

**DONCASTER MBC
INTERNAL AUDIT REPORT: SEPTEMBER TO DECEMBER 2014**

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 and reported in the period, together with the number of recommendations and the audit opinions contained in the published reports.

Area Audited	Number of Rec'ns			Audit opinion
	Critical	Major	Significant or less	
Public Health Commissioning - Commissioning and Contracts				Partial Assurance
VOIP Security			4	Substantial Assurance
Licencing Review			9	Partial Assurance
Advice and Consultancy - Occupational Therapy Service			12	Partial Assurance
Blue Badge Administration and Enforcement		1	18	Limited Assurance
Carbon Trading Scheme			2	Verification of CRC annual report
Data Matching - Payroll to Vehicle Tracker				Anti-Fraud/Data Matching work
Safeguarding Adults - Assisted Funeral Arrangements			3	Partial Assurance
Business Rates - NDR 3 Return				Claim Verification
Mary Woollett Centre Data Protection Review				Data Protection Review
Bus Services Operators Fuel Grant (2nd Claim)				Grant Claim Verification
Stronger Families Grant (October 2014 Claim)				Grant Claim Verification

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.

In the large majority of cases we gave either substantial or partial assurance and we have no concerns to draw to the Audit Committee's attention in these areas. During the period we gave one 'limited assurance' following our audit of the Blue Badge Administration and Enforcement system. Summary details in this area are provided below:

Blue Badge Administration and Enforcement

The National Fraud Authority estimated in 2011 that nationally around 20% of blue badges are fraudulently used. In Doncaster there are few reports of misuse received from the public and the Council detected no blue badge fraud in 2013/14. This compared to an average of 13 cases in northern Metropolitan Councils.

Our audit found the Council doesn't have an enforcement strategy for the blue badge scheme. Civil Enforcement Officers don't have access to records of lost, stolen or cancelled badges which would help them to identify mis-use while patrolling.

In February 2014, the Blue Badge and Customer Services Teams commenced using the new Lagan Customer Relationship Management (CRM) system to record evidence supporting blue badge applications. However, our audit found there have been instances of inaccurate badges being produced; badges sent to the wrong addresses and delayed issue of badges. These issues were being logged and discussed between the Blue Badge Team and Customer Services but at the time of the audit had still to be resolved. Audit testing also found that there was insufficient evidence that robust ID checks had been performed in 4/10 cases.

The new CRM approach was also found to be complicated for applicants.

A business process re-engineering exercise is now being carried out to streamline the application process to provide a better service to customers. It will also build in better audit checks such as regular supervisory spot checks of a sample of applications (both automatic and discretionary) to ensure that appropriate control procedures have been followed.

The Assistant Director for Adult Social Care will lead on coordinating a corporate enforcement strategy for Blue Badges.

Schools Based Work

The following school audits were completed in the period;

Conisbrough Balby Street Primary School	The Assistant Director of Learning and Achievement requested a review of Conisbrough Balby Street Primary School due to on-going governance concerns. This review identified major weaknesses around its financial management arrangements which resulted in there being no reliable financial information on which to base financial decisions. Further, these arrangements were
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	not challenged by the Governing Body. An Interim Executive Board is now in place at the school and will implement the recommendations from this review.
Maple Medical Service Pupil Referral Unit	There were no critical or major recommendations arising from this audit.
Tickhill St Mary's Church of England Primary and Nursery School	There were no critical or major recommendations arising from this audit.

Internal Audit has also:

- Provided assistance to the Governors Support Service regarding the Autumn Term Governing Body Agenda.
- Issued guidance to schools regarding voluntary funds management and Controls Self Assessments.
- 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 and advice work has been completed in the period:

- A sizeable investigation into financial management arrangements in the Markets Service, leading to a number of recommendations for improvements.
- A review of the handling of clients' personal monies and the amenities fund at one of the Council's care homes. Key improvements and required actions have been identified and communicated with the Home.
- Management asked audit to look into possible weaknesses with regard to the approval and authorisation process for setting up the new Music Service. This work has led to a series of recommendations.
- A review was undertaken into concerns raised by management regarding use of vehicles / working time. The audit found systemic weaknesses that have been reported to management for action.
- 2 x staff fraud investigations.
- 2 x independent reviews of planning complaints.
- We were asked to advise on procedures relating to the new Adults Commissioning and Contracts Innovation Fund – we made recommendations to improve the proposed contract monitoring arrangements.
- Substantial audit work has been carried out regarding the governance arrangements at the Danum Drainage Board and this will be reported upon in detail at the April Audit

Committee. Concerns primarily centred around a lack of controls over expenditure being incurred by the Board, declarations of interest by members, the handling of complaints and a lack of strategic planning.

