

To all Members of the

AUDIT COMMITTEE

AGENDA

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

VENUE Council Chamber - Civic Office
DATE: Wednesday, 22nd June, 2016
TIME: 10.00 am

Items for Discussion:

	PageNo.
1. Apologies for Absence	
2. To consider the extent, if any, to which the Public and Press are to be excluded from the meeting.	
3. Declarations of Interest, if any	
4. Minutes of the meeting held on 7th April, 2016	1 - 14
A. Reports where the public and press may not be excluded	
5. Audit Committee Prospectus, Terms of Reference and Work Programme	15 - 32
6. Review of Contract Breaches in Learning Opportunities, Children and Young People	33 - 42

Jo Miller
Chief Executive

Issued on: Tuesday, 14 June 2016

Governance Officer
for this meeting:

Sarah Maxfield
(01302) 736723

7.	Adults, Health and Wellbeing Audit Recommendations progress report including the recovery of overpayment of Direct Payments	43 - 52
8.	Doncaster Market Follow Up Review	53 - 80
9.	Annual Payroll Overpayments Update Report - 2015/16	81 - 88
10.	Strategic Risk Update	89 - 98
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12.	Annual report of the Monitoring Officer	107 - 112
13.	Statement of Accounts 2015/16	113 - 120
14.	2015-16 Annual Governance Statement	121 - 136

Members of the Audit Committee

Chair – Councillor Austen White
Vice-Chair – Councillor Richard A Jones

Councillor Susan Durant, John Healy and Alan Jones

Co-opted Member: Kathryn Smart

Agenda Item 4

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 7TH APRIL, 2016

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE, DONCASTER on THURSDAY, 7TH APRIL, 2016 at 10.30 AM

PRESENT:

Chair - Councillor Austen White
Vice-Chair - Councillor Richard A Jones

Councillors Susan Durant and Alan Jones

Co-opted Members

Kathryn Smart

Also in attendance:

Simon Wiles, Director of Finance and Corporate Services
Damian Allen, Director of Learning and Opportunities (CYP)
Leanne Hornsby, Head of Business Transformation and Management Support (CYP)
Denise Bann, Head of Procurement
Colin Earl, Head of Internal Audit
Peter Jackson, Internal Audit Manager
Jillian Burrows, KPMG
Claire Partridge, KPMG

		<u>Action</u>
46	<u>DECLARATIONS OF INTEREST, IF ANY</u> In accordance with the Members' Code of Conduct, Kathryn Smart declared a non-pecuniary interest in relation to Agenda Item No.7 by virtue of her being an employee of RDaSH.	All to note
47	<u>MINUTES OF THE MEETING HELD ON 27TH JANUARY, 2016</u> <u>RESOLVED</u> that the minutes of the meeting held on 27th January, 2016 be approved as a correct record and signed by the Chair subject to the following:- Deletion of Smart within the attendees; and Item 41, paragraph 5 to read 'that managers would put estimates in that were realistic'.	All to note
48	<u>ORDER OF BUSINESS</u>	

In accordance with Council Procedure Rule 4, the Committee agreed to the variation of the order of business that Agenda Item 7 be considered as the first item on the agenda.

All to note

49 FINANCIAL AND PURCHASING AND CONTRACT PROCEDURE RULES.

The Committee received a report which provided details of Waivers and Breaches to Contract Procedure Rules (CPRs) for the period 1st October, 2015 to the end of March 2016.

The table at Paragraph 2 of the report identified the number of new waivers and breaches recorded by each Directorate since the last audit report presented in November 2015. Details of each waiver and breach were summarised in the appendices to the report.

Members noted that four breaches to CPR's had been reported for this period, details of which were set out at Appendix 1.

There were two new breaches of CPR's reported to the Audit Committee in November, 2015, as well as updates to five existing unresolved breaches. Since that time, two of these breaches had been remedied and contracts were in the process of being awarded in respect of Mortuary Services and CCTV services. However, the five remaining unresolved breaches were detailed within Paragraph 14 of the report for Members' information.

It was further reported that 28 waivers to CPR's had been approved during this period, details of each waiver were set out at Appendix 2 of the report.

Following the brief introduction of the report, members raised the following comments/concerns:-

Councillor Susan Durant asked what the justification was in providing an extension for the current arrangement with Doncaster Bassetlaw Hospital Trust for the running of the Coroners Court if the service was failing. It was advised that the Council did procure for a new service specification. However, it was agreed that the additional 3 months be provided to remodel the service to allow for the effective and efficient running of the service prior to re-tendering of the contract. Further investigation would be carried out with regard to this issue including the a explanation on the value and a briefing note be forwarded to Members.

A number of concerns were raised with regard to the current waivers and breaches within the Adults, Health and Wellbeing and whether the practices now in place would ensure procurement was done in a timely manner and whether the Director was comfortable with the action plan

produced. It was advised that those concerns were shared and new resolutions were being put in place to ensure CPR's were complied with. A thematic Audit was being carried out in relation to breaches. All mandatory manager training was being provided to ensure managers understood their responsibilities in relation to compliance with the CPR's. Damian Allen, Director of Adults, Health and Wellbeing assured members that he felt comfortable with the actions taken so far and an update report would be brought back to the next meeting of the Audit Committee.

Damian
Allen

The Chair requested an update in relation to the 5 remaining unresolved breaches set out within paragraph 14 of the report. Members were provided with the following details:-

Doncaster Mind & Changing Lives – It was advised that an extension had been given as this matter would now be dealt with as part of a wider review for transforming the process and it would be concluded within the next 6 months.

Older Peoples alarm scheme – It was reported that a report was being produced which outlined a number of options. The report would be processed through Directors and Leadership Team with a view to a further update at the next Audit Committee.

Denise
Bann

Springwell Lane and Lanark Drive – It was noted that Springwell Lane had now been transferred to Clinical Commissioning Group (CCG) from the 1st April, 2016. Discussions were still ongoing with regard to Lanark Drive, Members would be informed once an update was available.

Denise
Bann

Solar Centre – Members were advised that the current situation remains the same as before. There were individual reviews taking place and the team were keeping a close eye on the situation. An update would be provided at the next meeting.

Denise
Bann

Autism Family Practitioners – It was understood that there would be no insourcing of staff and this breach had now concluded.

The Chair asked that it be made clear to Managers that the breaches were being looked at by the Audit Committee and an update would be sought with regard to all breaches.

All to note

A query was raised in relation to the inconsistency in aggregate spends. It was reported that this came about through officers not logging correctly and the mitigation process not being followed. Through monitoring, contract registers and training these difficult circumstances would be avoided.

The Chair asked what the current position was with regard to DIAL Doncaster and whether market testing had been carried out. It was

advised that the contract was out to tender at present and the service area had been involved in the market exercise. Further details would be made available in due course.

Denise
Bann

Clarification was sought in relation to the 4 items which were over the European procurement limit and what the risks were for the Council and how these were mitigated. It was advised that although there were risks these were minimal. The Council would prepare a Voluntary Ex-Antae Transparency (VEAT) notice which ensures openness and transparency within the market. It was noted that the time limit for any challenge would commence once the VEAT notice had been published.

A query was made in relation to 24 month contract for RDaSH to provide 0-5 Public Health Services and whether this was sufficient time for such a complex contract. It was advised that the matter had been discussed with the Director for Public Health at length and 2 years had been agreed. It was advised that there was still a great deal of work to be carried out.

A suggestion was made to add a column to the table which identifies the name of the responsible Director. It was noted that this would be added for future reports.

Denise
Bann

RESOLVED that the information and actions contained in the report, regarding waivers and breaches of C.P.R's, be noted.

All to note

50 STATEMENT OF ACCOUNTS 2015/16 UPDATE.

The Committee was provided with an update on the Statement of Accounts for 2015/16.

Members were informed that process was underway with no major issues reported to date. Weekly final accounts meetings were taking place within Financial Management to monitor progress against the agreed timetable.

A summary of tasks to date together with a summary of approaching key deadlines from the timetable was detailed in the table at Paragraphs 5 and 6 of the report.

Following the update, Members were given the opportunity to raise any comments and questions. A query was made in relation to the changing of banks and whether anything had come to light from the change. It was advised that although there had been nothing relating to the closing of the accounts there had been some issues particularly in relation to bank card restrictions which were now being resolved.

In relation to the table shown at paragraph 6 it was reported that the

first two activities were now complete and although the set back on the virus threat this week the rest of the activities were all on track.

Jillian Burrows from KPMG stated that the majority of the interim work was complete and the team were in a good position on the financial statements for July and there were no issues to bring to Members attention.

RESOLVED that the report and its findings, be noted.

All to note

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

Further to the above Minute, the Committee considered a report which provided an update of RIPA applications completed since April, 2015 and the outcome of such matters. The report also set out the action plan following the inspection carried out by the Assistant Surveillance Commissioner H. H. Norman Jones QC on 19 January, 2016.

It was reported that although there was nothing to add to the report, members were advised that a new authorisation process highlighted at Appendix 3 of the report would be considered at the next Committee meeting in June. It was also noted that an external trainer was present in the building providing officers with training on Trading Standards issues.

All to note

Members expressed disappointment in relation to the recommendations made by the Commissioner. It was reported that there was conflict with the magistrates as there was difficulty when the cases go to court in that they were not challenged. It was suggested that rights of the seller were being defended even though these people were not the most vulnerable of citizens.

With regard to training, it was asked whether the training being provided today was to supplement the e-training which can be accessed via the intranet/website. It was advised that the training being provided today was very much geared towards those staff that carry out surveillance, the e-learning training was more general.

A query was made seeking clarity on whether the use of the procedure was worthwhile and providing value for money. It was advised that there were many forms of enforcement that can be used, covert surveillance was just one of those tools. It was suggested that to not have the procedure at the Council disposal it would be a dangerous precedent to set. It was suggested that for future reports more detail be added in relation to the number of premises as the report as it stood didn't provide Members with the true picture.

Helen Potts

It was suggested that the procedure maybe under used. It was stated that in past years other methods of obtaining intelligence had been used and through better training, other ways of getting information

have been devised. Members were advised that the forms completed state why no other options were available other than covert surveillance. It was suggested that Members of the Committee carry out a visit to the Trading Standards office which had proved useful in the past.

Helen Potts

Further discussion took place with regard to the inspection report from the Commissioner which expressed members disappointment to not having an overall conclusion from the recommendations. It was also suggested that refresher training be amended to every 12 months and an update report be provided within 6 months.

Helen Potts

With regard to the Policy, it was asked what changes had been made so far. It was reported that with regard to the covert surveillance forms, these are checked by Helen Potts, Principal Legal Officer and a copy is kept for the central records, the form would then go to the Magistrate for decision. With regard to refresher training, this would be altered to every 12 months and further changes to the procedure were highlighted within the Action Plan at Appendix 2 of the report. It was also advised that all changes would also be made available via the Councils Intranet/Website.

Helen Potts

It was asked how much notice was given to the Council prior to the Inspectors arrival. Members were advised that a period of 6 weeks would be given. It was suggested that Members be advised of future inspection prior to their arrival.

Helen Potts

RESOLVED

- (1) that the inspection report at Appendix 1 and the Council's action plan at Appendix 2, (the inspection was carried out by the Surveillance Commissioner HH Norman Jones QC on 5th January 2016), be noted;
- (2) to note the 6 RIPA applications that have been completed in the year from April 2015 and the update of the outcome of these matters shown at Appendix 3. Five matters have been authorised since the last report on RIPA was brought to the Audit Committee in September 2015 and two of these have been concluded, the details of the outcome of these are only briefly mentioned to avoid prejudicing the on-going cases. No RIPA applications have been refused by the Magistrates during the period to which this report relates;
- (3) the Council's RIPA procedure is reviewed as part of the yearly report and this has been amended in response to the inspection which is detailed in the action plan at Appendix 2. The current amended procedure is attached at Appendix 4.

All to note

All to note

All to note

QUARTER 3 2015/16 STRATEGIC RISK REGISTER UPDATE.

Members received a progress update on the strategic risks for Quarter 3 2015/16.

It was reported that a review of Strategic Risks had been undertaken as part of the challenge process to ensure that the strategic risks reflected the priorities in the Corporate Plan for 2015/16. Members noted that there were currently 18 strategic risks identified. As a result of the Q3 review no risks had been nominated for demotion and no new strategic risks had been identified.

Following the request from the Audit Committee, it was reported that there was now a clear definition between the current risk and target risk within attached Appendix.

Further clarity was sought with regard to the process followed by officers to reach the required target risk scores and whether assurances can be given to Members that the correct procedures were being followed and monitored. It was noted that a meeting had been due to take place with the Vice-Chair but as yet this hadn't happened. Following the meeting, officers would investigate the matter and liaise with the Vice-Chair in due course to ensure the meeting goes ahead.

Simon Wiles

The Chair suggested that the Committee look at specific risks from a positive stance in more detail and ask Directors to attend future meetings in order to explain the risk management process within their responsibility. It was suggested that this could be accommodated through the construction of a timetable as to who would be attending when. However, there was further detailed work to be carried out on identifying the specific areas prior the management of this process.

Simon Wiles

An update was requested with regard to objectives in partnerships identified at the last risk on the appendix. It was reported that the item was still progressing albeit the schedule of partnerships and lead officer list being 99% complete. An assessment of the arrangements for partnerships would be carried out in due course and once this was completed an update would be forwarded to Members.

All to note

A query was made in relation to Public Health and whether there were further elements for example life expectancy which should be identified. It was noted that Public Health were currently having an Annual Review of their processes but this would be flagged up with the report author for future reference.

Sennette
Wroot

RESOLVED that the report and the strategic risk profiles as set out at Appendix A of the report, be noted.

All to note

53 ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2015/16.

The Committee considered a report which provided information on the work of Internal Audit during 2015/16 and its overall opinion on the Council's system of internal control. The report also referred to the formal review of the effectiveness of Internal Audit required to be completed in accordance with the Accounts and Audit Regulations 2015.

The key headlines from the annual report were attached at Appendix 1 to the report

The Head of Internal Audit confirmed that the Council's system of internal control for 2015/16 was adequate and operated satisfactorily during the year.

Members were informed that two new areas to be considered for inclusion in the Council's 2015/16 Annual Governance Statement (AGS) had been identified as:

- Direct Payments
- Supporting Adults Personal Assets Team

Updates had been provided on three other Items which were included in the 2014/15 AGS:

- Core Financial Processes – Debtors
- Core Financial Processes – Creditors (Procure to Pay) System
- Doncaster Markets

Members were advised that following the completion of the recent self-assessment it was noted that a peer review on compliance was also due to be undertaken.

Concern and disappointment was expressed with regard to the lack of progression and explanation for delays on the recommendations made by Internal Audit and whether there were mechanisms in place to improve the position. It was reported that there was greater analysis now available through working closely with directorates. It was suggested that if there were any specific areas of concern these could be highlighted and the officer responsible be invited to the Audit Committee to provide an explanation.

An explanation was sought in relation to paragraph 13 of the report where 2 further areas for improvement had been identified. In respect of (1), it was stated that more thought with regard to value was needed along with more recording of decisions. In relation to (2), it was reported that not all assurance came from the audit function. Identifying

management controls were a sizeable task to carry out so it was envisaged that further time was needed to be spent on identifying where assurances came from.

It was asked whether the team felt part of Team Doncaster. It was reported that good communication and conversations take place with departments and the team feel that the work they do was valued and there was no resistance from departments when issues were brought forward. This was also noted by the 100% satisfactory rate identified on page 93 of the report.

An update was requested with regard to Procure to Pay (P2P) and whether any progress had been made. Members were advised that the process was now close to conclusion. It was stated that all Assistant Director areas of responsibility require bringing up to standard through the review process. It was suggested that a further update be forwarded to Members following the meeting. In relation to the SAPAT system there had been significant progress made albeit being an extensive piece of work. It was highlighted that each case was unique which need to be ranked by complexity of which was taking longer than anticipated. The process was still being developed and further updates would be provided to Members in due course.

