payment Review of Direct Payments	<p>Money management companies are used as a payment method 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 mismanagement	Contracts will be considered and put into place for all companies that are managing service users' personal budgets on their behalf.	31/10/16	31/12/17	A contract waiver is in place until February 2018 to allow this situation to be addressed, either as a stand-alone tender or as part of a wider package of services



## Learning and Opportunities: CYP

Aiming High	<p>Operationally, there is an informal 13 week timeline guide for the service which runs from the receipt of a valid referral to the start of service provision.</p> <p>These targets have not been formally adopted and as such, there is no monitoring of performance against them.</p>	Inefficiencies within service delivery may not be identified.	SMART operational performance targets or standards covering all key processes should be formally adopted.	09/11/2016	24/04/2017	Although some monitoring reports have now been produced, their use has not been fully established or embedded. Work continues to develop further reports and targets. There is now evidence of progress being made which is having a positive impact on the financial projections.
Aiming High	<p>The Aiming High budget has been overspent for a number of years.</p> <p>It is for Aiming High to prioritise where they incur expenditure and identify efficiency savings to offset expected overspends.</p>	Budget overspending may continue.	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.	30/11/2016	31/07/17	<p>A Task Group was formed in 2016 and produced an action plan that should help to reduce the budget overspend.</p> <p>An overspend is currently forecast for 2017/18, although there is evidence of better management of cases and monitoring of their costs and the position is improving.</p>

## Finance and Corporate Services

Public Sector Equality Duty	<p>The equalities agenda has been led by the Equality and Inclusion Steering Group. However review of minutes of meetings demonstrated inconsistent attendance. The lack of clear evidence of engagement by senior management across directorates indicates that more needs to be done to drive the equalities agenda from the top.</p> <p>Under half of the planned actions set out in the Year 2 (2015-16) Action plan had been achieved by the end of March 2016.</p>	Failure to achieve tangible outcomes for the community in eliminating unlawful discrimination and harassment, fostering good community relations and demonstrating/promoting equality of opportunity	Ensure there is representation from suitably senior managers from across the Council on the Equalities and Inclusion Steering Group. And that active participation is monitored in driving the equalities and inclusion agenda forward.	31/03/2017	30/09/2017	<p>The whole approach to Equality, Diversity and Inclusion (EDI) has been reviewed with the new board (Corporate Equalities, Diversity and Inclusion Board), senior members and officer champions, which is aimed at embedding the newly developed EDI Framework throughout the Authority.</p> <p>A significant amount of background work has been completed and it is planned the new approach will be launched alongside the Corporate Plan in September 2017.</p>
Public Sector Equality Duty	As above.	As above.	Review the roles, responsibilities and constitution of the Equalities and Inclusion Steering Group	31/03/2017	30/09/2017	As above

Core Financial Processes – Debtors	Recommendations were raised in the previous 3 annual audits between 13/14 and 15/16 regarding the lack of available monitoring reports, no performance statistics being provided to Managers and no KPI's being produced and published. The arrangements for monitoring performance – particularly collection rates – are not yet well enough developed to provide assurance over the effectiveness of system performance.	Unable to determine whether the council have good or bad collection rates with regards to debts.  Without gathering meaningful performance information it is not possible to assess how well the accounts receivable arrangements are working.	Develop highlight reports for senior managers – including at director level. And report KPIs on arrears and collection rates on covalent Highlight reports to include key performance information including KPIs	31/08/2017	31/08/2017	<p><b>On Track</b> A report has been developed including targets and presented to the Assistant Director of Finance and feedback has been received.</p> <p>There is still an outstanding development re collection rates for Accounts Receivable which is in progress with Financial Systems/ICT.</p> <p>June 2017 figures are being collated and then the Quarter 1 report will be produced and go out to directorates.</p>
Core Financial Processes – Debtors	As above.	As above.	Meaningful targets to be set for KPIs (including collection rates and aged debt) following a robust process informed by benchmarking. Approval of targets by the Chief	31/08/2017	31/08/2017	As above

			<p>Financial Officer.</p> <p>Continue to develop arrangements to monitor KPIs – in particular meaningful monitoring of debt collection rates (amount of debt collected within 90 days).</p>			
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## APPENDIX C

### Internal Audit – Quality Assurance Improvement Plan

Ref	Issue	Agreed Action	Lead Officer	Deadline	Position at July 2017
<b>Actions Emanating from the UKPSIAS Self-Assessment 2016 and Customer Survey 2016</b>					
<b>1</b>	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><b>Completed:</b> Immediate team development priorities identified and scheduled.</p> <p><b>Completed:</b> A full skills audit has been completed and used to inform completion of 2017 PDRs</p>
<b>2</b>	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	<b>Completed.</b> 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	<b>Completed;</b> 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	<b>Ongoing;</b> Preliminary Research underway, and pilot areas identified to develop the process internally.
<b>Actions Emanating from the External Peer Review 2017</b>					
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	<b>Completed:</b> 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	Colin Earl	From 6 April 2017	<b>Completed;</b> 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 delivering complex work, the service can continue to meet future requirements.	Colin Earl	31 December 2017	<b>Ongoing:</b> A formal assessment of service needs will be completed during 2017/18, to inform the internal audit service provision from 2018/19.
<b>9</b>	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	<b>Completed;</b> 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.
<b>10</b>	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	<b>Ongoing:</b> Scheduled for completion
<b>11</b>	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	<b>Completed:</b> Consolidated Action Plan produced and appended to the 2017/18 Audit Plan