APPENDIX 1

DONCASTER MBC
INTERNAL AUDIT REPORT: SEPTEMBER TO DECEMBER 2013

Introduction

The internal audit report is in four sections;

Section 1: Planned audit work

Section 2: Unplanned responsive work carried out in period

Section 3: Progress on the implementation of audit recommendations

Section 4: Performance Information

Section 1: Planned Audit Work: Non-Schools

The table below lists planned audits (excluding schools) that were completed in the period, together with the audit opinions contained in the published reports.

Area Audited	Number of Rec'ns			Audit opinion
	Critical	Major	Significant or less	
Public Health Commissioning – Governance Arrangements				Substantial Assurance
Protecting Confidential Information – Colonnades ICT Review				Substantial Assurance
Local Financial Transaction Processing - Registrars			11	Partial Assurance
Local Financial Transaction Processing – Oldfield House			11	Partial Assurance
Local Financial Transaction Processing – Conisbrough Library			3	Substantial Assurance
Performance Management Frameworks 2013		11	3	Limited Assurance
Information/Manual Records Management Review		14	60	Limited Assurance
Commissioning and Contracts – Infrastructure Support Contract			7	Partial Assurance
Mobile Devices Risk Assessment				Limited Assurance
Ethnic Minority & Traveller Service Data Protection Review			3	Partial Assurance
Education and Social Care Transport Data Protection Review			3	Substantial Assurance
Civic Building Computers Data Protection Review				Partial Assurance

During the period all recommendations made were agreed by clients. A full list of the major recommendations is included in **Appendix 1**.

We give **limited assurance** where the Council is exposed to major risks, **partial assurance** where the Council is exposed to significant risks and **substantial assurance** opinion where the Council is exposed to less significant risks. Weaknesses / risks in the areas where we gave limited assurance were as follows:

Performance Management Framework

The Performance Management Framework is in need of a full review and it needs to be re-launched to ensure there is full buy-in and commitment to it throughout DMBC.

The Performance Management Framework currently only effectively manages progress against the Corporate Plan. Any under-performance in relation to important strategic objectives or statutory duties not included in the corporate plan may not be identified and rectified, resulting in a risk of these objectives not being met.

The current Performance Management Framework acts as a reporting hierarchy but has limited real effect on addressing under-performance, as improvement actions are not always formulated, recorded and subsequently monitored.

There is evidence that the Performance Management Framework is not fully complied with and buy-in to the process, training and procedural guidance is limited. Non-compliance with the Framework increases the risk of underperformance not being identified and addressed and subsequently could mean Strategic Objectives are not achieved.

Information / Manual Records Management Review

An audit of the Council's progress being made against the actions contained in the ICO report issued to the Council in February 2013 showed that more work was required to get the Council to the required standard to be able to manage our records in accordance with the Data Protection Act.

The key weaknesses were:-

- Data Ownership and Responsibilities across all services and all levels were not clear
- Copley House and buildings in Balby where records are held were not entirely fit for purpose
- Work was underway to implement the ICO recommendations and ultimately adhere to the Data Protection Act however, at the time of the audit, the Council still had more work to do to ensure its compliance
- A longer term facility / solution for records storage is needed. A report with options has subsequently been produced on this issue.

Further details of progress in implementing the ICO recommendations are covered in a separate Audit Committee report.

Grant Claim Verification/ Data Quality

The following grant claim verification / data quality work has been completed in the period:

- Troubled Families Grant
- Bus Services Operators Fuel Grant (Second claim)

A significant amount of audit time has been spent in these areas in validating the data for the claims due to poor data quality. This work however did result in additional grant payments being made to the Council of over £70,000.

Financial Transaction Processing

The following financial transaction processing work was completed in the period:

- Invoice payments
- Employee payments

There were no significant weaknesses found in relation to these processes.