Colin Earl

Further discussion took place with regard to concerns raised over the financial administration in the Safeguarding Adults Personal Assets Team. It was stated that work was on-going and was being reported to the Adults Improvement Board. A further report would be presented to Committee once the work was complete. A query was made in relation to the financial risk to the Council. It was reported that the scale was unknown. It was envisaged that it would not be significant. A question was raised as to whether the Council charge a fee for the overseeing of assets. It was advised that this hadn't been taking place but in the future the Council would be charging appropriately for this service.

RESOLVED

- (1) to note the Internal Audit Annual Report for 2015/16, including confirmation that the Council's system of internal control was adequate and operated satisfactorily during the year;
- (2) to support the conclusion that there was an effective Internal Audit in place for 2015/16; and
- (3) to note the Head of Internal Audit's self-assessment that the service is compliant with the UKPSIAS.

All to note

All to note

AUDIT COMMITTEE ANNUAL REPORT 2015/16.

The Committee was presented with the Audit Committee Annual Report for 2015/16, which set out key aspects of work undertaken by the Committee during the year. These were identified within paragraph 2 of the report

Members were advised that the Audit Committee had been through a self-assessment exercise to try and promote how the Committee adds value to the Council achievement of good governance. Details of the specific areas where additional work had been reviewed were identified within the table on page 138 of the report.

A query was raised in relation to benchmarking with other authorities to identify any similarities and comparisons. It was noted that there would be some degree of consistency between the reports and the Council do benchmark and will continue to do so.

RESOLVED that the Audit Committee Annual Report for 2015/16, be noted

All to note

AUDIT COMMITTEE ACTION LOG

Follow-up actions from previous meetings:-

Ref:	Minute/ Action	Progress update	Responsible	Completed (Y/N)
Meeting January 2016				
<i>Min ref:</i>	<i>Copy of minute giving rise to the action</i>	<i>Narrative progress against action</i>	<i>Name of officer responsible for delivery</i>	<i>Y/N or R/A/G rated</i>
Meeting April 2016				
Financial and Purchasing and Contract Procedure Rules				
49	To respond to Councillor Susan Durant relating to the justification in providing an extension to the New Horizons contract.	Response and update provided	Denise Bann	Yes
49	To provide a report to the next Audit Committee Meeting relating to the action plan produced and concerns raised relating to the current waivers and breaches within Learning and Opportunities (Children and Young People) Directorate.	Report provided for June Audit Committee	Damian Allen	Yes
49	Older Peoples Alarm System – the report would be processed through Directors and Leadership Team and a further update be provided in the next audit committee report.	Potential providers have been contacted –decisions can now be made when report considered by management	Denise Bann	ongoing
49	Springwell Lane and Lanark Drive – Members to be informed once an update was available.	Funding for both schemes has transferred to the CCG	Denise Bann	Yes
49	Solar Centre – Individual reviews taking place. Update to be provided in the next audit committee report.	Individual service reviews still work in progress – timescales for completion to be established	Denise Bann	No – ongoing
49	DIAL Doncaster – update on current position.	Re-tendering (Faye Wood is the lead commissioner)	Denise Bann	Yes
49	Column to be added to table to identify	Completed – template	Denise Bann	Yes

	responsible Director for future reports.	updated		
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update				
51	More detail to be added in relation to the number of premises visited.	To be done in next Committee report (due Autumn 2016)	Helen Potts	No – not yet due
51&52	Suggested action that Members of the Committee carry out a visit to the Trading Standards office which had proved useful in the past.	Date to be arranged. HP has contacted chair.	Helen Potts	No – in progress
51	Refresher training to be provided in 12 months time.	To be arranged by April 2017.	Helen Potts	No – not yet due
51	Changes to the Policy are to be made available via the Councils Intranet/Website.	Intranet now updated	Helen Potts	May 2016.
51	Members to be informed of future inspections prior to arrival.	Will ensure this occurs.	Helen Potts	No – not yet due
Quarter 3 2015/16 Strategic Risk Register Update				
52	Meeting to be arranged with Vice –Chair to discuss clarity with regard to the process followed by officers to reach the required target risk scores.	Meeting set up between Vice-Chair and S Wiles	Simon Wiles	Yes
52	Produce a timetable as to who would be attending the Committee meeting to explain the risk management process within their responsibility, when to take into account other reviews and reporting to the various risks.	Covered in strategic risk report to June Audit Committee	Simon Wiles	Yes
52	Public Health are currently having an annual review of their processes. Further elements such as life expectancy will be flagged up with the report author for future reference.	This issue will be raised at the next review of the register	Sennette Wroot	No – not yet due
Annual Report of the Head of Internal Audit 2015/16				
53	Update on SAPAT work undertaken to be provided.	A verbal update will be provided to the June Audit Audit Committee with the	Colin Earl	Yes

		final outcome being formally reported at a future committee		
Internal Audit Plan – 2016/17				
54	A meeting outside of the committee is to be arranged to discuss the Voluntary and Community Support Fund particularly with regard to policies and procedures.	This meeting has taken place and there is an ongoing review. There is the anticipation to be able to provide a verbal update at June's Audit Committee with the final outcome being formally reported at a future committee	Colin Earl	Yes

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To the Chair and Members of the AUDIT COMMITTEE

AUDIT COMMITTEE PROSPECTUS, TERMS OF REFERENCE AND WORK PROGRAMME 2016/17

EXECUTIVE SUMMARY

1. The report contains a “prospectus” which sets out the scope and standards of the Audit Committee which are consistent with Local Government standards and the approach that will be taken by the Committee in its work.
2. The report also sets out the formal Terms of Reference for the Audit Committee which were approved at Annual Council on 13th May 2016 and highlights the minimal changes that have been made
3. The report also includes a draft work programme, which demonstrates how the Committee should fulfill its Terms of Reference for the year.

RECOMMENDATIONS

4. **The Audit Committee is asked:**
 - **to consider the prospectus that has been produced for the first time and determine if there is anything it wishes to add or amend**
 - **to note the Terms of Reference for the Audit Committee for the 2016/17 Municipal Year**
 - **to consider the draft work programme and determine if there is anything it wishes to add or amend.**

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER

5. Effective oversight through the Audit Committee adds value to the Council operations in managing its risks and achieving its key priorities.

BACKGROUND

Audit Committee prospectus

6. An Audit Committee prospectus has been produced for the first time and is intended to provide an oversight of the role of the audit committee, clearly setting out the scope and standards of the committee, the scope of its work and how it will seek the assurances about the management of risks across the Council. Importantly, it sets out the intended outcomes sought from the work of the committee. Some of the more notable elements of the new arrangements include:
- More detailed reviews of strategic and directorate risk registers, including the involvement of Cabinet Members in managing / reviewing the risks.
 - A reflection at the end of each meeting on any matters arising during the meeting that should be mentioned to or referred to the Executive, Scrutiny and/or management. This will ensure effective communication between the Audit Committee and other groups and ensure their roles are complementary and, collectively, carried out more effectively. The approach including these and other arrangements will strengthen the Audit Committee and enable it to better obtain assurances about the effective management of the Council's activities.

Draft Work Programme

7. The work programme, an integral part of the prospectus within **Appendix A**, is designed to ensure coverage of the areas identified in the Committee's Terms of Reference, including:
- a. Internal Audit
 - b. External Audit
 - c. Accounts/Financial Reporting
 - d. Risk Management
 - e. Ethical Governance
 - f. Other matters
8. It is proposed as a default to maintain reporting the following regular items to the Audit Committee on a six monthly basis:
- Progress by the Council in implementing Inspection and External Audit recommendations
 - Compliance with Contract Procedure Rules and Procurement Breaches
 - Update on Governance Plan Progress
 - Regulation of Investigatory Powers Act 2000 (RIPA) surveillance.
9. However, if there are any significant issues in any of these areas they will be reported immediately to the Audit Committee.

10. Update briefings and/or training for Members will be provided as required.
11. Internal Audit Update reporting for 2016/17 is scheduled for August 2016, January 2017 and April 2017.

Terms of Reference

12. At its Annual Meeting on 13th May 2016, the Council approved the Terms of Reference for Council Committees and Sub-Committees, which included the Audit Committee. The Terms of Reference for the Audit Committee are attached to this report at **Appendix B**.
13. The Accounts and Audit Regulations were updated in 2015, and the Terms of Reference have been updated to reflect these changes. The Revisions explicitly attribute the responsibility for considering the findings of the review of internal control to the Audit Committee and formally delegate responsibility for the approval of the resulting Annual Governance Statement to the Committee.
14. **For ease of identifying the changes in the attached terms of reference, deletions are crossed through whilst additions are shown in bold italics.**

OPTIONS CONSIDERED AND RECOMMENDED OPTION

15. In order to discharge its functions effectively, the Committee is required to operate within an agreed Terms of Reference.
16. The work programme is designed to ensure that, where appropriate, the Audit Committee is able to meet certain statutory deadlines and also discharge its responsibilities under its Terms of Reference, whilst achieving a balanced and manageable work load.
17. It should be noted that the programme of work may have to be varied in response to any issues emerging during the course of the year.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

18. Internal Audit assesses how effectively the Council is managing risks that threaten the achievement of the Council's objectives. Any improvement in the management of the risks will have a positive impact thereby increasing the likelihood of the Council achieving its objectives. Internal Audit's work is, therefore, relevant to all priorities but in particular the following:

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	<p>Effective oversight through the Audit Committee adds value to the Council operations in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	<p>The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.</p>

RISKS AND ASSUMPTIONS

19. This report, in presenting information about the state of the Council's internal control environment, allows Members to form an opinion about risks within the Council. The risk to the Council arises if there is inadequate or ineffective action to improve the risk management arrangements identified as unsatisfactory during the year. Information detailed in this report on the implementation of internal audit recommendations gives Members an insight into the extent to which the management of risk is being improved

LEGAL IMPLICATIONS

20. 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

21. There are no identified direct financial implications arising from this report.

HUMAN RESOURCES IMPLICATIONS

22. There are no identified human resources implications arising from this report.

TECHNOLOGY IMPLICATIONS

23. There are no identified technology implications arising from this report.

EQUALITY IMPLICATIONS

24. We are aware of the Council's obligations under the Public Sector Equalities Duties and there are no identified equal opportunity issues within this report.

CONSULTATION

25. 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.

REPORT AUTHORS & CONTRIBUTORS

Colin Earl, Head of Internal Audit

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BACKGROUND PAPERS

Report to Annual Council on 13th May 2016 - Council Appointed Committees'
And Sub-Committees' Terms Of Reference For 2016/17.

Simon Wiles
Director of Finance and Corporate Services

Audit Committee Prospectus, Terms of Reference and Work Plan

The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. CIPFA

The Context at Doncaster Council

The Audit Committee has primary responsibility for ensuring there are effective governance arrangements in place and operating throughout the organisation, and is the principal advisory function to the Council and Executive on governance related matters.

This Prospectus sets out the scope and the standards of the Audit Committee, which are consistent with Local Government standards. It also describes the approach that will be taken by the Audit Committee and outlines its 2016/17 work programme.

Scope and Standards

In accordance with CIPFA's Position Statement on Audit Committees, the Audit Committee will:

- ✓ Satisfy itself and others that the Annual Governance Statement reflects the Council's arrangements and position
- ✓ Monitor the effectiveness of the internal control environment¹ and assurances obtained about its operation
- ✓ Consider the accuracy and effectiveness of risk management
- ✓ Ensure Internal Audit is independent and effective. In particular the Committee will:
 - review and approve the responsibilities of the internal audit function and ensure the function has the necessary resources to enable it to perform in accordance with appropriate professional standards
 - review and assess the annual internal audit work plan
 - receive a report on the results of the internal auditor's work on a periodic basis
- ✓ Review the arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters (whistleblowing)
- ✓ Review the Council's arrangements for managing the risk of fraud

¹ The internal control environment is comprised of all the checks and balances in place, including risk management, to ensure the Council's actions are completed properly and recorded accurately

- ✓ Review and approve the external auditor's annual audit plan and ensure that it is consistent with the scope of the audit engagement
- ✓ Review the findings of the external auditor's work with the external auditor, including a discussion of any major issues which arise during the audit
- ✓ Review the financial statements and the external auditor's opinion on the statements. In particular, the Committee will review and challenge where necessary:
 - the consistency of, and any changes to, significant accounting policies
 - the methods used to account for significant or unusual transactions where different approaches are possible
 - whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor
 - the clarity and completeness of disclosure in the financial reports and the context in which statements are made
- ✓ Consider external audit and inspection recommendations and ensure these are fully responded to
- ✓ Review and monitor treasury management arrangements.

The Audit Committee has *Terms of Reference* that reflect the scope and standards, and agrees an annual work-plan showing how the Committee will deliver its responsibilities. The 2016/17 work-plan, which is a 'live' document that is updated throughout the year, is attached at **Appendix 1**.



The Audit Committee has a current membership of five Council Members and one independent Co-opted member. It will meet five times per year. The Committee's operating model ensures that it:

- ✓ Has clear rights of access to other committees and functions, for example scrutiny
- ✓ Will have as regular attendees, the Director of Finance and Corporate Services (Section

151 Officer), the Head of Internal Audit and the External Auditor. Other attendees may include the Chief Executive and the Monitoring Officer

- ✓ Is able to meet privately and separately with the External Auditor and with the Head of Internal Audit
- ✓ Has the right to call on any other officers as required
- ✓ Will report regularly on its work to the Council.

The Role of the Audit Committee

The Audit Committee has a lead role in ensuring risks are managed effectively across the Council. The Committee intends to place the review of **risk management** at the centre of its purpose. In doing so, the Committee will challenge the Council and its managers to demonstrate their awareness, reporting and controlling of any risks that could either prevent the Council from achieving its objectives or could cause major disruption of any nature.

From 2016/17, the Committee will:

- ✓ Oversee the development, implementation and maintenance of the overall risk management framework, policy and strategy,
- ✓ Receive and review the quarterly **Corporate Risk Register** on a regular basis and confirm the management of risks within it
- ✓ Agree with Cabinet Members their responsibilities relating to risk management
- ✓ Receive and consider service/departmental risk registers on a rolling programme basis, with the attendance of Cabinet Members and senior managers to explain their management of risks
- ✓ Report the Corporate Risk Register to full Council, to ensure the broadest ownership of it.

In addition, the Committee aims to strengthen its own contribution. It will:

- ✓ Provide an opportunity for **public questions** at the start of committee meetings.
- ✓ Continue to implement actions identified through its **comprehensive self-assessment** carried out in January 2016.
- ✓ Receive regular, detailed, update sessions on relevant topics throughout the year.

- ✓ Participate in KPMG² Audit Committee Institute seminars and other appropriate events.
- ✓ Receive other development and support as required, individually and/or collectively.

Working with others

The Audit Committee Vice-Chair is a member of the Council's Overview and Scrutiny Management Committee. At the end of each Audit Committee meeting there will be a standing item to consider any matters to be referred to scrutiny, the Executive and / or Council for information or action.

How will we know we have succeeded?

The role of the Audit Committee is crucial. The Committee has primary responsibility for ensuring there are effective governance arrangements in place and operating throughout the organisation, and is the principal advisory function to the Council and Executive on governance related matters.

The Audit Committee will be accountable for meeting its responsibilities. We expect the following outcomes to be achieved:

- ✓ Comprehensive risk registers, including fraud risks, with risks demonstrably controlled
- ✓ Demonstrable implementation of audit and inspection recommendations
- ✓ A clear risk-based Internal Audit plan that is adequately delivered
- ✓ The achievement of a clear opinion on the Statement of Accounts
- ✓ An Annual Governance Statement, external audit Value for Money opinion and Internal Audit control environment assessment that fairly reflect the Council's position.