Section 3: Progress on the implementation of audit recommendations

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
<p>Potential insufficient provision to cover required refunds</p> <p>Reputational damage to the Authority on the delay in this work being completed.</p>	<p>The list of service users potentially entitled to refund has been refined and reviewed. Doncaster Council and RDaSH are jointly producing a full list of all people who have been Sectioned under the Mental Health Act. This will then be cross-checked to the Council's current list to help finally confirm individuals entitled to refunds.</p> <p>Original Implementation date: 30/06/2013</p> <p>Revised implementation date: 31/10/2014 28/02/2015</p>
External Home Care Services Contracts	
Exposure	Current Position
<p>Carefirst Finance Module - The incorrect minutes could be paid for compared to the actual care that has been provided.</p>	<p>Reconciling the number of minutes invoiced to the number of minutes in the care plan will be more fully resolved with the implementation of the finance module of Carefirst in January / February 2015. This is part of a major project and is dependent on the implementation of the 'Help to Live at Home' contract.</p> <p>Original Implementation date: 31/03/2014</p> <p>Revised implementation date: 31/10/2014 31/07/2015</p>
<p>Payments are being made to care providers when the care may not actually have taken place.</p>	<p>The Commissioning of a new Homecare is currently in progress– this should introduce the concept of outcomes met rather than minutes provided.</p> <p>Original Implementation date: 31/03/2014</p> <p>Revised implementation date: 30/11/2014 31/07/2015</p>
Payroll Processing	
Exposure	Current position
<p>Inadequate arrangements for payroll documentation - EDMS</p>	<p>Bringing existing filing systems up to date following the move to the civic office has taken some time. Initial work to explore use of Electronic Data Management Systems, which was put on hold in the midst of the move to the Civic Office and the need to improve existing paper files, will now be re-</p>

	<p>visited.</p> <p>Original Implementation date: 30/09/2013 Revised implementation date: 31/03/2015</p>
Direct Payments/Personalised Budgets	
Exposure	Current Position
Inadequate recovery processes result in loss of money to the authority.	<p>New processes have now been introduced to monitor payment of contributions from the start of a direct payment or as a result of a financial reassessment. This has already shown that underpayment of contribution is less likely to build up. Where debtor accounts are to be raised, these are done immediately. There is a bad debts working group which is chaired by the Assistant Director of Modernisation and Commissioning.</p> <p>Reporting arrangements are being set up to enable better monitoring of payments of debtor accounts.</p> <p>Original Implementation date: 30/06/2014</p> <p>Revised implementation date: 30/11/2014 31/03/2015</p>
Inappropriate amounts being paid to service users. This is evidenced through there being £940,000 of monies recovered from service users since 2010 for surplus funds from bank accounts and underpayment of contributions. Loss and wastage of public funds.	<p>The Resource Allocation System has been tested and is ready to go live. It will be co-ordinated with the implementation of some other changes required by the Care Act.</p> <p>Original Implementation date: 30/11/2014</p> <p>Revised implementation date: 30/04/2015</p>
Data Sharing Arrangements	
Exposure	Current Position
Contraventions of the principles of the Data Protection Act 1998.	<p>Instances of non-compliance with best practice will be further investigated and the implementation of rectification actions monitored where appropriate.</p> <p>Original Implementation date: 31/01/2014 Revised implementation date: 30/09/2014 28/02/2015</p>
Contravention of the principles of the Data Protection Act 1998.	<p>All parties to the Strategy have been pursued to sign up to it but there have been delays in agreement of tweaks requested by different partners. An agreed timescale for return of signed agreements has now been set. Still awaiting signed copies to be returned from all parties specifically SLH and DBHT.</p>

