

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

DONCASTER COUNCIL GOVERNANCE PLAN

EXECUTIVE SUMMARY

1. In the interests of good council management a specific Governance Plan has been produced. The Governance Plan combines the various actions and initiatives that are being undertaken to improve the Council and increase its ability to meet the specific and varied challenges.
2. The Governance Plan has been incorporated into the Council's Corporate Plan in order to improve the efficiency and effectiveness of managing performance and assessing progress. It is reported on a quarterly basis in line with other corporate priorities.
3. Since the last Audit Committee meeting the following recommendation(s) has been implemented: None

Governance Plan 2014

4. The Governance Plan for 2014 includes:
 - a) 2013 Governance Plan activities, shown at paragraph 16 of the report, that are causing particular concern;
 - b) 2013 Governance Plan incomplete activities contained within Appendix 1 of the report;
 - c) The four recommendations arising from the Annual Audit Letter 2012/13:
 - i. The authority should commission a full independent review of the Digital Region project to identify the lessons that should be learned. The review should be carried out as soon as possible and jointly with other stakeholders;
 - ii. The authority should ensure it has appropriate arrangements in place to manage the closure of Digital Region Limited and to minimize the financial impact on the authority;
 - iii. The authority should ensure that it develops savings plans to meet the full budget gap of £109m identified for financial years up to 2016/17; and
 - iv. Ensure that quality assurance procedures linked to the production of the financial statements are sufficiently resourced to enable timely delivery; and
 - d) Any relevant updates on the Governance Strategy Action Plan.
5. In accordance with the request from Audit Committee on 28 September 2012, the Governance Group will continue to receive an update on all Governance Plan activities, and the Audit Committee will receive an update on an exception basis of those recommendations not yet completed. At its meeting held on 22 November 2013, the Audit Committee requested that

future iterations of the Governance Plan include additional section information highlighting the risks involved.

6. Paragraph 16 below provides an update on the activities that are causing particular concern. **Appendix 1** includes an update on the Governance Plan activities that are not yet completed. An update on the external recommendations that need to be monitored corporately will be provided separately by Internal Audit.

RECOMMENDATION

7. **Members are asked to note and comment on the progress made in relation to the activities and progress in taking forward the Governance Plan for 2014.**

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

8. Effective monitoring of corporate governance arrangements adds value to the Council in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough.

BACKGROUND

The Corporate Plan

9. The Corporate Plan combines and co-ordinates all the objectives and outcomes the Council needs to deliver during the year. This includes the activities undertaken by Directorates that contribute to the Borough Strategy, including the Partnership Stock Take outcomes, and deliver The Mayor's priorities; together with actions required to ensure that the Council improves and is governed effectively. The Council's Corporate Plan for 2014-17 was agreed at Full Council on 13th June 2014.

The Governance Group

10. The Governance Group was established by the Director of Corporate Services and Finance to promote and ensure good Governance practices across the Council.

Annual Governance Report

11. The Director of Finance and Corporate Services in his role as the Council's responsible financial officer approves the draft Statement of Accounts. The Accounts are presented to the Audit Committee.
12. Following approval of the Statement of Accounts an audit commences that includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes and assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

Value for Money Conclusion

13. Our external auditor, KPMG, has to reach a conclusion on the arrangements the Council has put in place to secure economy, efficiency and effectiveness in its use of resources. This is known as the 'value for money conclusion'. The report considers the arrangements that have been put in place to secure economy, efficiency and effectiveness in the way resources are used.
14. The Value for Money Conclusion 2012/13 concluded that the Council had reached the necessary standards for the KPMG to issue an "unqualified value for money conclusion".

Annual Audit Letter

15. The Annual Audit Letter 2012/13 provides a summary of the key findings from KPMG's 2012/13 audit of the authority. It covers the audit of the authority's 2012/13 financial statements and the 2012/13 Value for Money Conclusion.

EXCEPTION REPORT FOR ACTIVITIES THAT ARE A CAUSE FOR CONCERN

16. The Governance Group has noted that the following activities are currently causing particular concern: None

IMPACT ON THE COUNCIL'S KEY PRIORITIES

17. The delivery of activities contained within the Governance Plan 2014 will help to ensure local people get value for money from council services – Corporate Plan objective 5 and contribute to achieving the Council's internal transformation objectives contained within Corporate Plan objective 6 'We will provide strong leadership and governance'.

Priority	Implications
We will deliver modern value for money services.	Monitoring of governance arrangements adds value to the organisation through a systematic, disciplined approach to evaluate and improve the effectiveness of the Council's Services
We will provide strong leadership and governance, working in partnership.	The work undertaken to monitor our governance arrangements improves and strengthens governance arrangements within the Council and its partners.