The Audit Committee will produce an **Annual Report** which will show how the Audit Committee is delivering these success measures and contributing positively to improving governance and risk management and adding value to the organisation. The Annual report will be presented to the Council in May 2017.

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.....
Councillor Austen White, Chair

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.....
Councillor R. Allan Jones, Vice-Chair
22 June 2016

APPENDIX 1

Doncaster Council- Audit Committee Workplan 2016/17

Objective and Agenda Item	June 2016	August 2016	Nov 2016	Jan 2017	April 2017
Satisfy itself and others that the Annual Governance Statement reflects the Council's arrangements and position					
Draft Annual Governance Statement 2015/16	✓				
Final Annual Governance Statement 2016/17		✓			
Refresh of the Local Code of Corporate Governance		✓			
Update on Annual Governance Statement Issues 2015/16				✓	
Audit Committee Annual Report 2016/17					✓
Audit Committee Prospectus, Terms of Reference and draft work programme	✓				
Partnership Governance Update		✓			
Internal Audit Plan 2017/18					✓
Doncaster Council Governance Plan		✓		✓	
Monitor the effectiveness of the internal control environment					
Internal Audit– Progress Report		✓		✓	✓
Annual Report of the Head of Internal Audit 2016/17					✓
Payroll Overpayments Update Report	✓				
Review of Contract Breaches in Children's Services	✓				
Markets Management Report	✓				
Data Quality and Information Management Update	✓				
Adult Services – Direct Payments – Overpayments and recovery update	✓				
Report on any non-compliance with Financial Procedure Rules and Contract Procedure Rules		✓			✓
Internal Audit Plan 2017/18					✓
Doncaster Council Governance Plan		✓		✓	
Consider the accuracy and effectiveness of risk management					
Internal Audit– Progress Report		✓		✓	✓
Review of Risk Management Framework	✓				
Corporate Risk Register	✓	✓	✓		✓
Directorate risk register 'deep-dive' review			✓	✓	

Objective and Agenda Item	June 2016	August 2016	Nov 2016	Jan 2017	April 2017
Ensure Internal Audit is independent and effective.					
Internal Audit– Progress Report		✓		✓	✓
Review of Internal Audit against Public Sector Internal Audit Standards				✓	
Internal Audit Charter and Strategy					✓
Internal Audit Plan 2017/18					✓
Internal Audit Annual Report 2016/17					✓
Review the Council’s arrangements for managing the risk of fraud					
Anti-Fraud and Corruption Risk Assessment and Strategy Update		✓			
Annual Fraud Report 2015/16		✓			
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA)			✓		✓
Review the arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters (whistleblowing)					
Annual Whistleblowing and Complaints Report	✓				
Review the findings of the external auditor’s work					
External Auditor’s Audit Plan 2015/16				✓	
Report to Those Charged With Governance (ISA 260 Report) 2015/16		✓			
External Auditor’s Annual Audit Letter 2015/16			✓		
External Audit Plan 2016/17				✓	
Certification of Claims and Returns – Annual Report 2015/16				✓	
External Audit Progress and Technical Update		✓			
Review the financial statements and the external auditor’s opinion on the statements					
Draft Statement of Accounts 2015/16	✓				
Final Statement of Accounts 2015/16		✓			
Report to Those Charged With Governance (ISA 260 Report) 2015/16		✓			
Arrangements and Timetable for Preparation of Accounts				✓	
Consider external audit and inspection recommendations and ensure these are fully responded to					
Update report on the Implementation of Inspection and External Audit Recommendations		✓		✓	
Review of Outstanding Internal Audit Recommendations		✓		✓	

APPENDIX B

AUDIT COMMITTEE

This Committee is a Committee of the Council constituted under Sections 101 and 102 of the Local Government Act 1972.

FOR RECOMMENDATION TO COUNCIL:-

- (a) The adoption or revision of the Members' Code of Conduct.

DELEGATED MATTERS:- (the Committee may recommend any matter to Full Council when it considers it expedient to do so, after taking advice from the Head of Paid Service)

1. Audit Activity

- I. To consider the Head of Internal Audit's annual report and opinion, on the control environment, and reports on internal audit activity (actual and proposed), including for internal audit, the setting of Terms of Reference, for internal Audit, the internal audit strategy, and reviewing of resourcing and considering the level of assurance the annual report and opinion can give, over the council's corporate governance arrangements.
- II. To consider summaries of specific internal audit reports as requested.
- III. To consider reports dealing with the management and performance of the internal audit function.
- IV. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- V. To have the right to call any officers or agencies of the Council as required to offer explanation on progress in the implementation of audit recommendations.
- VI. To consider arrangements for cooperation between internal audit, external audit and other review agencies.
- VII. To consider the external auditor's annual letter, ~~relevant reports~~, and the report to those charged with governance and to monitor the implementation of external audit recommendations.
- VIII. To consider specific reports as agreed with the external auditor.

- IX. To comment on the scope and depth of external audit work and to ensure it gives value for money.
- X. To liaise with the Public Sector Appointments Ltd over the appointment of the council's external auditor.
- XI. To commission work from internal and external audit as resources allow.
- XII. To have the right to call any Officers or agencies of the Council as required to offer explanation in the management of internal controls and risks.
- XIII. To, as required, meet privately separately with the external auditor and the Head of Internal Audit.

2. Regulatory Framework

- I. To review and where appropriate make recommendations to Council on proposed revisions to the Council's Constitution and other policies and procedures in relation to Corporate Governance issues.
- II. To review any issue referred to it by the Chief Executive or a director or any council body as the Chair considers appropriate within the general Terms of Reference of the Audit Committee.
- III. To monitor the effective development and operation of risk management and corporate governance in the council particularly in so far as they relate to the adequacy of the internal control environment, effective management of risks, the background to the annual governance statement and production of the financial accounts.
- IV. To monitor council policies in 'Raising Concerns at Work' and the antifraud and corruption strategy.
- V. ***To consider the findings of the review of the effectiveness of the system of internal control and to approve the Annual Governance Statement, in accordance with the Accounts and Audit Regulations. To oversee the production of the authority's Annual Governance Statement and to recommend its adoption.***
- VI. To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

- VII. To consider the council's compliance with its own and other published standards and controls.
- VIII. To report and make recommendations to Cabinet or Council on major issues and contraventions.
- IX. To have rights of access to other Committees of the Council and to strategic functions as it deems necessary.
- X. To maintain oversight of any major issues arising from Police or other enquiries into the conduct of the Council in order to minimise disruption to other branches of the Authority.
- XI. To receive periodic reports from appropriate Directors on probity and corporate governance issues not specifically referred to elsewhere within the Committee's Terms of Reference.
- XII. To review the Council's policy under the Regulation of Investigatory Powers Act 2000 annually and to monitor compliance with the policy on a **quarterly twice yearly** basis.

3. Accounts

- I. To approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- II. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

4. Ethical Governance

- I. To promote and maintain high standards of conduct by Members and Officers.
- II. To grant dispensations to Councillors and Co-opted Members from requirements relating to interests set out in the Members Code of Conduct, where not delegated to the Monitoring Officer.
- III. To hear appeals against decisions of the Monitoring Officer not to grant a dispensation.
- IV. To monitor and review the Council's Whistleblower's policy.
- V. To monitor and review protocols for standards of behaviour for Members and Officers.

- VI. To monitor and review protocols for Members and Officers on relationships and dealings with outside organisations and individuals.
- VII. To monitor and review Member and Officer procedures relating to gifts and hospitality and disclosable pecuniary interests and other interests.
- VIII. To monitor and oversee the response by the Council to complaints to the Ombudsman.
- IX. Dealing with complaints of alleged Member misconduct referred to the Monitoring Officer under Section 28(6) of the Localism Act 2011.
- X. Granting and supervision of exemptions from posts being designated as politically restricted.
- XI. To arrange for the exercise of all the above functions in relation to Parish Councils wholly or mainly in its area and to the members of those Parish Council

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

**REVIEW OF CONTRACT BREACHES IN LEARNING OPPORTUNITIES, CHILDREN
AND YOUNG PEOPLE**

EXECUTIVE SUMMARY

1. This Report provides Members with an update on the progress made and actions taken in the Directorate following the identification of contract breaches since the Audit Committee on 7th April 2016.

RECOMMENDATION

2. To note the actions identified and progress made against the CPR Compliance Improvement Plan in Appendix 1, identifying the measures implemented and underway to mitigate against future contract breaches.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. There are no specific implications within this report, with regards to a review of the Directorate's contract breaches.

BACKGROUND

5. Following the identification of a number of breaches of Contract Procurement Rules (CPRs), the Director of Learning Opportunities and Skills undertook a review of the Directorate's adherence to the CPRs, including an audit investigation and a number of issues were highlighted.
6. The table below provides details of the CPR breaches that were identified to the end of March 2016, as highlighted in Audit Committee on 7th April 2016, together with a brief explanation of the reasons for the breach and their current status.

Description	Annual Breach Value	Contract End Date	Reason for Breach	Action Taken and Completion Date
White Rose SEN Schools & College Placements	£1.4m	30.08.15	Delays in the regional implementation of the White Rose Framework due to the lack of resource/capacity in the region to lead this work.	New agreement put into place October 2015.

Sam and Sammie	£145k	N/A	A number of individual orders have been placed with the same company.	Procurement for this work ceased in April 2016, with any future printing and design work being undertaken in house. The Local Authority has retained copyright for the materials.
Affinity workforce	£114,850		Employment of an interim manager in the Special Education Needs team under CPR Waiver CPR-15-01-0004 for 4 months. Contract continued beyond original waiver request.	Contract terminated with the Council on 31 March 2016
Consultants own Limited Company	£185k since 2011-12 to present date	N/A	Consultant employed to work with Secondary Schools within Learning and Opportunities against various projects since 2011-12 to date working ad hoc days as and when required	Contract with Consultant's Ltd Company terminated on 1 st April 2016

7. A review of the decision making processes was undertaken from January 2016, further enhanced following the outcomes of a review of adherence to CPRs.

AREAS OF IMPROVEMENT AND ACTIONS UNDERTAKEN

8. The attached Compliance Improvement Plan (Appendix 1) includes a number of actions identified by Internal Audit and agreed by the Director of Learning Opportunities and Skills to address areas identified for improvement. Since the identification of the breaches, the Director has already taken steps and implemented some of the actions as noted in the Compliance Improvement Plan (Appendix 1). These include a mandatory training session on the decision making processes within the Council for all Senior Management within the directorate delivered by the Council's Monitoring Officer. Mandatory training and awareness sessions have also been delivered around Doncaster Council's Procurement process, again by the Council's Monitoring Officer, supported by the Head of Procurement and an email has been sent by Director to all senior staff to outline the importance and expectation of following corporate processes

and the potential disciplinary consequences should they not be followed in the future.

9. A number of communications via email and the Intranet were sent out directly from the Director reinforcing the importance of ensuring that the correct procedures are followed. A total of 79 officers (grade 10, or equivalent and above) were provided with links to the CPRs and relevant democratic reporting processes.
10. The communications also reinforced the importance of engaging directly with Council colleagues in both Legal and Procurement before embarking on any decision to follow any procurement route, highlighting the importance of compliance with due process and the need to consider/find out whether or not the Council has purchased from these individuals/companies before, taking into account the aggregate spend over a number of years rather than just the specific purchase being considered by an individual manager/team.
11. Compulsory training for both CPRs and democratic processes were introduced for the 79 officers identified above; the sessions were led by the Assistant Director of Legal and Democratic Services and the Head of Procurement. All attendees were required to sign to indicate that they had attended and understood the requirements of CPRs. Furthermore, the Director reinforced the expectation that there should be no future occurrences of issues relating to procurement matters and any such matters that occur in the future, may be considered under the Council's disciplinary procedure.

OPTIONS CONSIDERED

18. The Directorate has established a Directorate Senior Management Group (SMG) comprising of Directorate Heads of Service, with attendance including corporate support colleagues including HR, Finance and Strategy and Performance. The meetings take place fortnightly. The group has an established work plan and has responsibility for monitoring progress against areas for development, including reporting progress to the Directorate's Senior Leadership Team (SLT). Internal Audit has also attended a meeting to discuss the audit plan and progress against audit recommendations. Internal Audit have been invited to attend the meetings on a quarterly basis as part of the quarter and annual performance monitoring; the first meeting attended was 8th June.

REASONS FOR RECOMMENDED OPTION

19. It is clearly important that the Council's Contract Procedure Rules are adhered to and that from a governance and procurement perspective, where breaches are identified a robust corrective plan is put in place to protect the council's commercial interests through contracts.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

20.

	Outcomes	Implications
	All people in Doncaster benefit	<i>The individual actions (set out in</i>

	<p>from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p><i>Appendix 21 seek to ensure that the Council is able to properly continue to deliver modern, cost effective, good quality vital services.</i></p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	<p><i>The individual actions (set out in Appendix 1) seek to ensure that the Council is able to properly continue to deliver modern, cost effective, good quality vital services.</i></p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	

RISKS AND ASSUMPTIONS

21. The risks of breaches to CPRs potentially exposes the Council to reputational, legal and commercial risk. The review and plans arising from this report aim to identify the Directorate's commitment to remedy this and mitigate any remaining

open risk.

PROCUREMENT IMPLICATIONS

22. There are no specific procurement implications arising from this report. However, Procurement Services provide advice and assistance on the procedure and framework to be adhered to of CPRs, breaches and waivers, including reviewing existing contract arrangements. The service has also jointly delivered a training programme to all managers, with Legal and Democratic Services, thus mitigating against any potential future challenge from suppliers.

LEGAL IMPLICATIONS

22. There are no specific legal implications arising from this report. However, Legal Services provide advice and assistance on the specific context of CPRs, breaches and waivers and reviewing existing commercial arrangements.

FINANCIAL IMPLICATIONS

23. There are no specific implications within this report. However, Financial Services provide advice and assistance on the specific context of related Financial Procedure Rules and aggregate spend. Where financial implications arise from the wider review of commercial arrangements with suppliers these will be reviewed on a case by case basis.

HUMAN RESOURCE IMPLICATIONS

24. There are no specific human resource implications within this report, as future issues will be reviewed in consultation with HR and considered on its merits and within the relevant HR procedures.

TECHNOLOGY IMPLICATIONS

25. There are no specific technology implications within this report.

EQUALITY IMPLICATIONS

26. The commissioner of services and subsequent procurement action would need to consider all equality implications.

CONSULTATION

27. This report has 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

28. None

REPORT AUTHOR & CONTRIBUTORS

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This appendix details the management action identified by Internal Audit, in consultation with the Director of Learning Opportunities and Skills during the review of procurement practice in the Directorate, provides a brief description of the progress against the actions and indicative timescales for completion.