Planned Audit Work: Schools

The following school audits were completed in the period;

- Barnburgh Primary School follow up audit – This report raised concerns over the School's governance arrangements, specifically over recruitment and voluntary fund arrangements. Controls have now been strengthened in these areas.
- Rossington St Michaels Church of England Primary School audit – No major or critical issues were raised as part of this audit.

Education Governance Framework

A piece of work has been completed regarding the Education Governance Framework. The work has now been taken up by management within CYPS for future development of the service and as assistance to schools and their Governors.

School Meals Income

A review of school meal income generated by Doncaster Schools Catering has been completed in the period. Income is collected from parents by the schools and passed over to the Service, which generates £4.2m income and has arrears of around £20,000. The Catering Service stands any losses relating to uncollected amounts; not the schools.

The audit found that it was not certain that the Service was identifying and accounting for all of the income it is entitled to. There is no reconciliation carried out to ensure that the information from schools is accurate or that the number of meals produced reconciles to income received. Collating and monitoring this information would highlight any issues with income collection at schools or training establishments, and would better ensure that the Authority receives the correct level of income for the meals produced.

The audit recommended Doncaster Schools Catering should look to charge schools directly for the full number of meals provided, thereby removing any liability on Doncaster Council for dinner monies not collected by schools.

In any event, robust recovery arrangements either by the Catering Service or schools could help to reduce the level of arrears, by changing parents' perception of the Authority's attitude towards debt recovery.

Other Schools Based Work

Internal Audit has also:

- Provided assistance to the Governors Support Service regarding the Spring Term Governing Body Agenda.
- Provided ongoing support and advice throughout the Education and Standards Service as required.

Section 2: Responsive work carried out in the period

The following responsive work has been completed in the period;

- Investigation into potential fraudulent invoices relating to provision of services to schools
- A benefits fraud prosecution case involving a Council employee
- Investigation into claims of potential fraud by a former social worker
- Employee fuel theft allegations – Two separate investigations in two service areas
- Review of apparent bursary fund anomalies at one school
- Review of the decision making process and contract award for a school extension
- Investigation into potential internet abuse in the Adults and Communities Directorate (two separate queries)
- Reviewing processes for appointing, monitoring and paying the building contractors undertaking Housing Adaptations work
- Review of stock taking and financial administration at the Vibe Café (Civic Office) and the Garden Restaurant at the Mary Woollett Centre
- Responding to a management request for a review of the financial administration and collection of rents and service charges collected from the residents in homeless accommodation and poor management information relating to debt and arrears levels
- Reviewing and assisting CYPS' response to the fostering inspection

Advice

The following advice work has been completed in the period;

- Advice and support given to Adult Services on the calculation and setting of charges to day care users for transport to their day care establishments
- Assisting the Council to establish robust controls and contract management arrangements relating to the creation of an Innovation Fund for third-sector funding support
- Budget Implications and Controls relating to Adoptions and Related Allowances

Section 3: Progress on the implementation of audit recommendations

Since the last progress report, previous outstanding major risk recommendations relating to Gypsy and Traveller Rents and the Commensura Agency Contract have been sufficiently addressed and have, therefore, been removed from this section of our report.

The position on outstanding critical and major recommendations is detailed in the table below:

Section 117 After Care (Payments re Mental Health Care, Adults and Communities)	
Exposure	**Current Position**
Potential insufficient provision to cover required refunds Reputational damage to the Authority on the delay in this work being completed.	The list of service users potentially entitled to refund has been refined and reviewed – additional information received from Financial Assessments has removed some people off the list because historical refunds have been confirmed. Some further people have been added onto the list as a result of further work. Additional resources have now been provided to make speedier progress with the backlog. **Original Implementation date:** 30/06/2013 **Revised implementation date**: 31/03/2014
External Home Care Services Contracts	
Exposure	**Current Position**
The incorrect minutes could be paid for compared to the actual care that has been provided.	There is now a domiciliary care debt team made up of six people working on the reconciliation of invoices, dating back to 2009 when the system was implemented. In addition to this there are two members of staff working on current invoices. The backlog is expected to be cleared by 31 March 2014. **Original Implementation date:** 30/06/2013 **Revised implementation date:** 31/03/2014
Adults – Safeguarding Adults Personal Assets	
Exposure	**Current Position**
Risk of theft and accusation of theft of valuables / monies Unable to trace possessions due to weak controls and records.	Management has immediately implemented stronger controls significantly reducing the risks. The value of cash payments will be decreased through using other payment methods e.g. prepayment cards which are being phased in imminently.