RISKS AND ASSUMPTIONS

18. The most significant risk is that the current improvement is not sustained and the performance of the Council deteriorates as a result, causing further

reputation damage. The impact of this is assessed as critical, but at this stage it is unlikely to happen. Nevertheless, the risk must be robustly managed.

LEGAL IMPLICATIONS

19. Any specific implications will be reported separately and in the context of any initiative proposed to be taken.

FINANCIAL IMPLICATIONS

20. There are no specific financial implications arising from this report; however, any costs incurred in the delivery of the Governance Plan must be contained within approved revenue and capital budgets. Where specific initiatives arise in response to the contents of the report, which necessitate the incurring costs, these will be reported separately.

EQUALITY IMPLICATIONS

21. 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 Governance Plan and as a result a Due Regard statement has not been completed for this process.

CONSULTATION

22. Consultation has taken place with the Chief Executive, Directorate Management Teams, Recovery Board, Overview and Scrutiny Management Committee, The Mayor and Cabinet during the development of the Corporate Plan 2014. The Governance Plan 2014 has been developed in consultation with the Governance Group.

This report has significant implications in terms of the following:

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

BACKGROUND PAPERS

The Council's Corporate Plan 2014-17
Annual Audit Letter 2012/13

REPORT AUTHOR & CONTRIBUTORS

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Doncaster Council Governance Plan 2014

ACTIVITIES IN PROGRESS

R1	Strand		Responsible Assistant Director
R1.1	Proposed activity to deliver the recommendation (Original recommendation reference number)	Target Completion Date	Completed (Date)

R1	Partnership Risks Managed		Steve Mawson
R1.1	Improve partnership risk arrangements	31/03/13	
	Update September 2014. Partnership Improvement Plan agreed at the last meeting of Team Doncaster Strategic Partnership including recommendations for improvements to Governance and Accountability. The Partnerships Team held a workshop with Overview & Scrutiny Management Committee on the 12 th August 2014, addressing Governance, Communications and the spirit and principles of the Partnership Charter/ Refreshed Borough Strategy. In addition, the Councils Governance Board will be considering a detailed report at its meeting on the 10 th September 2014, titled 'The Partnership Risk Strategy & Guidance', the document once endorsed will form part of the DMBC Policies on the Intranet and will also include a formal training session for both Members and Officers.	August 2014	

Risks

DMBC policies and procedures are not robust enough to protect individuals from exposing the Council to risk at a partnership meeting

Risk Profile: 9x3=27 - DMBC Partnership Team, Legal and Finance Officers continually review the effectiveness of our policies ensuring the Authority is protected in the unlikely event a policy is breached.

The Council fails to maintain an accurate and reflective list of both Officers and Members who sit on Partnerships/ Boards.

Risk Profile 3x1=3 - The Partnership team maintains an accurate record of members and officers currently in situ on Partnerships and Boards, this will be routinely monitored and communicated via the implementation of new communication medias to be rolled out during April 2014.

R2 Internal Audit Issues Addressed		Colin Earl	
R2.1	Performance manage critical audit actions		
	% of agreed critical, major and significant audit recommendations implemented on time	On-going	
	<p>Update September 2014</p> <p>Of the 18 critical/major recommendations due for completion in Q1 6 have been achieved. In Adult Services, 1 out of 5 recommendations were implemented, with outstanding recommendations relating to refunding the cost of mental health services incorrectly charged for and establishing arrangements for the procurement and checking of the provision of social care by external providers. Good progress is being made in dealing with retrospective refunds and new social care procurement arrangements are expected to be implemented this calendar year. The remaining recommendations were in Finance and Corporate Services. 5 out of 13 agreed actions that were due for completion in Q1 have been implemented. Plans are in place to deliver the remaining actions which relate to payroll, data management and performance management.</p>		
Risks			
<p>If the required recommendation are not delivered within the agreed timescale there is a risk that there may be a negative impact on service delivery which may impact on the Council reputation.</p> <p>Risk Profile 4x3=12 - The reviewing and monitoring of all critical and major audit recommendations is embedded into the Corporate Performance Management Framework. There is a corporate governance indicator assigned to each Directorate that highlights compliance to all critical and major audit recommendations, and these are challenge as part of the quarterly challenge process.</p>			

R3 Data Protection Incidents Minimised		Simon Wiles	
R3.1	Improved data protection arrangements	Ongoing	
	<p>Update September 2014</p> <p>All of the actions from the ICO audit that can be completed, have been completed and the remaining actions are in progress and are on-going actions. This situation will not change. Information Governance training continues to be reported to the SIRO board and Directors are informed of training that requires completing.</p>		