CPR COMPLIANCE IMPROVEMENT PLAN		
PROCEDURAL		
AGREED MANAGEMENT ACTION	Responsibility/Timescale	Status
<p>CPR Waiver/ODR Log to be further developed to:</p> <p>Record the information necessary to facilitate the interrogation of entries on the register, allowing previous similar ODR/waivers to be identified, for consideration before sign off and subsequent cross referencing on the register.</p> <p>Facilitate the recording of any actions / recommendations arising within / from any forms, so that these can be monitored / managed as necessary.</p> <p>Provide CPR Waiver/CPR Breach/ODR statistics to SLT as a standard, to include historical information and categorisation e.g. service area, due to emergency/expertise etc.</p>	<p>May 2016</p> <p>May 2016</p> <p>June 2016</p>	<p>Substantially complete:</p> <p>A review of information recording and information requirements is underway</p> <p>Development of the database is underway</p> <p>All ODRs and Waivers are reviewed at SMG and approved at SLT meeting. A statistics report is being produced to be scrutinised by SLT on a quarterly basis.</p>
<p>Detailed desktop/operating guidance and prompts on forms to be produced to further support the procedures that have already been developed</p>	<p>May 2016</p>	<p>Substantially complete:</p> <p>Flowcharts / Procedures have been produced and</p>

CPR COMPLIANCE IMPROVEMENT PLAN

		circulated for ODR completion. Dummy forms and administrative / monitoring procedures in development
Annual internal review of CPR Waiver/ODR register, and overview report scrutinising both procedure and content.	April 2017 (allowing the currently improved processes to be fully embedded)	
Periodic peer review/scrutiny of decisions by an independent unit eg by other Directors or Internal Audit	January 2017 (allowing results to be fed into annual internal review process)	
GENERAL:		
AGREED MANAGEMENT ACTION	Responsibility/Timescale	Status
<p>Full review of 15/16 spend to identify any other agency / consultant / self-employed cases. (Consideration of working with Finance / Procurement to develop/allow real time aggregate of spend with Suppliers/Contractors to be produced for the Directorate.)</p> <p>Director communication to managers re CPRs to include engaging in a dialogue with procurement to ensure that consideration is given to aggregate spend.</p>	March 2016	<p>Complete:</p> <p>Aggregate spend has been discussed in SMG and an action to make sure staff understand and aware of CPRs has been recorded.</p> <p>Director communication has been issued</p>
Training session for all managers on CPRs, decision making processes, recruitment of staff (including agency / self-employment) etc.	April 2016	Complete:

CPR COMPLIANCE IMPROVEMENT PLAN

		Decision making training completed 7/1/16 All recruitment decisions are now being approved by SLT
Review governance framework to identify further areas for training sessions	May 2016	Complete: Training undertaken by all grade 10 or equivalent and above on 19 th and 25 th April 2016.
Director instructions to all Managers on importance of complying with Procurement Regulations	April 2016	Complete: Communication issued 4/4/16
Senior Management Group (SMG) work plan – embed management of audit plan and recommendations.	June 2016	Complete: Audit attending SMG on 8 th June 2016 and quarterly thereafter.
Review of Senior Level internal communication processes and clarity on Senior Level support role functions and responsibilities to aid efficiency and avoid confusion Review of the completion by all managers of the Council's mandatory policy compliance/ eLearning Modules.	June 2016	Partially complete: Terms of Reference for SMG developed, including attendance of corporate support services. Introduced Directors briefing. Review of communications and meeting structures underway (on SMG work plan)

CPR COMPLIANCE IMPROVEMENT PLAN

Review of eLearning/compliance modules complete, recorded in PDRs and progress monitored through 1:1s, SMG, reported to SLT.

Communications Plan meeting scheduled for w/c 20th June 2016.

21 June 2016

To the Chair and Members of Audit Committee

ADULTS, HEALTH AND WELLBEING AUDIT RECOMMENDATIONS PROGRESS REPORT INCLUDING THE RECOVERY OF OVERPAYMENT OF DIRECT PAYMENTS

EXECUTIVE SUMMARY

1. Audit Committee at its meeting in January 2016 noted the current progress being made in relation to the outstanding actions within Adults Health and Wellbeing and requested further update at a future particularly in relation to the Major Risks.
2. This report provides the basis for a further update on the completion of recommendations and those that were still outstanding as at 31 May 2016. The table below gives a brief overview of the progress made and the current position:

	Progress in relation to the 84 original recommendations					Current Position including new actions
	Feb 2015	Aug 2015	Dec 2015	Mar 2016	Jun 2016	
Major Risk	7	2	2	0	0	7
Significant Risk	73	22	19	15	9	19
Moderate Risk	11	1	1	1	0	3
Total	84	25	22	16	9	29

3. Progress has been made in reducing the number of outstanding recommendations since the last meeting in January 2016 and there are now 9 of the original 84 actions still outstanding. The reason for further time is needed due to other directorate issues to deliver the required outcomes.
4. The action plan relating to CASPER which is a new case management system used by SAPAT (Safeguarding Adults and Personal Assets Team) has been removed as there are concerns with the processes and it was deemed appropriate to suspend the remaining actions until an ongoing internal audit review has been completed.
5. In addition there are 22 outstanding actions from those added since work commenced on clearing the original actions, 19 of these are related to the recent Overpayments Review of Direct Payments which consisted of 24 individual actions 5 of which have been implemented. A breakdown of the outstanding actions linked to this audit can be found in table 1 at the end of this report.

6. Since the last Audit Committee Meeting in April 2016, 13 individual actions have been implemented (2 Major, 1 Moderate and 10 Significant).
7. Of the 9 actions still outstanding from the original 84 recommendations, 5 are linked to the Direct Payments/Personal Budgets improvement plan. A Meeting was held with the action plan owner of the DPPB plan and a way forward was agreed, however shortly after this meeting the senior member of staff tasked with delivering these actions has been absent which has delayed progress although a replacement has now been identified. Also following the implementation of the new improvement plan a meeting has taken place to look at progress and it was identified that some of the original actions would be addressed as part of the work to deliver the new actions (Table 2 at the end of this report shows the current status with these actions). The remaining 4 actions and their status is as follows:
 - 1 was originally part of an overarching enforcement strategy which was awaiting a signed ODR, however since then a standalone strategy has been requested and an update has been requested, but is still awaited.
 - 1 is wholly linked to the commissioning of a new Domiciliary Care Contract which has not yet completed, but measures are in place to mitigate the risk until this is achieved.
 - 1 is the application of retention guidelines to records currently held on CareFirst and work cannot commence on this until the new Case Management system has been implemented and data cleansing completed as the resources are wholly tied up with this activity.
 - 1 relates to the systems in use by the OT team and work is progressing but it is not anticipated that this work will be completed until September and an extension has been requested.

8. Update on Overpayments of Direct Payments:-

Since work commenced in reviewing direct payments in 2011/12, almost £1.5m of overpayments have been identified which has led to 449 accounts being raised. This figure has climbed steadily from £940k in September 2015, i.e. a further £560k of overpayments have been identified from October 2015 to date. During the October 2015 to date period, £520k of outstanding debt has been collected which evidences the success of the work that is being undertaken. Further increases are anticipated as the team continue to gather the evidence required to be able to assess whether budgets have been spent correctly or not. The current level of debt is £582k and all outstanding reviews are anticipated to be complete by September 2016.

In the last two months an additional £137k of overpayments was identified but £60k of this has been recovered during this period.

£147k of debt has been identified as unrecoverable and has been written off in accordance with Financial Rules.

24% of outstanding debt now has a payment plan in place.

Invoices are now being raised when evidence has not been provided to show that the personal budget has not been spent correctly.

9. In relation to the Overpayment of Direct Payments action plan, there were originally 24 actions, but 5 have now been fully implemented. Of the remaining 19, progress is being made on all of them and for several once evidence is compiled, these will also be fully implemented (see Table 1 at the end of this report for a breakdown of progress being made against each individual action).
10. There were 8 major actions arising from the review – one of these has been implemented, the status of the remaining 7 are as follows:
 - Backlog of reviews – the backlog of annual reviews has now been completed and priority is now being given to completing reviews of service users who are no longer in receipt of a direct payment. It is anticipated that this backlog will be cleared by the 30th September 2016.
 - Feedback Loop for Lessons Learned – this action is tied up with the overall review of the service and processes, this is currently underway.
 - Direct Payment Accounts as the first option – Everyone who is given a direct payment is initially put on a pre-payment card and they are strongly encouraged to stay in this mode of payment following the 6 week review.
 - Money Management Companies – this action is being aligned with the new “Commissioning Care and Support at Home service” and is being led by colleagues within the commissioning team.
 - Bad Debts Management and Recovery/Validation of existing debts (2 actions) – A new process was implemented in April 2016 which includes a risk based approach to financial reviews to ensure those of the highest risk are prioritised and their reviews are conducted on a more regular basis. An assessment officer is now joint working where a debt has been identified as well as a need for a social care review and this is already having a positive effect.
 - Outstanding audits - Weekly audits are being undertaken but the work is not yet fully completed.

Please see Table 3 at the end of this report for a breakdown of financial activity from September 2015.

RECOMMENDATIONS

11. Audit Committee is asked to:
 - a) Note the update on current Audit recommendations.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

12. Audits and subsequent improvement plans are designed to improve services, make them more efficient and effective and identify issues with processes that could cause reputational and financial damage to the authority. By delivering the audit recommendations, the interactions between the authority and citizens should be a more positive experience, work will be progressed more quickly

which will mean that individuals will achieve their outcomes much more quickly and the potential for them receiving confusing or conflicting information will be greatly reduced.

BACKGROUND

13. This report provides audit committee with a further update on the progress of outstanding audit recommendations within Adults, Health and Wellbeing.

IMPACT ON THE COUNCIL'S KEY PRIORITIES

14. Any improvement in the management of the risks will have a positive impact thereby increasing the likelihood of the Adults, Health and Wellbeing achieving its objectives. Monitoring and implementing Internal Audit's recommendations is therefore relevant to all priorities but in particular the following:

Outcomes	Implications
Council services are modern and value for money.	By delivering audit action plans performance will improve and increase the effectiveness and efficiency of a whole range of services across the directorate.
Working with our partners we will provide strong leadership and governance.	The work undertaken to address and implement audit actions will drive forward performance improvements across the directorate

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS

16. Part of the process is to identify issues that could have open the council up to litigation, therefore by delivering the recommended improvements there can be more confidence that processes are compliant and less likely to be subject to challenge.

FINANCIAL IMPLICATIONS

17. There are no identified direct financial implications arising from this report.

HUMAN RESOURCES IMPLICATIONS

18. There are no identified human resource implications arising from this report.

TECHNOLOGY IMPLICATIONS

19. There are no identified human resource implications arising from this report.

EQUALITY IMPLICATIONS

20. We are aware of the Council's obligations under the Public Sector Equalities Duties and there are no identified equal opportunities issues within this report.

CONSULTATION

21. There have been a number of meetings between the Directorate and internal Audit.

22. 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	
Directorate Strategies and Policies		The Care Act 2014	

BACKGROUND PAPERS

23. Internal Audit Reports

REPORT AUTHOR & CONTRIBUTORS

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Pat Higgs
Assistant Director of Adult Social Care

Table 1 below highlights the current situation in relation to the new Overpayments Review of Direct Payments

Action	Owner	Risk	Comments
Backlog of Reviews	JHH	Major	Substantial progress has been made in clearing the backlog of review and the ones still outstanding will be completed by the end of September 2016.
Feedback Loop for Lessons Learned	JHH	Major	This is linked with the overall review of Direct payments and processes.
DP Accounts as the first option	JHH	Major	Everyone who is given a direct payment is initially put on a pre-payment card and they are strongly encouraged to stay in this mode of payment following the 6 week review.
Bad Debts Management	AP	Major	Work has commenced but is not yet complete.
Assessment of debt outstanding	AP	Major	Weekly audits are being undertaken but the work is not yet fully completed.
Outstanding audits	AP	Major	Weekly audits are being undertaken but the work is not yet fully completed.
Money Management Companies	PH	Major	This work stream is being led by Commissioning colleagues and will be aligned to the new Commissioning Care and Support at Home service.
Starter Budget	JHH	Significant	Currently being looked into by the Project Lead
RAS bracket authorisation	JHH	Significant	The process included workers providing evidence for uplifts and managers to sign off, but work is still continuing in this area to further improve the process.
RAG rating for review cycle	JHH	Significant	Looking at linking to review procedure and will be addressed as part of this exercise.
Revised DP Agreement	JHH	Significant	Work has commenced looking at the current agreements and whilst not fully complete yet amendments are anticipated to be implemented

			in the near future.
DP agreements – authorised support	JHH	Significant	This is being considered alongside the revised DP agreement (above) and will be dealt with as part of this exercise.
No DP Audit Info on Care First	JHH	Significant	This is now in place and is just awaiting evidence to be gathered.
Joint Working	JHH	Significant	Awaiting evidence to submit as implemented.
DP accounts – exception reporting and monitoring	AP	Significant	Reports have been developed and implemented and work is on-going.
DP account charges	PH	Significant	Consideration of inclusion within the Direct Payments agreement currently underway.
Charge over property	AP	Significant	Work has commenced more needs to be done before this is ready to be implemented.
DP account exception audits	AP	Significant	Progress has been made and a process has been written but further work is required before fully implemented
Care Act Assessment change in circumstances	JHH	Moderate	A new process was implemented in April 2016 – awaiting evidence of the improvement

NB. JHH = Jayne Hewitt Hardy, AP = Anthony Patterson and PH = Pat Higgs

Table 2 below highlights the current situation in relation to the previous Direct Payments Improvement Plan

Action	Owner	Risk	Comments
Quality Assurance programme and checks for social care	JHH	Significant	Awaiting a report to show that spot checks are being undertaken
Annual Review	JHH	Significant	A report is being compiled of all outstanding reviews including any reasons for delays.
Financial Assessments	JHH	Significant	The work required to deliver this action is now being looked at alongside the Overpayment Review of Direct Payments Improvement Plan and should be implemented at the same time.
Procedures	JHH	Significant	A flow chart has been circulated for comment includes ownership at each stage of the process once agreed the action will be fully implemented.
Direct Payments Agreements	JHH	Significant	Proposal is that a new direct payment agreement will be issued and signed off following an annual review of the individual's ongoing care and support needs. This will be reflected in a new direct payment policy which is currently being drafted.

Table 3 – Current position of outstanding debts from Direct Payments Overpayments

Status as at 26/05/2016								
Financial Year	Number Outstanding	Original Balance	Paid	Written off	Outstanding Balance	Payment Plan	Invoice	Percentage Paid
2011/12	9	94,383.63	3,030.13	6,945.92	84,407.58	7,729.87	76,677.71	3.21%
2012/13	28	254,030.44	72,449.27	116,116.93	65,464.24	49,410.04	16,054.20	28.52%
2013/14	1	2,056.00	50.00	0.00	2,006.00	2,006.00	0.00	2.43%
2014/15	84	354,029.28	138,920.09	17,869.57	197,239.62	40,645.11	156,594.51	39.24%
2015/16	267	657,960.43	495,376.54	6,910.71	155,673.18	35,462.23	120,210.95	75.29%
2016/17	60	137,123.35	60,086.72	0.00	77,036.63	3,160.00	73,876.63	43.82%
Total	449	1,499,583.13	769,912.75	147,843.13	581,827.25	138,413.25	443,414.00	51.34%

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To the Chair and Members of the Audit Committee

DONCASTER MARKETS FOLLOW UP REVIEW

EXECUTIVE SUMMARY

1. Doncaster markets have over 400 shops and stalls and employ an estimated 1000 people (in both the public and private sectors) with traders travelling from across South Yorkshire to trade on the markets. In 2013/14 the Council's markets (including Doncaster, Rossington and Mexborough) reported a turnover of £1.82m and an overall surplus of £357k. As such, Doncaster's markets provide a significant income stream to the Council and contribute to the success and prosperity of Doncaster town centre.
2. This report summarises the findings of a follow-up audit of governance arrangements at Doncaster Markets and elements of Town Centre Management undertaken by Doncaster Council's Internal Audit Service. The service was previously reviewed in 2015 and brought to Audit Committee after a No Assurance report had been issued on the financial and governance arrangements in place.

RECOMMENDATIONS

3. The Audit Committee is asked to note the outcome of the Audit Review and progress made by the Markets and Town Centre Management Team.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. Doncaster Markets are at the heart of the boroughs economy. We need to maintain a safe environment for both traders and visitors to the markets. Our response to the Audit Review means that an improved service will be provided to the citizens of Doncaster.

BACKGROUND

5. This report provides the Audit Committee with information on the outcomes from internal audit work at Doncaster Markets and Town Centre Management and allows the Committee to discharge its responsibility for monitoring the Councils exposure to risks.
6. The investigations were initially undertaken after concerns were raised by several market traders about working practices within the Markets Team in 2014/15. These concerns were about general administration, the allocation of pitches, procurement and health and safety. The service had recently transferred into Trading Services and Assets from a different area of the Council.