	Regular, routine management checks over service users property will be implemented to ensure sound controls are operating including spot checks. **Original Implementation date:** 31/05/2013 **Revised implementation dates**: 31/03/2014 (alternate payment methods) 31/03/2014 (management checks)
There may be incomplete and inaccurate records due to the complexity of the current filing and information management systems.	Management is currently in the process of procuring a case management system that will hold and organise all information requirements. This process is well underway with the contract due to be awarded and implemented for live work at the beginning of the new financial year. **Original Implementation date:** 31/12/2013 **Revised implementation date**: 04/04/2014
Payroll Account Reconciliations	
Exposure	**Current Position**
The supporting documentation for the balancing of salaries and the subsequent balancing to the Bank Account are not up to date.	Significant work has been completed. A huge amount of work is drawing towards completion and it is anticipated will be completed by the end of the financial year. **Original Implementation date:** 2009/10 **Revised implementation date:** 30/06/2014 (payroll reconciliations) 31/03/2014 (bank account reconciliations)
Local Transaction Processing	
Exposure	**Current position**
Misleading budget monitoring information as a result of budgets not being updated to reflect agreed changes.	With the introduction of the proposed ERP replacement system, there will be more opportunity for dynamically adjusting budgets to take account of changes and events. The agreed action date has been amended to reflect the ERP system implementation date. **Original Implementation date:** 31/03/2013 **Revised implementation date**: 30/09/2014

Payroll Processing	
Exposure	**Current position**
Unsuitable / Ill-defined relationships and responsibilities leading to disputes and potential losses / costs.	The completion of a service level agreement is almost complete, including issues raised relating to: • Debtor accounts • Client officer role • Roles and responsibilities • Performance monitoring • Performance management • Document management A draft is being discussed with Rotherham MBC and is expected to be agreed and signed by 31 January 2014 **Original Implementation date:** 30/09/2013 **Revised implementation date**: 31/01/2014
Partnerships Governance	
Exposure	**Current position**
Members or officers may act outside their powers committing the Council to the use of its resources and finances.	Reminders and guidance have been sent to officers involved in partnerships, but there is no formal partnerships' governance framework that would include proper process in place as yet. **Original Implementation date:** 31/03/2012 **Revised implementation date**: 31/03/2014
Housing Adaptations	
Exposure	**Current position**
Funding may be given from public grants unnecessarily where Council tenants are able to afford their own adaptations.	Enquiries are being made of other authorities which means test their tenants, to assess the financial and other implications and a recommendation will then be made regarding adoption. **Original Implementation date:** 30/10/2013 **Revised implementation date**: 31/03/2014
Inappropriate involvement in decision making and inappropriate decisions affecting by a lack of records relating to personal and prejudicial interests.	There are over 1,400 declarations of interest forms to record. Dedicated resource has been made available to clear the backlog, with around 50% recorded to date. **Original Implementation date:** 30/10/2013 **Revised implementation date**: 31/03/2014

Section 4: Performance Information

Audit Resources:

The Audit Plan presented to the Audit Committee in April 2013 identified the time available for internal audit during the year, the expected number of chargeable audit days and the expected usage of available time.