	<p>A further training session for Councillors will be delivered on the 17th September to ensure they are aware of their responsibilities relating to their role and the Data Protection Act.</p> <p>The Councils submission date for PSN is 7th November. We are currently progressing this year's submission and have completed the independent penetration testing.</p> <p>This year the new Childrens Trust will also need to complete a submission. We are working closely with the Trust to ensure that this process is completed in time and to ensure that the correct information governance processes are in place in line with the Councils.</p> <p>The Customer Information Team and ICT continue to improve the Councils position in respect of minimising Data Protection risks and enforcing information governance.</p>		
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Risks			
Breaches in Data Protection			
<p>Risk Profile 3 x 3 = 9 - Many measures taken by the Customer Information Team and ICT council-wide to minimise incidents including, training, continuous engagement, reports of breaches to the SIRO Board, Information Governance Board and the Council, identifying hotspots for increased engagement, using other departments to identify areas of concern.</p>			

R5	Annual Governance Report Recommendations Implemented (R6-7)	Jill Parker	
R5	The Council should vigorously pursue recovery of payroll overpayments wherever possible, and should write-off amounts where recovery is not possible (R6)		
	<p>Update September 2014 An annual update report was considered by Audit Committee on 17 July 2014 which detailed the position as at the end of the 2013/14 financial year. The overall balance of overpayments has reduced to £392,425, an overall reduction of 20%. A total of £149,486 has been written off during 2013/14. Although a further 543 cases occurred during 2013/14 this only equated to 0.14% of the total payroll payments made during the year, £234,750 of the new debt has already been recovered and the instances of errors, which may result in an overpayment, are continuing to reduce.</p>	31 March 2015	
	Risks		
	<p>September 2014 Risk Title Management of payroll overpayments</p>		

<p>Failure to prevent and recover overpayments will have a negative impact on resources available to the Council for the delivery of services.</p> <p>Risk Profile [Impact Score x Likelihood Score = Total Score] 3x2=6</p> <p>Mitigating Action The regular reviewing and monitoring of all overpayment occurrences both new and those progressing through the system. Actions have been taken to reduce the likelihood of errors and minimise the impact where they do occur and these are challenged as part of the quarterly challenge process.</p>	
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R6	The Council should closely monitor progress in making the required improvements in Children's Services and Housing Services (R14)	Mark Gurrey/Scott Cardwell	
Housing Services			
R6.1	Identify any major internal governance risks or capacity to deliver issues with regard to delivery of the improvements and the service in general as part of the Council's quarterly performance management framework (R14.2)	Review quarterly during 2012/13	
	Update March 2014: On-going work across the two services continues. A meeting to look specifically at the joint working protocol is scheduled in for early March. This will be to specifically look at the Local Government Ombudsman's final decision our 'Joint Protocol for Young People Aged 16 – 17 Years in Housing Need'. We are currently reviewing the terms and condition of the joint CYPS and strategy group and are working on anew action plan to reflect the changes across services.	On-going	
Risks			
Impact on service delivery across the two services areas			
Risk Profile 3 x 3 = 9 - To ensure that the two services continue to develop an action plan that responds to the future development of the service			
Children's Services			
R6.2	New CYPS Improvement Plan 2012-13 to be agreed at the Doncaster Children's Board	1 April 2012 -	

	scheduled for 30 March 2012 (R28.5)	30 March 2013	
		On-going	
	Update September 2014 iMPower have now left Doncaster and we reviewed the improvement plan as part of their ending. Those tasks which are not yet complete will be rolled forward into a new transition plan being agreed with the Trust who will be assuming responsibility for the delivery of most of the tasks identified.		

Risks

Update March 2014 Failure to safeguard vulnerable children and to ensure sustainable children's services Risk Profile 5 x 3 = 15 - Considerable resource has been committed to improving front-line responses, management oversight is more robust. All the performance data indicates improved risk management and more consistent conversion rates throughout the system. There is a refreshed improvement plan in place being delivered in partnership with the Council's Improvement Partner.
Update September 2014 Failure to safeguard vulnerable children and to ensure sustainable children's services Risk Profile 5 x 3 = 15 - Considerable resource has been committed to improving front-line responses, management oversight is more robust. All the performance data indicates improved risk management and more consistent conversion rates throughout the system. Case file audits show improved practice. New Improvement Plan being constructed with the Trust as above.