7. On receipt of these concerns, Senior Managers within Trading Services and Assets commenced their own review of the issues and the way the service was managed and commissioned a financial administration review of the service by Internal Audit and a Health and Safety review of working practices by the Corporate Health and Safety Team to assist them in their assessments.
8. A formal follow-up review by Internal Audit covering the financial and governance arrangements identified in the previous review has now taken place and is included in the attached report.

Progress made to date includes: -

- The implementation of cashless collection methods for allocated stall holders via the sundry debtors system. This has substantially reduced the overall level of cash handling in the Team to the handling of casual stall rents (approximately £300 - £400 per week). This represents a significant improvement in the control environment and a significant reduction in fraud and error risks. Debt levels / arrears levels have however increased as a result of the migration to the Sundry Debtors System from £8k to £58k. This is due to the better identification and recording of debt rather than a problem with debt collection. Work is required on the recovery arrangements in conjunction with the Accounts Receivable Team to ensure that this is brought under control.
- Checks are now undertaken on new traders to ensure that they are entitled to work in the UK, hold specific and relevant licenses and the required insurances. However, it was identified that in some instances, these are not being properly evidenced on the traders' individual files.
- Contract Procedure Rule compliance has been significantly improved since the February 2015 report. Off contract spend reduced from £163k in 14/15 to £121k in 15/16. Off contract spend however for quarters 2, 3 and 4 totalled just £67k compared with a quarter 1 spend of £54k.

Remaining Actions:

- Stall rent arrears and rent collection has been transferred on to the Council's Debtors (Accounts Receivable) system but further work is required to ensure that a comprehensive and robust recovery policy is in place and is enforced.
- A new markets management system to manage market tenancies is under procurement and is expected to be implemented in quarter 3 2016.

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

9. Not applicable

IMPACT ON THE COUNCIL'S KEY PRIORITIES

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>Doncaster Markets are a significant employer for the borough employing an estimated 1000 people in the public and private sectors. Strengthening arrangements around such activities will contribute to successful and prosperous town centres.</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>None</p>
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>None</p>
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>None</p>
	<p>Council services are modern and value for money.</p>	<p>Improvements in collection activities and debt management within the markets processes will improve value for money and deliver a better service for traders and customers.</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.</p>

RISKS & ASSUMPTIONS

13. Failure to address governance and operational weaknesses within Doncaster Markets and Town Centre Management exposes the Council to the following risks:-
- Potential reputational damage to the Council through either fraud or loss of income
 - Potential damage to relationships with market traders
 - Failing to achieve value for money for Doncaster residents
 - Failure to maximise town centre potential and business opportunities.

LEGAL IMPLICATIONS

14. Failure to implement actions highlighted within the report potentially causes a detrimental impact upon the reputation and business affairs of the Council and third parties.

FINANCIAL IMPLICATIONS

15. There are no direct financial implications arising from this report; however, the stall rent arrears of £58k represents a potential financial risk to the authority.

HUMAN RESOURCE IMPLICATIONS

16. None

TECHNOLOGY IMPLICATIONS

17. There are no identified technology implications arising from this report.

EQUALITY IMPLICATIONS

18. We are aware of the Council's obligations under the Public Sector Equalities Duties and there are no identified equal opportunity issues within this report.

CONSULTATION

19. There has been consultation with managers at the outset, throughout and at the conclusion of this review in order to ensure that the work undertaken and findings are relevant to the risks identified and are accurate.

This report has significant implications in terms of the following:

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

BACKGROUND PAPERS

20. Doncaster MBC, Internal Audit Report – Doncaster Markets Financial Administration Follow-Up Audit

REPORT AUTHOR & CONTRIBUTORS

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Appendices

Appendix 1 - Doncaster MBC, Internal Audit Report – Doncaster Markets Financial Administration Follow-Up Audit

Simon Wiles
Director of Finance and Corporate Services

Internal Audit Report

Doncaster Markets – Financial Administration Follow Up Audit

Report ref: DN-PL-15-RE-Dev-Mar

Report issued: 2nd June 2016

Distribution:

Peter Dale, Director of Regeneration and Environment
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Introduction

This report presents the results of a Follow-up Audit on the financial administration of Doncaster Markets undertaken in the final quarter of the financial year 2015/16. The original audit, undertaken at the request of management in the third quarter of 2014-15, covered a full review of financial administration arrangements for Doncaster Markets and was run alongside a health and safety audit of the same area. A report was subsequently issued in February 2015 making 27 recommendations and resulting in a “no assurance” audit opinion. This follow up audit forms part of the 2015/16 Internal Audit plan, approved by the Audit Committee and was included to ensure that the necessary improvements identified within the original audit report were made and are effective.

In 2015-2016 the Council’s markets (including Mexborough and Rossington markets) reported an overspend of £82k. Income of £1.44m relates almost entirely to market stall rents and was lower in 2015/16 than the 2014/15 figure of £1.54m largely due to a month’s rebate awarded to traders as an incentive to move from weekly cash payments to monthly direct debit payments (this totalled £69k). Expenditure of £1.524m in 2015/16 included £454k spent on staffing and £776k on premises costs and the procurement of supplies and services. More than 85% of turnover relates to the Doncaster Town Centre Markets. The Market in Doncaster is fully open on Tuesday, Friday and Saturday and there is a smaller second hand market operating each Wednesday.

The Markets Team is responsible for the smooth running of the Council’s markets including the management of market facilities, allocation of stalls, registration of new traders, administration of lease agreements, establishing accounts for permanent traders on the accounts receivable system, collecting rent from casual traders and other tasks relating to the general management of the market. In 2015 the markets team was restructured to include 15.5 FTE staff – although 5 of these posts were vacant at the time of the audit (quarter 4 2015/16). This has meant that some of the planned improvements to the financial administration of the team have yet to be implemented due to insufficient staffing capacity.

Objectives and Scope of the Audit

The objectives of the audit were to:

- Review progress and any implemented improvement actions from the previous markets audit and gain evidence of their appropriate implementation.
- Advise on further actions should improvements implemented not meet expectations.
- Give further advice/support on improvements, whenever requested or identified during the audit work.

The scope of this audit remains unchanged from that of the original 2015 audit which focussed on the following risks facing the Markets team:

- Income due to the Authority is not received or is lost
- Inappropriate allocation of market stalls/tenancies
- Inappropriate payments to suppliers/poor value for money procurements
- Inappropriate pricing strategies
- Illegal or inappropriate use of market stalls
- Inappropriate licensing / monitoring of Street Cafés (Town Centre Team responsibility)

All our evaluations, assessments and opinions are based on the control processes identified at the time of the audit. Control processes mitigating and transferring risks were tested using information and data from the period between April 2015 and March 2016.

This report also includes findings relating to street café licences (also reported on in February 2015) and income from promotional sites which fall under the remit of the Town Centre Team rather than the Markets Team itself.

Executive Summary

Residual Risk Analysis

The results of this follow up audit compared to the audit reported in February 2015 are shown in the heat maps below.

February 2015 Audit

Likelihood	Very Likely					
	Likely			1		
	Possible		1	3	1	
	Unlikely					
	Very Unlikely					
			Slight	Moderate	Significant	Major
Impact						

2016 Audit

Likelihood	Very Likely					
	Likely					
	Possible			1		
	Unlikely		2	1	1	
	Very Unlikely			1		
			Slight	Moderate	Significant	Major
Impact						

The above heat maps, which are consistent with the Council’s Risk Management Policy, show the level of residual risk exposure as at February 2015 and out opinion on the current risk exposure. Each of the risks assessed during the course of this audit has been plotted above with the numbers representing the number of risks in each category. This demonstrates a reduction in the overall level of risk, more detailed analysis of which is included in the Detailed Risk Analysis section of this report.

Assurance Opinion

Internal audit reports give 4 general levels of opinion. These are based on the level of risk that we assess remains at the end of our assessment, before any actions have been implemented. These 4 opinion levels are: -

- Substantial assurance
- Partial assurance
- Limited assurance
- No assurance

Our opinion in 2015 giving no assurance that financial objectives are likely to be achieved or that fraud is likely to be prevented has now been revised to **Partial Assurance** and is reflective of the reduction in overall risk levels.

Reasons for this opinion

In February 2015 we reported that the cash based system for collecting market stall rents was inefficient, requiring a significant amount of staff time to collect rents each day, cashing up at the market office and recording arrears on a spreadsheet. The inefficient arrangements for collecting rent in cash posed a major risk of fraud but none was identified during our review. This major risk was addressed by management in July 2015 when income collection arrangements were changed from weekly cash collection to debtor accounts being set up for traders on the Council's accounts receivable system. It should be noted that casual trader income is still collected in cash on the day. This is unavoidable given the one off nature of these transactions.

The amount of rent collected directly from traders in cash has reduced from around £25,600 a week during 2014/15 to current levels of between £300 and £400 a week. This significant reduction in cash handling has greatly reduced the risk of fraud and error. However, more could still be done to develop a procedure to reconcile income collected to income due. As reported in February 2015, in an effective system income due should be calculated by establishing the gross debit (number stalls multiplied by rent due), deducting voids (unoccupied stalls where no charge is due) to give the collectible debit. Actual income collected can then be compared to the collectible debit. Processes such as this are not currently in place for Doncaster Markets.

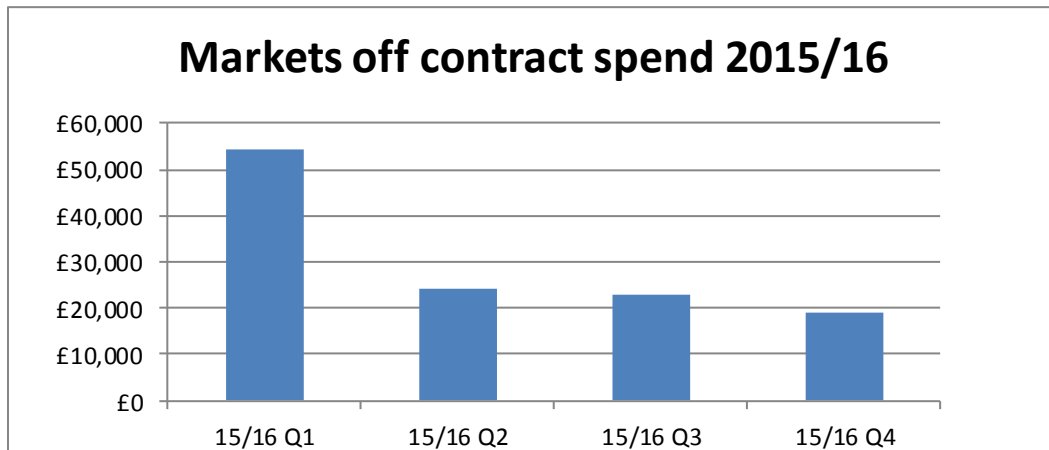
Some new risks relating to income loss have emerged following the change in income collection procedures combined with the departure of the business support assistant from the team in October 2015 and awaiting the filling of vacant posts in the Markets team. These are:

- Only one officer has been involved in cash handling and banking of the £300 to £400 weekly cash collections – with no independent check on cash collected and banked;
- Only one officer is involved in setting up and amending debtor accounts on the accounts receivable system, and issuing credit notes – and there are no independent or supervisory checks on these transactions;
- Stall rent arrears have increased from £8k reported in February 2015 to £58k in April 2016. This is due to the better identification and recording of debt rather than a problem with debt collection. Arrears recovery procedures and responsibilities within the Markets Team are still being developed.

In February 2015, we reported that the process for allocating stalls to new traders was not transparent: the allocations policy was not documented and there was no information available on the markets website to explain the process used to allocate stalls to potential traders.

At April 2016, all outstanding issues arising from the re-allocation of stalls, following the redevelopment of the outer market in 2014, have been addressed by management. The approach for allocating stalls on the outer market has recently reverted to the original policy of allocation on the basis of seniority subject to "clash of commodities". (This is an aesthetic consideration to ensure that the goods traded on adjacent stalls do not clash). The policy for allocating stalls on the indoor market continues to be on the basis of the highest tender price received subject to consideration of "clash of commodities". However, these policies – and related procedures – are not formally documented – or clearly communicated to potential traders via the website.

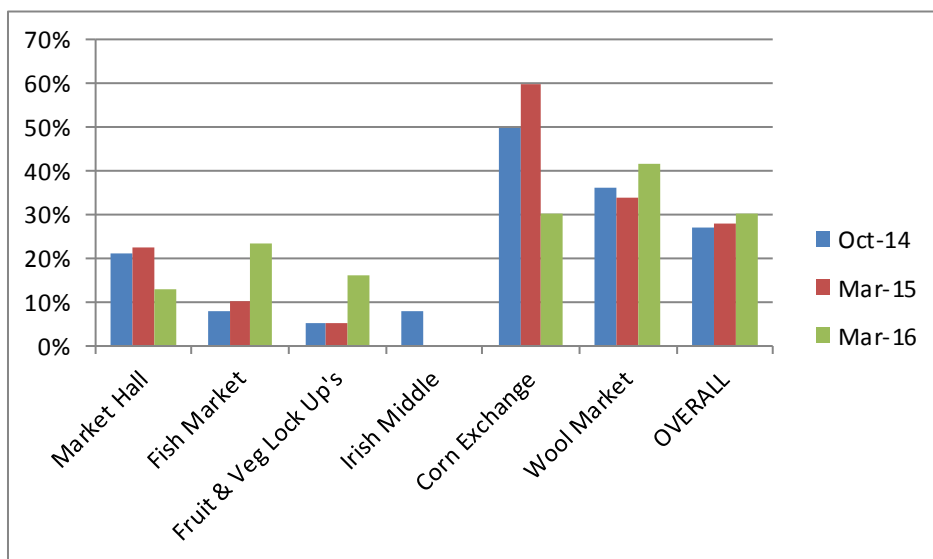
In February 2015, we reported that corporate procurement procedures had not been followed for significant proportions (29%) of Doncaster Market team spend on goods and services. Since then, the amount of off-contract spend has reduced from £163k in 2014/15 to £121k in 2015/16. This follows an exercise by Markets Managers in autumn 2015 to move some markets procurements to existing contracts and retender in some cases in line with corporate procurement procedures. The following chart demonstrates reduction in the amount of off contract spend during 2015/16 as the new arrangements took effect.



Audit review of markets spend for the period January to March 2016 found that spend was undertaken in accordance with corporate procurement procedures.

In February 2015, we reported that the pricing of stall rents was sufficient to achieve a surplus on markets operations. However, there hadn't been a rent review since 2008, service charges were not separated from rent and some parts of the market had significant level of vacancies (notably the Wool Market and Corn Exchange). As at April 2016, a rent review is underway and the findings will be fed into the Fees and Charges setting process for the 2017/18 budget. This piece of work will separately identify service charges and will also cover renewal of indoor market lease agreements which expired in 2015. As demonstrated in the following chart, although there has been a reduction in voids in the Corn Exchange, void levels have increased for the Wool Market, Fish Market and Fruit and Veg lock ups. The overall level of voids has increased slightly from 27% in October 2014 to 30% in March 2016.

Doncaster Markets voids between October 2014 and March 2016



In February 2015, we reported that the checks carried out on new traders varied between the outer market and the indoor market and that traders' files did not routinely include evidence of:

- identity checks;
- right to work in the UK (National Insurance Number check);
- whether the trader has public liability insurance;
- whether the trader holds specific licences relevant to the particular trade.

Since then, work has been done to populate traders' files with this evidence, but audit walkthrough of files for 2 new traders identified gaps in evidence relating to NINO checks and public liability insurance. Further work is required to ensure that comprehensive evidence is held and that obligations in this regard are actually being met.