	<p>Original Implementation date: 31/01/2014</p> <p>Revised implementation date: 26/09/2014 05/12/2014 31/01/2015</p>
Information/Manual Records Management	
Exposure	Current Position
Not meeting ICO recommendation to identify business system owners. Non-compliance with Legislation e.g. Data Protection Act. Fines imposed. Inefficient Records Management.	<p>The majority of systems now have an identified system owner, with only a small number remaining outstanding.</p> <p>Original Implementation date: 31/01/2014</p> <p>Revised implementation date: 31/10/2014 31/01/2015</p>
Performance Management Frameworks 2013	
Exposure	Current Position
Poor or continual poor performance is not identified and rectified, as the current process does not focus on addressing performance or rectifying delays but simply reporting them. This could result in the continual non-achievement of council priorities.	<p>The Performance Management Framework has now been updated to include an issues log to record and allow monitoring and escalation where targets have not been achieved.</p> <p>A Policy Compliance Monitoring Tool has been implemented and is being currently rolled out. Member workshops are being held.</p> <p>Original Implementation date: 31/01/2014</p> <p>Revised implementation date: 30/09/2014 31/03/2015</p>
The Framework is not followed as processes are not clear or are too complex / cumbersome, or there is lack of buy in to the process.	<p>The Performance Management Framework is awaiting final approval.</p> <p>Original Implementation date: 31/03/2014</p> <p>Revised implementation date: 30/09/2014 31/03/2015</p>
The Council is not transparent and cannot demonstrate accountability for performance.	<p>A decision was taken to not produce an annual report for 2013/14 but an annual report will be produced for 2014/15 and will be published alongside the 2014/15 final accounts.</p> <p>Original Implementation date: 30/06/2014</p> <p>Revised implementation date: 30/09/2014 30/09/2015</p>
Debtors	
Exposure	Current Position
Debtors' bill or records are	Further work needed to develop / refine reports.

inaccurate or incomplete.	<p>Affected by priority given to Children's Trust work.</p> <p>Original Implementation date: 30/09/14</p> <p>Revised implementation date: 31/03/15</p>
Debtor income is not collectable or enforceable.	<p>Further work needed to develop / refine reports.</p> <p>Affected by priority given to Children's Trust work.</p> <p>Original Implementation date: 30/09/14</p> <p>Revised implementation date: 31/03/15</p>
Procure to Pay	
Exposure	Current Position
Inappropriate procured goods and services.	<p>New procedures are being established to prevent inappropriate purchases outside of the P2P process.</p> <p>Original Implementation date: 31/12/14</p> <p>Revised implementation date: 31/01/15</p>
Safeguarding Adults Personal Assets	
Exposure	Current Position
<p>Risk of theft and accusation of valuables/monies.</p> <p>The Authority is at risk of disrepute in the adequate safeguarding of items/monies.</p> <p>Non-compliance with insurance arrangements.</p>	<p>Money held on site has been reduced, cards are being piloted and this will be followed by an evaluation process prior to and further roll out. Date revised until further roll out and evaluation is received.</p> <p>Original Implementation date: 31/10/14</p> <p>Revised implementation date: 28/02/15</p>

Section 4: Performance Information

Audit Resources:

The Audit Plan presented to the Audit Committee in April 2014 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 31 December 2014 and actual achieved to date:

	Budget	Profile days 31/08/2014	Actual days 31/08/2014	Variance
Gross Days:	3,190	2,393	2,446	53
Less – annual and statutory leave	-530	-450	-441	9
Less – maternity leave	-177	-160	-160	0
Less – Special Granted Leave / Bereavement	-7	-5	-10	-5
Less – Unpaid Leave	-15	-15	-18	-3
Less – Election Leave	-8	-8	-8	0
Available days	2,453	1,755	1,809	54
Less :-				
Sickness (assumes 6 days per FTE)	-80	-60	-59	1
Service Development	-28	-21	-21	0
Professional Training and CPD	-127	-95	-94	1
Management and supervision	-183	-137	-153	-16
Administration and support	-26	-20	-36	-16
Total deductions	-444	-333	-363	-30
Audit days available for 2014/15	2,009	1,422	1,446	24
Audit Time Charged:				
Planned audit	1,776	1,257	1,111	-146
Responsive audit	233	165	335 *	170
Actual Audit Time Charged	2,009	1,422	1,446	24

*Actual time spent

There has been an increase in the time spent on responsive / investigative work in the period. This has had an effect of delaying several audits in the audit plan and reducing contingency time available for future months. The plan will continue to be revised to ensure that mandatory and must do work is completed to support the audit opinion.

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 2014 to 31 December 2014.

Performance Indicator	Target	1 April to 31 Dec 2014	Variance
Percentage of planned audit work completed	75%	71%	-4%
Draft reports issued within 15 days of field work being completed	90%	88%	-2%
Final reports issued within 5 days of customer response	90%	96%	6%
% of critical or major recommendations agreed	100%	100%	0
Cost per Chargeable Day	£326	£315	-£11
Percentage of Customer Satisfaction Surveys rated Satisfactory or above	90%	100%	10%
Percentage of jobs completed within 10% of budget	90%	82%	-8%

Despite the reduction in available audit time due to the increase in responsive work, the Team has managed to maintain progress in delivery of the audit plan to 71% of the plan delivered against target of 75%.

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