The following table shows the original full year budget, profile for the period April to 31December 2013 and actual achieved to date:

	Budget	Profile days 31/12/2013	Actual days 31/12/2013	Variance
Gross Days: (52 x 5 x 11.90 FTE) =	3,096	2,322	2,282	-40
Less – annual and statutory leave	-496	-372	-401	-29
Less – maternity leave	-0	-0	-1	-1
Less – Special Granted Leave / Bereavement	-6	-6	-28	-22
Less – Unpaid Leave	-15	-15	-23	-8
Less – Election Leave	-10	-10	-6	4
Available days	**2,569**	**1,919**	**1,823**	**-96**
Less :-				
Sickness (assumes 6 days per FTE)	-80	-60	-191	-131
Service Development	-30	-22	-25	-3
Professional Training and CPD	-143	-107	-93	14
Management and supervision	-192	-144	-177	-33
Administration and support	-29	-22	-42	-20
Total deductions	**-474**	**-355**	**-568**	**-173**
Audit days available for 2013/14	**2,095**	**1,564**	**1,295**	**-269**
Audit Time Charged:				
Planned audit	1,826	1,361	1,181	-180
Responsive audit	269	203	114	-89
Actual Audit Time Charged	**2,095**	**1,564**	**1,295**	**-269**

Sickness levels are considerably higher than anticipated due to long term unforeseen and genuine health problems. Resources available are also being reduced by the voluntary severance of one member of staff (who left in October) and the loss of another member of staff who commences on maternity leave from March 2014. The Section 151 Officer (The

Director of Finance and Corporate Services) has approved the appointment of a temporary replacement to cover maternity absence, which will better enable to Service to achieve its main targets for the year.

Increased management and administration time has occurred due to re-location into a new office base, documentation management actions, the management of absences and the recruitment of temporary staff.

The full impact of this lost productive time has not all been at the expense of our planned audit work. This is because a lower than expected time has been spent on responsive work. While we continue to receive a steady stream of requests for assistance, during this period there have been no significant investigations carried out by Internal Audit.

Performance Indicators

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 1 April 2013 to 31 December 2013.

Performance Indicator	**Target**	**1 April to 31 Dec 2013**	**Variance**
Percentage of planned audit work completed	75%	72%	-3%
Draft reports issued within 15 days of field work being completed	90%	87%	-3%
% of critical or major recommendations agreed	100%	100%	0
Cost per Chargeable Day	£326	£333	£7
Percentage of Customer Satisfaction Surveys rated Satisfactory or above	90%	100%	10%

Despite the large reduction in available audit time due to the sickness and other factors, the team has managed to successfully maintain progress in delivery of the audit plan to 72% of the plan delivered against target of 75%.

Results relating to major recommendations and customer satisfaction remain extremely positive.

Three reports were issued late in the period; one due to leave, two due to further work being needed after supervisor review.

Cost per chargeable day – the impact of the sickness experienced within the team has significantly reduced the number of chargeable days which has consequently increased the cost of the chargeable day.