In February 2015, we reported that Street Café (Al Fresco) licences were not properly administered – with no clear register of businesses requiring a licence or those requiring licence renewals. £10,056 of unbanked cheques were found, most of which were attached to unprocessed licence applications. Since the original audit, a register of businesses requiring a licence has been produced and a budget for street cafe licence income has been included in the 16/17 budget setting process (£3450 based on 30 licences at £115 renewal fee). This has subsequently been amended following discussions with the Mayor to charge £100 over 5 years for renewed licences.

Other control weaknesses still to be addressed include:

- Key policies relating to stall allocations, pricing and arrears recovery are still to be formally documented;
- Desktop procedures for the full range of tasks performed by the Markets Team are still to be formally documented including collection of rents from casual traders, letting stalls, trader registration checks, lease administration;
- Recovery of debt and administration of debtor accounts.

It is expected that further improvements will be made once the Markets Team is fully staffed (expected June 2016), a new markets administration system is implemented (expected September 2016) and the rent review/lease renewal process is completed (expected December 2016). As a result of the audit work completed, we have found that 10 out of 27 agreed actions arising from the February 2015 audit report are still to be implemented. These are detailed in Appendix B to this report. Additionally, 5 new recommendations have been made which are included in Appendix A.

Detailed Risk Analysis

The risks identified within the scope of this audit, have been further analysed below to give further information on the findings of the audit and to cross reference any improvement points / recommendations that have been made. The risk ratings reflected here are consistent with those shown in the earlier heat map and the Doncaster Council Risk Management Framework.

Risk	Final Score Rating	Headline Reason for Rating	Related Issues
<p>Income due to the Authority is not received or is lost</p>	<p>Significant <i>(reduced from Major in February 2015)</i></p> <p>Impact: Major</p> <p>Likelihood: Unlikely <i>(reduced from Possible in February 2015)</i></p>	<p>The manual and largely cash based system for collecting daily/weekly stall rents was replaced in July 2015 by use of the corporate accounts receivable system. The new system has significantly reduced the risk of fraud and error.</p> <p>However, there is no procedure in place to reconcile income collected to income due; therefore Market managers cannot demonstrate that income has been fully received and accounted for. An explanation of how the income due (collectible debit) should be calculated is shown on page 6)</p> <p>Data matching undertaken by audit for the month of January 2016 found that debtor accounts had been properly raised on the accounts receivable system for all traders recorded on the Trader's Database spreadsheet. This does provide some assurance of the completeness of income records although it should be noted that reliance was placed on the robustness of the information on the Trader's Database (which wasn't tested further by audit).</p>	<p>ISS.2 Only one officer involved in cash collection and banking</p> <p>ISS.3 Arrears Recovery</p> <p>ISS.4 Debtor account records</p> <p>ISS.1 (outstanding from February 2015 audit report) No up to date documented policies and procedures.</p> <p>ISS.5 (outstanding from February 2015 audit report) No reconciliation of income collected to income due.</p> <p>ISS.20 (outstanding from February 2015 audit report) Lack of control over pavement café licences and related income.</p>
<p>Inappropriate allocation of market stalls/tenancies</p>	<p>Significant <i>(reduced from Major in February 2015)</i></p> <p>Impact: Significant</p> <p>Likelihood: Unlikely <i>(reduced from Likely in February 2015)</i></p>	<p>At April 2016, all outstanding issues arising from the re-allocation of stalls following the redevelopment of the outer market in 2014, have been addressed by management (these are detailed in Appendix B). The approach for allocating stalls on the outer market has recently reverted to the original policy of allocation on the basis of seniority subject to "clash of commodities". The policy for allocating stalls on the indoor market continues to be on the basis of the highest tender price received subject to consideration of "clash of commodities". However, these policies – and related procedures – are not formally documented – or clearly communicated to potential traders via the website.</p>	<p>ISS.1 (outstanding from February 2015 audit report) No up to date documented policies and procedures.</p> <p>ISS.2 (outstanding from February 2015 audit report) Limited information on markets website for potential traders.</p> <p>ISS.14 (outstanding from February 2015 audit report) Stall allocation policy, procedures and decisions not fully documented.</p>

Risk	Final Score Rating	Headline Reason for Rating	Related Issues
Inappropriate payments to suppliers/poor value for money	<p>Moderate (reduced from Significant in February 2015) Impact: Significant</p> <p>Likelihood: Very Unlikely (reduced from Possible in February 2015)</p>	<p>In February 2015 we reported that corporate procurement procedures had not been followed for a significant proportion of Doncaster Market team spend on goods and services. Since then, the amount of off-contract spend has reduced following an exercise by Markets Managers in Autumn 2015 to move some markets procurements to existing contracts and retender in some cases corporate procurement procedures.</p> <p>Audit review of markets spend for the period January and March 2016 found that payments were in accordance with corporate procurement procedures.</p>	
Inappropriate pricing strategies leading to failure to maximise income	<p>Moderate (reduced from Significant in February 2015) Impact: Moderate</p> <p>Likelihood: Unlikely (reduced from Possible in February 2015)</p>	<p>In February 2015 we reported that the pricing of stall rents was sufficient to achieve a surplus on markets operations. However, there hadn't been a rent review since 2008, service charges were not separated from rent and some parts of the market had a significant level of vacancies (notably the Wool Market, Corn Exchange and Outer market).</p> <p>As at April 2016 a rent review is underway and the findings will be fed into the Fees and Charges setting process for the 2017/18 budget. This piece of work will separately identify service charges and will also cover renewal of indoor market lease agreements which expired in 2015. The surplus on market operations has reduced from £263k in 2014/15 to an overspend of £82k in 2015/16.</p> <p>Although void levels have decreased for the Corn Exchange, there has been an increase in voids for the Wool Market, Fish Market and Fruit and Veg lock ups. The overall level of voids has increased slightly from 27% in October 2014 to 30% in March 2016. However it should be noted that due to the large size of the market compared to many other towns of this size it is unlikely that full occupancy would be achieved. Benchmarking by market managers has found that stall rents are in line with other authorities.</p>	<p>ISS.17 (outstanding from February 2015 audit report) No full rent review since 2008.(now in progress)</p>

Risk	Final Score Rating	Headline Reason for Rating	Related Issues
Illegal or inappropriate use of market stalls	<p>Significant</p> <p>Impact: Significant</p> <p>Likelihood: Possible</p>	<p>In February 2015 we reported that robust checks were not undertaken on all new traders covering:</p> <ul style="list-style-type: none"> • identity checks • right to work in the UK • whether the trader has public liability insurance • whether the trader holds specific licences relevant to the particular trade. <p>Since then, work has been done to populate traders' files with this evidence, but audit walkthrough of files for two new traders identified gaps in evidence relating to NINO checks and public liability insurance. Further work is required to ensure that comprehensive evidence is held.</p>	<p>ISS.1 Evidence of New Trader Registration checks</p>
Inappropriate licencing / monitoring of Street Cafés	<p>Moderate <i>(reduced from Significant in February 2015)</i></p> <p>Impact: Moderate <i>(changed from Significant in February 2015)</i></p> <p>Likelihood: Unlikely <i>(reduced from Possible in February 2015)</i></p>	<p>In February 2015 we reported that Street Café (Al Fresco) licences were not properly administered – with no clear register of businesses requiring a licence or those requiring licence renewals. £10,056 unbanked cheques were found, most of which were attached to unprocessed licence applications.</p> <p>Since the original audit, a register of businesses requiring a licence has been produced and a budget for street cafe licence income has been included in the 16/17 budget setting process (£3450 based on 30 licences at £115 renewal fee). This has subsequently been amended following discussions with the Mayor to charge £100 over 5 years for renewed licences.</p>	<p>ISS.20 (outstanding from February 2015 audit report) Lack of control over pavement café licences and related income.</p>

Acknowledgement

Thanks are due to your staff, particularly Richard Gibbons and his team, for taking time out of their busy schedules to provide us with information and answer our questions.

Procedures Related

Issue Identified

ISS.1 – Evidence of New Trader Registration checks

Following the February 2015 audit report, checks on traders' right to work in the UK, public liability insurances and other licenses were introduced by management and documentation was included in a new electronic file created for each market trader.

Audit walkthrough of two new traders (ref 618 and 619) found that the electronic file was incomplete in both cases:

- No evidence for either trader 618 or 619 to confirm that proof of right to work in the UK (NINO) had been checked
- No public liability insurance evidence held for trader 619
- No evidence of address check for trader 618
- No evidence of trader 619's acceptance of the terms and conditions relating to the use of market stalls.

Officers explained that at the time of the audit, the necessary checks on new traders were being carried out but evidence was not necessarily being scanned for the electronic file. However, assurances were given that all evidence is now being scanned for inclusion in the traders' electronic files. This is important in the event of an incident and in evidencing our involvement as a Council with it.

Anticipated Exposure: -

A lack of robust checks to confirm identity, right to work in the UK, insurance and that traders hold relevant licences mean that illegal or uninsured trading may not be identified. Failure to enforce the law requiring market traders to hold relevant public liability insurance. Health and safety issues that are the responsibility of market traders may have a reputational impact on the Council

Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u>
Evidence of trader registration checks	Significant	<p>Once a market management solution is procured, this information will be transferred to the system (where appropriate) and monitored from the system to enable performance monitoring.</p> <p>In the interim, management to carry out and evidence spot checks of trader files to confirm that the required information is being held.</p>	<p>Markets Compliance Manager</p> <p><u>Estimated Date of Completion:</u></p> <p>3 June 2016</p>

Cash handling and banking

Issue Identified

ISS.2 – Only one person involved in weekly banking of cash collected

Corporate guidance on cash handling in the Finance Manual requires that “Cash receptacles are emptied and have cash counted and evidenced **by two persons** unless the Director of Finance and Corporate Services approves otherwise (paragraph 10.5.4)”.

Since the departure of the Business Support Assistant from the markets team in October 2015 there has been no independent checking of the cash handling and banking processes. The Senior Markets Officer has been responsible for cashing up and then banking the income (between £300 to £400 a week) with no involvement by other officers.

Anticipated Exposure: - Risk of fraud or error

Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u>
<p>Two officers involved in cash handling</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 70</p>	<p>Significant</p>	<p><i>Agreed as an interim measure that two officers will both be involved in cashing up/banking process and that the bank paying in slip will be signed by both parties.</i></p> <p><i>It is expected that before the end of the year the stall letting process will be completely cash free - with all casual traders paying on site using a chip and pin machine and permanent traders being invoiced through the accounts receivable.</i></p>	<p>Markets Compliance Manager</p> <p><u>Estimated Date of Completion:</u></p> <p>Implemented 30 April 2016</p>

Arrears recovery

Issue Identified

ISS.3 – Arrears Recovery

In 2015 the Markets Team started using the corporate accounts receivable system to administer the collection of market stall rents, which replaced the previous spreadsheet based system. Arrears recovery arrangements are still being developed and the team do not yet have effective procedures in place to actively monitor and manage uncollected debt. Progress in developing arrears recovery procedures has been hampered by the fact that the Markets Team is not yet fully staffed. At the time of the audit the service was owed £58k in unpaid rent which is an increase in the level of arrears when compared to the position at the time of the previous audit (£8k). However it appears that this is due to the better identification and recording of debt rather than a problem with debt collection.

Anticipated Exposure: - There could be potential loss of income to the Authority. Income owed to the Authority is not received on a timely basis.

Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u>
Clarify responsibilities and process for arrears recovery	Significant	Markets Compliance Manager to meet with Accounts Receivable Team to clarify the respective responsibilities and process for arrears recovery.	Markets Compliance Manager <u>Estimated Date of Completion:</u> 31 July 2016
Work with Accounts Receivable Team to reduce overall debt levels	Significant	Markets Team to work with Accounts Receivable Team to reduce overall debt levels and, where necessary, take appropriate action against the stall holders	Markets Compliance Manager <u>Estimated Date of Completion:</u> 31 July 2016

Debtor account processing

Issue Identified

ISS.4 – Debtor account records

Since October 2015, due to unfilled vacancies on the Markets Team, there has only been one officer available on the Markets Team to process debtor accounts -including setting up new accounts, processing amendments such as when traders move to a different stall, closing accounts when traders leave the market and issuing credit notes where traders leave mid-month or where incentives are given. The lack of independent checks on debtor accounts processed means there is a risk of fraud or error going undetected. A manual log book is used to support calculations entered onto the accounts receivable system relating to amendments. This means that in some cases the amount of debt recorded on the debtor invoice is not transparent. In some cases the Markets Team has received requests from market traders for clarification of the debt raised.

Anticipated Exposure: - Risk of fraud or error

Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u>
Independent checks on debtor accounts raised	Significant	<p>(Recommendation) Markets managers should introduce appropriate independent checks to ensure that debtor accounts are accurately raised, amended if necessary and that any credit notes issued are valid. This could involve:</p> <ul style="list-style-type: none"> retrospective review of system exception reports (eg report showing all credit notes issued over the previous month); regular independent spot checks of a sample of amended accounts, newly set up accounts. 	<p>Markets Compliance Manager</p> <p><u>Estimated Date of Completion:</u></p> <p>31 July 2016</p>
Transparent debtor invoices	Significant	<p>Calculation of debtor invoices/amendments should be fully recorded on the accounts receivable system and where appropriate detailed on the invoice for transparency so that traders can understand how the debt has been determined.</p>	<p>Markets Compliance Manager</p> <p><u>Estimated Date of Completion:</u></p> <p>31 July 2016</p>

Procedures Related

Issue Identified

ISS.1 - no up to date documented policies and procedures

Reported in February 2015: There are no up to date documented procedures for the full range of tasks performed by markets officers including:

- the consideration of tenders received for indoor market units;
- the administration of leases for indoor market units;
- rent collection and arrears/recovery arrangements;
- updating the markets management system and other spreadsheet systems used by the team.

Some key policies are not documented - eg arrears and debt recovery policy, stall allocation policy, pricing policies (including policy of charging stall rent at half price where trader has more than 3 stalls on the market).

Policies and procedures are known by markets staff, but if staff are not available for work then the lack of documented financial administration policies and procedures could impact on the efficiency of financial administration in the team.

Update April 2016: Desktop procedures are not yet documented due to staff prioritising other work and the markets team not being fully staffed yet. Key policies have not yet been documented either.

Anticipated Exposure: -

Risk of delays in financial administration tasks and increased risk of errors or practices that are not in accordance with policy.

Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u>
<p>Markets policies and procedures should be documented</p> <p>Page 73</p>	<p>Significant</p>	<p>Agreed that policies and procedures will be formally documented.</p>	<p>Markets Compliance Manager</p> <p><u>Estimated Date of Completion:</u></p> <p>30 November 2016</p>

Marketing Related

Issue Identified

ISS.2 - limited information on markets website for potential traders

Reported in February 2015: There is little guidance for potential market traders on the markets webpage when compared to best practice authorities. Potential traders are advised to contact the markets team in Doncaster. Other authorities publicise on their websites:

- stall allocation policies
- details of markets rules and regulations
- explanation of trader responsibilities (such as yearly accounts, VAT registration threshold, legislation such as Trades Descriptions Act and Food Hygiene legislation.
- guidance for commercial tenants (repairs, lease assignment, sub-letting, health and safety)

Update April 2016: There has been little change to the guidance for potential market traders on the markets webpage.

Anticipated Exposure: -

Lack of transparency for markets policies and operations.

Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u> <i>Markets Compliance Manager</i>
Publicise guidance for potential traders on Doncaster Market website	Significant	As part of Digital Council Programme, an online booking system for casual traders is currently being developed. Guidance for potential market traders on the website to be developed further.	<u>Estimated Date of Completion:</u> 30 September 2016

Income related

Issue Identified

ISS.5 - No reconciliation of income collected to income due

Reported in February 2015: The cash collection system in place does not allow for effective monitoring of income received. There is no daily or weekly reconciliation of actual income collected to expected income due. There is a process in place to reconcile banking records to receipts issued, however there is no process in place to reconcile receipts issued to amounts due to be collected. Cash takings (including stall rent, arrears collected and one-off tenders for indoor units) are recorded by market by week on the "market income" spreadsheet, although this does not give an accurate picture of income due. The amount due to be collected will be influenced by several factors including the number of vacant stalls on a particular day and whether traders are benefiting from renting some stalls at half price. Receipts also include amounts relating to repayment of arrears and one-off tenders and other items which need to be taken into account when performing a reconciliation of income collected to income due. The current manual system does not allow this information to be easily extracted.

Update April 2016: All indoor traders and permanent outdoor traders have been invoiced monthly since July 2015 via the Council's accounts receivable system. There has been a significant reduction in the amount of rent collected in cash – from £25,600 a week during 2014/15 to between £300 and £400 a week in April 2016. Cash collections by the markets team are still used for casual traders and for any "extra" stalls that permanent traders may pay for on an ad hoc basis. It is expected that cash collections will reduce still further once a backlog of applications for "extra" stalls are processed and a chip and pin machine is introduced at the market to take payment from casual traders. There is no procedure in place to reconcile income collected to income due; therefore Market managers cannot demonstrate that income has been fully received and accounted for. Data matching undertaken by audit for the month of January 2016 found that debtor accounts had been properly raised on the accounts receivable system for all traders recorded on the Trader's Database spreadsheet. This does provide some assurance of the completeness of income records although it should be noted that reliance was placed on the robustness of the information on the Trader's Database (which wasn't tested further by audit).

Anticipated Exposure: -

Income due may not be fully collected or properly accounted for.

Related Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u>
Reconciliation of actual income to expected income Page 75	Significant	It is expected that implementation of the new markets system MACCS will facilitate such a reconciliation. In the meantime agreed to work with finance team to develop a workable method to reconcile actual to expected income to ensure that all income is properly accounted for.	Markets Compliance Manager <u>Estimated Date of Completion:</u> 31 December 2016

Procedures Related

Issue Identified

ISS.14 – Stall allocation policy, procedures and decisions are not fully documented

Reported in February 2015:

Indoor market tenanted units

There is no documented policy or procedure for the allocation of indoor market tenanted units. In practice the allocation of these stalls is made on the basis of the highest tender price received and subject to consideration of potential "clash of commodities" with neighbouring stalls. **Outdoor market stalls** Prior to 2014-15 the allocation of outdoor market stalls to traders was based on seniority (the length of time the applicant had been trading on the market) subject to any clash of commodities. This policy was not formally documented. The following weaknesses in the allocation process were noted:

- There is no formal appeals process;
- There is an unenforceable "intention to stand" clause. This is essentially where a market trader states on their application that they intend to stand on all three main market days. This awards them higher points in the allocation scoring scheme. However, there is no monitoring or enforcement of the number of days actually "stood";
- There is a lack of clarity in the application of the "seniority" criterion (where points are awarded for the number of years continuous trading) where stall has changed hands/ownership;
- There is no clear "sign off" at senior level of the results of the allocation process.

Compared to permanent traders on the outdoor market, there are relatively few casual traders, currently between 8 and 10 on main market days (Tuesday, Friday and Saturday) and around 25 for the Second Hand market on a Wednesday. Allocation of casual stalls is performed each market day by the Senior Markets Officer on the basis of seniority. There is no formal review of these allocations or documentation of the decision making process.

Update April 2016: Indoor market tenanted units There has been no change to the policy of allocating stalls on the basis of the highest tender price received and subject to consideration of potential "clash of commodities" with neighbouring stalls. However, this policy and related procedure is not fully documented. Walkthrough of two new traders in the indoor market found that the decision to allocate stalls to these traders had not been formally documented.

Outdoor market stalls All outstanding issues arising from the re-allocation of stalls following the redevelopment of the outer market in 2014 have been addressed by management. The approach for allocating stalls on the outer market has recently reverted to the original policy of allocation on the basis of seniority subject to "clash of commodities". However, this policy – and related procedures – are not formally documented – or clearly communicated to potential traders via the website. No allocations have been made since the outer market redevelopment although some applications have recently been received and are due to be processed imminently.

Anticipated Exposure: -

Lack of documented policy and procedures increases risk of inappropriate stall allocations.

Insufficient documentation of allocation decisions and complaints about the transparency of the allocation process could affect the morale of traders, markets staff and hence the success of the market.

Decisions may be subject to legal challenge.

Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u>
Document stall allocation policy, procedures and decisions	Significant	Agreed to document stall allocation policy, procedures and decisions	Markets Compliance Manager <u>Estimated Date of Completion:</u> 30 November 2016

Pricing Related

Issue Identified

ISS.17 - No full rent review since 2008

Reported in February 2015: Stall rents are based on a rent review exercise undertaken in 2008 and have been updated annually for inflation since then. In 2014-15 indoor stall rents range from £28 to £327 per week and differ according to square footage and customer footfall which was gauged at the 2008 rent review. The majority of outdoor stall rents are charged at the standard daily rates listed on the website (which differ according to stall size and market day), however there are some outliers - with rents ranging from £5 a day to £32 per day. Traders with more than three stalls currently enjoy half price rents for additional stalls, although this policy was not found to be documented anywhere. Charges for market stall rent are not transparent because they are inclusive of service charges. However, it was also noted that charges for electricity (amounting to £26k per year) are collected from traders separately on a quarterly basis and in cash which creates an additional administrative burden.

Stall vacancy percentages are recorded on the markets income spreadsheet, although at the time of audit it was not clear that percentages for individual markets were correct (some were calculated as having more than 100% occupancy). However, audit estimates show that vacancies in November 2014 range from nil for the Fish Market to 50% for the Corn exchange to 63% for the Saturday outer market.

Update April 2016: No changes noted to the basis for setting stall rents other than annual increase for inflation. A rent review is underway and the findings will be fed into the Fees and Charges setting process for the 2017/18 budget. This piece of work will separately identify service charges and will also cover renewal of indoor market lease agreements which expired in 2015. Although void levels have decreased for the Corn Exchange, there has been an increase in voids for the Wool Market, Fish Market and Fruit and Veg lock ups. No electricity charges have been collected from traders since the original audit awaiting conclusion of the rent review. The overall level of voids has increased slightly from 27% in October 2014 to 30% in March 2016.

Anticipated Exposure: - Market stall rent may not be set at the right level to reflect current demand and doesn't take account of the effect of the 2014 outer market redevelopment.

Related Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u> <u>Estimated Date of Completion:</u>
Consider undertaking a full rent review	Moderate	Rent review underway and expected to be complete in time to feed into the fees and charges setting process for 2017/18 in September 2016.	Markets Compliance Manager 30 September 2016
Documentation of pricing strategy - including use of half price charges	Significant	Documentation of pricing strategy will follow from the rent review	Markets Compliance Manager 30 September 2016
Alternative arrangements for collection of charges for electricity	Moderate	Electricity charges are being considered as part of the rent review – and it is expected that these will form part of service charges to be charged separately from market stall rent	Markets Compliance Manager 30 September 2016
More robust monitoring of the level of market stall vacancies	Significant	Weekly monitoring of vacancies to be undertaken	Markets Compliance Manager 30 September 2016

Pavement Café Licences

Issue Identified

ISS.20 - Lack of control over pavement cafe licences

Reported in February 2015: The Council is responsible for issuing licences for Street Cafés and this has been traditionally administered by the Town Centre Manager rather than the Council's Licensing Team. On review it was found that there was no comprehensive record of applications received or licences issued for Street Cafés. It was therefore not possible to confirm the amount of income due in respect of these licences. A number of unbanked cheques were found (£10,056) together with letters from businesses querying delays in the issue of pavement licences. Responsibility for the administration of Street Cafe licences and related collection of fees was not clearly documented or transparent and documentation relating to the licences was held in multiple locations on the Council's S drive and manual files. The follow-up of expired licenses does not appear to have been undertaken. Due to the poor quality of records it has not been possible to identify the amount of income due or the amount of income received and banked in respect of Street Cafe licences. It has also not been possible to identify which cafés currently hold street café licences.

Update April 2016: Since the original audit, a register of businesses requiring a licence has been produced and a budget for street cafe licence income has been included in the 16/17 budget setting process (£3450 based on 30 licences at £115 renewal fee). This has subsequently been amended following discussions with the Mayor to charge £100 over 5 years for renewed licences.

Anticipated Exposure: -
Potential loss of income, Potential for unlicensed activity.

Related Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u>
Full review of all Street Cafe licences to ensure completeness of records and income	Significant	Review has now been completed	Town Centre Manager <u>Estimated Date of Completion:</u> Fully implemented

Markets System

Issue Identified

ISS.23 - New Markets System

Position at February 2015: Following the audit it was agreed that management would seek to implement a new markets system to replace the largely manual and spreadsheet based processes in place.

Update April 2016: Implementation of the MACS markets management system has been put on hold awaiting the conclusion of a business process re-engineering exercise which has been ongoing for the past 12 months under the Digital Programme. Markets Managers have agreed requirements with MACS and it has been confirmed to be compatible with the Council's other IT systems. The expected implementation date is now September 2016.

Anticipated Exposure: -
Inefficient administration arrangements

Related Agreed Management Actions

<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u>
Implement new markets system	Significant	A more realistic implementation date for the MACS markets management system is 31 March 2017	Markets Compliance Manager <u>Estimated Date of Completion:</u> 31 March 2017

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22 June 2016

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

ANNUAL PAYROLL OVERPAYMENTS UPDATE REPORT – 2015/2016

EXECUTIVE SUMMARY

1. This report provides the Audit Committee with an annual update on progress of recovery action in relation to salary overpayments for both current employees and those who have since left the Council over the last financial year 2015/16. The report also highlights the overall outstanding salary overpayment debt, which is summarised below and shown in the Appendix A to this report.
2. The overall position remains positive in that the outstanding balance of debt owed to the Council at 31 March 2016 has significantly reduced by a further 31% from £352,465 to £242,095 and the number of cases has also reduced from 422 to 326 compared to last year, with individual monetary amounts remaining much smaller and being recovered quickly. A full breakdown and summary analysis is set out in the attached Appendix A.
3. The outstanding debt owed to the Council as at 31 March 2015 amounted to £352,465 relating to 422 cases, made up of both debt owed by current employees on the HR Portal (payroll system) £29,900 (46 cases) and for the majority who have left the council on the Accounts Receivable (Debtors) system £322,565 (376 cases).
4. Although a further £161,272 of new debt occurred during the financial year 2015/16, relating to 483 cases, the average value has continued to reduce from £373 to £334 per person. This was made up of £52,968 (239 cases) on the payroll system (33%) and £108,304 (244 cases) on the debtors system (67%).
5. By year end a total of £201,303 of debt relating to 466 cases has been recovered during 2015/16. £74,462 of debt relating to 277 cases was successfully recovered against all debt held on the payroll system, resulting in 73% of debt from current employees during 2015/16 being recovered at source, and eliminating the need to raise a debt recovery plan.
6. In addition, a total of 114 cases worth £70,339 have been written off due to all recovery processes being exhausted, and have been actioned within the 2015/16 financial year. Therefore, of all 326 outstanding cases – (8) 2% continue to be recovered at source through the payroll system, eliminating the need to raise a debt recovery plan; (141) 43% are actively paying through repayment plans; and (177) 55% are in various stages of the recovery process in pursuit of their outstanding debt.

RECOMMENDATIONS

7. The Audit Committee is asked to note the report, the key actions in place and the detailed breakdown and summarised analysis provided in Appendix A attached.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

8. Failure to prevent and recover overpayments will have a negative impact on resources available to the council for the provision and delivery of services to the people of Doncaster.

BACKGROUND

9. It was agreed at a previous Audit Committee meeting that an annual update report would be presented in relation to progress on the recovery action of salary overpayments taken through both payroll and debtors procedures, to monitor performance on both the current year and past years. The report details salary overpayments that have occurred during the financial year 2015/16 and the overall outstanding salary overpayment debt owed to the Council. The source data used in generating this information was as at 31st March 2016.

PROGRESS ON RECOVERY ACTION

10. All outstanding cases have been reviewed and categorised for appropriate action. Where an overpayment occurs and the employee still works for Doncaster Council then the overpayment is recovered from future salary through the HR portal. Where however the employee has left the employment of Doncaster Council then an invoice is raised to recover the overpayment followed by reminder letters, referral to a collection agency or possible legal action should the debt remain outstanding through the debtors system. Only when all recovery action has been exhausted and the debt remains uncollected would it be considered for write off. The full breakdown of the remaining debt and a summarised analysis of where that is in the recovery process are also detailed in the attached appendix A.
11. The overall outstanding salary overpayment debt showed that the Council was owed £352,465 relating to 422 cases at the beginning of this financial year from current and former employees. A total of £29,900 relating to 46 cases was on the payroll system and a total of £322,565 relating to 376 cases remained on the debtors system which related to both recent cases and those that go back to previous years.
12. Over the course of the year 2015/16, new overpayments occurred to the value of £161,272 relating to 483 cases. This was made up of £52,968 (239 cases) for current employees on the payroll system (33%) and £108,304 (244 cases) for those who have since left the council's employment on the debtors system (67%). £74,462 of debt relating to 277 cases (including £27,120 (43 cases) from the outstanding balance as at 31 March 2015) was successfully recovered against all debt held on the payroll system, resulting in 73% of debt from current employees during 2015/16 being recovered at source, and eliminating the need to raise a debt recovery plan. On this basis, 73% of debt from current employees during 2015/16 has been recovered at source.

13. A total of £126,841 worth of debt relating to 189 cases was also successfully collected through the debtor processes during this financial year. In addition, a further 114 cases worth £70,339 have been written off due to all recovery processes having been exhausted. A breakdown of reasons is included in the full analysis referenced in Appendix A.
14. This now leaves an outstanding balance of £242,095 relating to 326 cases going into 2016/17. The overall position remains positive in that the outstanding debt owed to the Council has significantly reduced by a further 31% compared to last year, despite having an additional £161k worth of debt in the current year. This downward trend has continued over the last 3 years. From the full breakdown set out in the attached Appendix A, (8) 2% continue to be recovered at source through the payroll system, eliminating the need to raise a debt recovery plan; (141) 43% are actively paying through repayment plans; and (177) 55% are in various stages of the recovery process in pursuit of their outstanding debt.

CONTINUED ACTIONS

15. A full suite of checking processes remain in place to continue to reduce the incidence and value of salary overpayments allowing for more timely action to be taken in recovering overpayments that occur. In addition, every six months, managers are required to 'sign off' a report to say their staff and their salaries are correct thus providing a more robust check for accuracy. Managers and staff have received training and are able to monitor their own staff on-line in real time through performance scorecards and these are contributing to reducing the occurrence of future overpayments.
16. Collection on the debtors system continues to improve and additional effort is being targeted to improve more timely collection and managing the overall process in a more speedy and efficient manner including actively chasing and issuing reminders.
17. It should be recognised that the vast majority of payroll transactions are correct, evidenced by the current reported average payroll accuracy rate of 99.93% (detailed in appendix A) with only 116 (0.08%) errors made during the year compared to 387 (0.25%) last year.

Also to note, particularly during the months of November through to March, that despite corporate wide changes to employee terms and conditions being implemented, requiring payroll system changes, the accuracy of on-going payroll transactions have been the lowest since the shared service was introduced, and should be commended.

Furthermore, not all payroll errors will have generated overpayments. However, those that are as a result of an overpayment are mainly due to late notification of leavers or changes of circumstances rather than payroll administrator error.

18. It should also be noted that there will always be some occurrence of overpayment, and that the levels now being reported are determined as far more reasonable and manageable than in previous years; and with the actions outlined in this report, this

is contributing to reducing these occurrences to a minimum with the aim of reducing the pence value if every £100 year on year. This year totalled 8 pence in every £100, (0.08%) compared to 11 pence in every £100 (0.11%) last year) of total payments made.