R7-10 Annual Audit Letter 2012/13 Recommendations		Jo Miller	
R7	Digital Region Limited. The Authority should commission a full independent review of the Digital Region project to identify the lessons that should be learned. The review should be carried out as soon as possible and jointly with other stakeholders (New)	On-going	
	Update March 2014 A review has been jointly commissioned from KPMG by the 4 South Yorkshire authorities. KPMG's report is expected imminently		
	Update September 2014 The four South Yorkshire authorities have now received the KPMG report 'Independent Review of South Yorkshire Digital Region Project' Key lessons to learn relate to the business case; governance arrangements, information flows and decision making, risk management,		

	and procurement arrangements and availability of specialist advice.		
Risks			
Whilst there are no key risks associated with commissioning the report itself, it is important that that the key lessons identified with in the report are considered and that any lessons are learnt to ensure that a similar set of circumstances do not arise in the future			

R8	Digital Region Limited. The Authority should ensure it has appropriate arrangements in place to manage the closure of Digital Region Limited and to minimise the financial impact on the Authority (New)	On-going	Steve Mawson Andy Townsend
	Update September 2014 The arrangements in the above update remain in place and therefore information continues to be reviewed and challenged as necessary. Since March a number of risks have been removed and these include negotiations with former DRL customers to remove from the network and the level of clawback required for the ERDF grant. This has reduced the Council's estimated financial exposure to well within the approval limits, meaning lower levels of Prudential Borrowing will be required than originally estimated. This has allowed revenue budget to be released as less will be needed to fund the borrowing. The company has ceased trading and will be formally dissolved in 2015/16. The monitoring arrangements will remain in place until the company has been dissolved.		

Risks			
Digital Region Limited costs of closure exceed the provision			
<p>September 2014 Update</p> <p>Risk Profile 4 x 1 = 4 The significant risks and uncertainties, negotiation with former customers and the level of ERDF grant clawback for example, have been removed and has led to a lower estimated cost of closure figure. The risk has not been completely removed as the company has not been dissolved but it is thought very unlikely that the closure costs will exceed the provision.</p> <p>The original total cost of closure estimate was £87.6m, of which the Council is legally obliged to provide 8.57% or £7.6m. A provision was included in the accounts for that amount and remained in place at the end of 2013/14. The current estimated cost of closure is around £62.4m of which DMBC's share is an estimated £5.3m. This does not release any capital funding but means less borrowing needs to be used to fund the closure costs. Accounting entries allow the release of the £1.3m of revenue funding used to fund the original provision, meaning the estimated £5.3m will all be funded by borrowing.</p> <p>The Council's DRL finance lead liaises with counterparts from the other partners to review financial information provided by DRL to review and challenge were necessary. The information issued to the Board is also reviewed and queries sought at Board level. The Board has appointed PriceWaterhouseCoopers to review the information provided by DRL as an extra layer of scrutiny.</p>			

R9	Medium term financial planning. The Authority should ensure that it develops savings plans to meet the full budget gap of £109m identified for financial years up to 2016/17 (New)	2014-2017	Steve Mawson Dave Hill
	Update September 2014 Update September 2014 Savings proposals have been identified to meet the budget gap of £109m, which have been reviewed over many months; involving detailed discussions between both officers and members. The budget is balanced for 2014/15; although considerable proposals have been identified for future years a gap remains in 2015/16 of £12.0m and 2016/17 £4.2m. We are currently in the process of identifying savings proposals to cover the shortfall which will be finalised in the next few months. The savings will be delivered through a combination of major projects, minor projects, additional items and budget proposals already decided in the 2014/15 budget		

Risks

Update September 2014 Failure to meet the budget gap of £109m.

Risk Profile 3x2=6 - An Improvement team will be focussed on managing the projects to deliver the identified savings. Over the summer a review will be carried out of the budget gap followed by a report to Council.

R10	Preparation of the financial statements. Ensure that quality assurance procedures linked to the production of the financial statements are sufficiently resourced to enable timely delivery (New)		Steve Mawson Dave Hill
R10.1	Update September 2014 The 2013/14 Accounts are currently being audited and the feedback, so far, has been good. The Review Group will meet again after the Accounts are signed off and the group expanded to include Directorate Finance Manager's and Financial Systems staff with the aim of making further improvements to the 2014/15 Accounts. It is likely that within 3 years the statutory deadline for signing off the Accounts will be earlier. With this in mind, we are already preparing a timetable for next year to shorten the closedown process.	30 June 2015	

Risks

The Accounts are not prepared and signed off by the relevant date.

Risk Profile 3x2=6 - Good management of the closedown and preparation of the Final Accounts Statements and associated working papers

The Auditors are unable to get sufficient assurance that the accounts represent a true and fair view of the Council's and consequently qualify the Accounts.

Risk Profile 3x2=6 - Work closely with the auditors and ensure the working papers are complete and accurate.