APPENDIX 1

SCHEDULE OF MAJOR AGREED MANAGEMENT ACTIONS IN THE PERIOD

Performance Management Framework Audit	
Area	**Action**
Inclusion of all objectives / priorities - Framework	The Performance Management Framework will be expanded to make it clear where Directorate Plan priorities (including all Central Government PI's and returns) sit within the framework. A paper will be produced to set out the current position with Service Planning and identify improvement measures. This will be presented to the relevant strategic group/board.
Inclusion of all objectives / priorities - Covalent	The Performance Management Framework will be expanded to ensure Directorate Plans are recorded on Covalent and monitored through internal Directorate challenge processes.
Council Plan / Directorate Plan - priorities	The Council Plan will include only key strategic priorities. All other priorities to sit in Directorate or Service Plans.
Improvement Actions - responsibility	The Performance Management Framework statements in respect of responsibilities and communication will be refreshed and reiterated to all concerned. The process will subsequently be monitored to ensure that all individuals properly undertake their responsibilities.
Improvement Actions - formulation and evidencing	Actions to address under performance will be discussed, agreed and recorded/reported. Executive Board reports will include a recommendation to "agree the actions to improve performance".
Annual performance report	In compliance with the Performance Management Framework, an annual report will be produced and published within a specified timescale.
Performance Indicators - guidance	Guidance will be included in the Performance Management Framework in respect of when, why and how PI's should be used and how they should be monitored and performance against reported.
Performance Indicators - review and monitoring	The PI's recorded on Covalent will be reviewed and streamlined or deleted. Subsequently the creation of PI's on Covalent will be restricted to key central staff.
Performance Management Framework- Awareness and training	All relevant officers should receive training or refresher training in relation to performance management and the overall Performance Management Framework and associated processes.
Performance Management Framework review	The Performance Management Framework will undergo a complete overhaul to make it more useful to all levels of officer. This will be informed by opinions of all levels of officers involved in the process as to how to make the process more meaningful as well as comparison with other organisations' Performance Management Frameworks on the Internet. Additionally the points raised within Appendix B will also be considered. A Plan will be formulated in order to obtain the optimum buy in to the Performance Management Framework and the whole Framework will be relaunched in conjunction with the revamp and relaunch of Covalent. Operational procedural guidance will be produced to describe and support all elements of the performance management process.
Data Quality Strategy	The Data Quality Strategy will be agreed and implemented straight away.

Information / Manual Records Management	
Area	**Action**
Information Asset Owners Role and Training	Information Asset Owners have been informed of their role and are in the process of receiving appropriate training.
Business System Owners and Information Asset Administrators Identified	The need for Business System Owners and Information Asset Administrators to be in place will be highlighted within the Information Asset Owner training. Staff will be nominated and supported by Information Asset Owners along with key members of staff in their service areas.
Long term plan	This is to be considered as part of the Council's long term records management storage. A report was presented to the Chief Executive and Directors on the 29th October 2013 relating to the long term future council facility for all records storage. A relevant decision will be made and implemented
Long term plans Balby Archives	Long term plans for Balby archives and records management will be considered, approved and progressed in conjunction with the longer term plans for records held by BSS and the use of Copley House . A relevant decision will be made and implemented.
Clear vision and direction	A clear vision and direction for Records Management across the Council will be given higher priority to meet the ICO recommendations and to ensure staff can be proactive rather than reactive in managing records as part of the long term future council facility for all records storage.
Action plan produced, coordinated and moved forward	A report was presented to the Chief Executive and Directors on the 29th October 2013 relating to the long term future council facility for all records storage. Following on from the report relating to the long term future council facility for all records storage, an action plan will be produced and coordinated to move forward the required changes by the required dates and to monitor progress.
Long term plan established, approved and communicated	Management will keep records management staff up to date on the services progress and future plans. The long term plan for storage of records once established and approved will be communicated to staff.
BSS contract	The contractual position with BSS will be identified and terminated.
BSS disposal of records	Arrangements will be made to dispose of records held by BSS in accordance with appropriate retention guidelines. Formal disposal certificates should be sought for all destroyed archive material.
Transfer of records BSS to Copley House	A plan to manage the transfer of records from BSS to the Councils longer term records storage solution should be established.
BSS Relationship	The relationship with BSS staff needs to be managed whilst the contract is terminated and records are retrieved.
Balby records past destruction date disposed of	Records held at Balby will be examined and any that have passed their destruction date will be disposed of in accordance with the councils policies and procedures.
Records required	Records Management staff will start to look at the records held in Balby and Thorne BSS as a matter of urgency to establish the amount of records that are to be stored legitimately to assist with ascertaining the long term storage requirements for the Council.
Long term arrangements	A clear vision and direction for Records Management across the Council will be given higher priority to meet the ICO recommendations and to ensure staff can be proactive rather than reactive in managing records.