OPTIONS CONSIDERED

19. There are no other options that are appropriate for consideration

REASONS FOR RECOMMENDED OPTION

20. Appropriate and effective actions need to be in place and monitored on a regular basis to reduce the likelihood of errors and minimise the impact where overpayments do occur.

IMPACT ON THE COUNCIL'S KEY PRIORITIES

21.

	Outcomes	Implications
	<p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	

	<p>We will support all families to thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>We will deliver modern value for money services.</p>	<p>It is important that the Council avoids overpayments wherever possible and successfully recovers overpayments in a timely manner. This will reduce any impact on available finances for funding activities designed to meet the Council's key objectives.</p>
	<p>We will provide strong leadership and governance, working in partnership.</p>	

RISKS & ASSUMPTIONS

22. Failure to prevent and recover overpayments will have a negative impact on resources available to the Council for the delivery of services. Actions have been taken to reduce the likelihood of errors and minimise the impact where they do occur.

LEGAL IMPLICATIONS

23. The Council's legal position with regard to recovery of amounts paid is taken into account when reaching agreements for the repayment of overpayments.

FINANCIAL IMPLICATIONS

24. A total of £70,339 in irrecoverable payroll overpayments was written off in 2015/16. The cost to the council in 2015/16 of these write-offs was £30,757 (£39,582 is provided for in the council's bad debt provision and so is already accounted for).
25. The total outstanding debt as at 31st March 2016 was £242,095.
26. £8,406 of this debt is being recovered through the HR Portal (payroll) system and it is anticipated that all of this debt will be recovered.
27. £233,689 of this debt is being recovered through the debtors (AR) system, however, some of the debt has already been provided for in a bad debt provision. The table below shows a breakdown: -

Total debt	£233,689
Less already provided for in bad debt provision	£67,422
Potential cost to General Fund	£166,267

28. The £166,267 represents the cost to the General Fund if all debt was written off; however, the majority of the debt is expected to be recovered.

HUMAN RESOURCES IMPLICATIONS

29. The human resource implications are included within the body of the report.

TECHNOLOGY IMPLICATIONS

30. There are no technology implications.

EQUALITY IMPLICATIONS

31. There are no equality implications.

CONSULTATION

32. Appropriate consultation takes place with individuals affected and their managers where necessary with regard to the recovery of overpayments.

This report has significant implications in terms of the following:

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

BACKGROUND PAPERS

None

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Director of Finance and Corporate Services

Overall outstanding salary overpayments – As at 31 March 2016

	Accounts Receivable (Debtors) System		HR Portal (Payroll) System		Overall Value (£'s)
	No cases	Total Value (£'s)	No cases	Total Value (£'s)	
Balance Outstanding As At 31/3/15	376	322,565	46	29,900	352,465
Plus Total Amount Raised in 15/16	244	108,304	239	52,968	161,272
Less total Amount Recovered in 15/16	189	126,841	231	74,462	201,303
Less Amount Written Off in 15/16	113	70,339	0	0	**70,339
Balance Outstanding As At 31/3/16	318	*233,689	8	8,406	242,095

*** Breakdown in table below of recovery activity categories**

Description	No of cases	Total Value (£'s)
Balance Outstanding As At 31/3/16	318	233,689
Paying by instalments	141	102,122
First Reminder Letter	4	3,655
Final Reminder Letter	2	1,270
Final Report Stage	35	15,718
Telephone Recovery	3	3,229
Awaiting write off	3	1,650
Bankruptcy/Liquidation	2	11,659
Collection Agency - other	83	77,262
Recovery not yet due (recently raised invoice)	43	13,671
Other Query	1	3,044
Legal Action	1	409

**** Write Off Analysis in table below**

Description – Irrecoverable Due to:	No of cases	Total Value (£'s)
Irrecoverable – Uneconomical to Pursue (under £5)	3	5
Irrecoverable - Exhausted all recovery including Legal Action	44	2,528
Irrecoverable - Due to age of debt	63	60,367
Irrecoverable - Unable to trace	0	0
Irrecoverable - Debtor Bankrupt/Deceased	2	7,601
Write Back - Unable to refund	2	(162)
Total	114	70,339

Comparative Performance Year on Year Over last 3 Years

The overall performance of recovery have continually improved over the 3 year period.

Year	Outstanding Debt As At Year End		Percentage Improvement	Amount Recovered Value (£'s)	Written Off Value (£'s)
	Cases	Value (£'s)			
2013/14	421	392,425	20% lower	234,750	149,486
2014/15	422	352,465	10% lower	246,018	9,438
2015/16	326	242,095	31% lower	201,303	70,339
			Average 40% improvement		

Payslips Produced and Accuracy Rates for 2014/15

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
No. pay records generated	12,681	12,707	12,653	12,784	12,789	12,637	12,940	13,056	12,901	12,766	12,781	12,851
No. of payroll errors due to HR Centre	47	19	9	9	7	13	19	57	95	65	14	33
Performance target %	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
Actual Performance %	99.63	99.85	99.93	99.93	99.95	99.90	99.85	99.56	99.26	99.49	99.89	99.74

Based on the figures above a total of 153,546 payslips were produced during 2014/15, with an average accuracy rate of 99.75%.

Payslips Produced and Accuracy Rates for 2015/16

	Apr	May	Jun	Jul	Aug	Sep	October	Nov*	Dec*	Jan*	Feb*	Mar*
No. of pay records generated	12,578	12,848	12,819	13,016	12,828	12,507	12,740	12,689	12,748	12,754	12,649	12,689
No. of payroll errors due to HRSC	22	14	7	20	7	13	14	4	6	3	3	3
Performance target %	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
Actual Performance %	99.83	99.89	99.95	99.85	99.95	99.90	99.89	99.97	99.95	99.98	99.98	99.98

Based on the figures above a total of 152,865 payslips were produced during 2015/16, with an average accuracy rate of 99.93%.

* To note: During the months of November through to March, despite corporate wide changes to employee terms and conditions being implemented, requiring payroll system changes, the accuracy of on-going payroll transactions have been the lowest since the shared service was introduced.

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

STRATEGIC RISK UPDATE

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Mayor Ros Jones	N/a	No

EXECUTIVE SUMMARY

1. The purpose of this report is to provide an update on Quarter 4 2016/17 strategic risks and the review process for 2016/17.
2. There are currently 18 risks within the Strategic Risk Register, these have been profiled for Quarter 4, attached as Appendix A.
3. A review of Strategic Risks was undertaken as part of the Quarter 4 challenge process to ensure that the strategic risks reflected the priorities in the Corporate Plan for 2016/17. As a result 6 risks have been nominated for demotion (paragraph 7), 5 new strategic risks have been proposed (paragraph 8) and 2 have been re-worded (paragraph 9).
4. Strategic risks will be mapped against the corporate reporting schedule for 2016/17. Audit Committee may call strategic risk owners to account for the management of any risks they feel do not have adequate visibility within the corporate reporting process.

RECOMMENDATIONS

5. The Audit Committee members are asked to:
 - a) Note and comment on:
 - The review of the Quarter 4 Strategic Risk profile in Appendix A;
 - The review of the Strategic Risks for 2016/17 (paragraphs 8-10)
 - The proposed approach to mapping and reporting strategic risks throughout 2016/17
 - Note and comment on the Quarter 4 Strategic Risk profiles in Appendix A;

EXEMPT REPORT

6. Not Applicable

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. The embedding of robust risk management arrangements within the Council incorporating

the management of strategic risks creates an environment in which we can successfully meet our objectives to deliver Doncaster's priorities and the Mayoral Priorities Outcome Framework.

BACKGROUND

8. As a result of the Corporate Plan review for 2016/17 the following risks have been identified for demotion:
 - Lack of capacity from house builders to build affordable properties;
 - A failure to identify, or to act on, areas of serious performance weakness in the Doncaster Children's Service Trust or in the Council, which could result in significant harm to a child or children which could have been avoided, or which could lead to an 'inadequate' judgement at Ofsted Inspection, which will negatively impact on the reputation of the local authority.
 - DN17 Programme does not deliver the level of savings required and this impacts on the services the council can offer to the public;
 - Poorly developed early help services could result in children and young people failing to maximise their opportunities and the council failing to improve or ameliorate health, education and life inequalities across the Borough;
 - Failure to comply with the Data Protection Act 1998;
 - Low staff motivation/morale and low performance;

9. As a result of the Corporate Plan review for 2016/17 the following new risks have been identified:
 - Failure to adequately implement effective joint working arrangements which could lead to ineffective delivery of children's services across the wider partnership system;
 - Failure of partnership to engage in effective early intervention leading to inappropriate referrals to statutory services and unnecessary escalation of need and risk;
 - Failure to adequately address a sufficient number of Children's Trust PIs (as defined in the service delivery contract);
 - Failure by the Council and the Trust to agree and set a realistic annual budget target;
 - Without effective influence and engagement with the Sheffield City Region, there is a threat that Doncaster does not achieve economic benefit from the devolution deal.

10. As a result of the Corporate Plan review for 2016/17 the following risks have been reworded
 - Failure to obtain assurance as to the safeguarding of children in the borough Failure to meet children's safeguarding performance requirements which could lead to an 'inadequate' inspection judgement by Ofsted;
 - Failure to achieve the budget targets for 2016/17 and 17/18.

11. Audit Committee requested a process be implemented that would allow a 'deep drive' approach to challenge strategic risk owners and strengthen assurance that mitigating action are capable of delivering the target risk profile. It is proposed that strategic risks are mapped to highlight where they will be reported and challenged across the 2016/17 corporate meeting cycle. The completed map will be presented to Audit Committee to review and, if further clarification is required, strategic risk owners may be invited to attend Audit Committee.

IMPACT ON THE COUNCIL'S KEY PRIORITIES

12.

Priority	Implications
All people in Doncaster benefit from a thriving and resilient economy.	The embedding of robust risk management arrangements within the Council will contribute to the effective delivery of all the Council's key priorities
People live safe, healthy, active and independent lives.	
People in Doncaster benefit from a high quality built and natural environment.	
All families thrive.	
Council services are modern and value for money.	
Working with our partners we will provide strong leadership and governance.	

RISKS AND ASSUMPTIONS

13. The Risk Management Policy includes a requirement to review strategic risks on a quarterly basis and this is a matter of good management and good governance.

LEGAL IMPLICATIONS

14. Any specific implications will be reported separately and in the context of any initiative proposed to be taken in relation to the management of strategic risk.

FINANCIAL IMPLICATIONS

15. Should any specific initiatives be required, in response to the management of strategic risks, any cost implications will be reported and addressed as and when they arise.

HUMAN RESOURCES IMPLICATIONS

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

TECHNOLOGY IMPLICATIONS

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

EQUALITY IMPLICATIONS

18. There are no specific equality implications arising from this report. However, any activities arising from the management of strategic risks will need to be the subject of separate 'due regard' assessments.

CONSULTATION

19. Consultation has taken place with strategic risk owners and Directorate Management Teams as part of the quarterly performance challenge process.

BACKGROUND PAPERS

Reports generated via Covalent for Directorate Q4 challenge meetings
Corporate Plan 2016/17

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Simon Wiles
Director of Finance and Corporate Services

Strategic Risks

Current austerity measures result in increased poverty in Doncaster, causing deprivation for citizens and restricting the borough's ability to improve and grow

Simon Wiles

Current Risk	Current position: Score = 20 (impact 5 likelihood 4). The impacts of poverty and welfare reform continue to affect local people and are a risk to the achievement of Council and partnership objectives. Mitigating actions: The partnership Anti-Poverty Strategy Group is delivering & co-ordinating actions to address the causes and effects of poverty within the borough. An Anti-Poverty Summit in June will highlight the achievements and progress that is being made. Attendees will be asked to share information, good practice and learning points with colleagues from across all sectors. They will also be asked to help identify or acknowledge new or worsening issues within Doncaster's communities, identify gaps in provision and propose solutions.	Target Risk
<p>20</p>		<p>12</p>

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

Damian Allen

Current Risk	Current Position: Provisional Key Stage 2 Level 4 results for reading, writing and Maths combined have shown a disappointing drop in performance for 2015 putting Doncaster in the bottom quartile nationally. 2015 GCSE 5 A*-C inc English and Maths indicate a decline in line with the National trend but remain below the national average. Under the new Ofsted framework and inspection arrangements very few Doncaster schools have been subject to inspection, but those that have are improving their grades and the vast majority of interim Ofsted monitoring visits report positive progress The Key Stage 2 rapid improvement strategy has been approved by the Minister for schools and has engaged the vast majority of schools in Doncaster. All interim targets so far have been reached. An indicative projection for outcomes based on standardised tests in year 6 is encouraging and a range of very focused initiatives are in place to raise standards according to the new framework of tests. A Key stage 4 strategy is planned with the Academies and a variety of challenging curriculum groups are in place led by the LA and supported by the Teaching School Alliance Mitigating Actions: Continue to deliver School Improvement 3 year Post Ofsted action plan which is currently midway through its implementation – with an improving picture regarding the quality of 'Leadership & Performance' which will have an effect on the overall Ofsted outcomes. <ul style="list-style-type: none"> . Challenge Schools Commissioner and Sponsors of Academies on underperformance. . Ensure School Improvement Strategy is delivered, taking into account new Ofsted Measures. . Improve pupil attendance via enhanced early help . deliver the aspects of the education and skills strategy to include: <ul style="list-style-type: none"> Key Stage 2 and 4 rapid improvement initiatives Academy exploration and growth strategy for schools at risk of decline and those wishing to join Multi-Academy Trusts Revision support in the community for students and parents Leadership succession and recruitment support initiatives in partnership with the Teaching School Alliance 	Target Risk
<p>16</p>		<p>12</p>

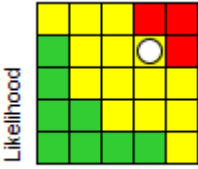
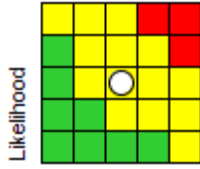
Lack of capacity from house builders to build affordable properties

Peter Dale

Current Risk	Current Position: The proposed changes to planning definitions and introduction of the new Starter Home product are still not finalised so the impact cannot yet be fully assessed. Mitigation Action: The Council have a continuous process of investigating alternative solutions through the Delivery Model and other funding solutions.	Target Risk
<p>16</p>		<p>6</p>

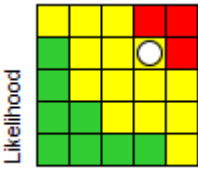
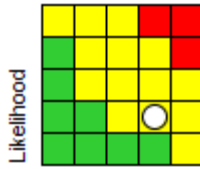
Failure to achieve the budget target for 2015/16 and 16/17

Simon Wiles

Current Risk	Current Position: For 2015/16 the council has a challenging programme of savings to deliver, which is being robustly managed by programme leads and reviewed by AD's & Directors on a quarterly basis. The overall overspend forecast is £xm (to be updated following outturn 29/05/16); this includes a number of pressures which have been taken into account in the 2016/17 budget process and funding allocated accordingly.	Target Risk
<p>16</p>  <p>Likelihood</p> <p>Impact</p>	<p>Mitigating actions: Developing other savings or utilising one off funds for any delays in the savings for 2015/16.</p>	<p>9</p>  <p>Likelihood</p> <p>Impact</p>

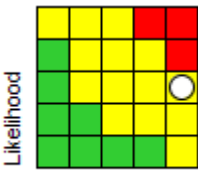
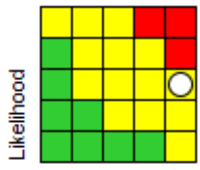
Failure to improve Data Quality will prevent us from ensuring that data relating to key Council and Borough priorities is robust and valid.

Simon Wiles

Current Risk	Current position: Poor quality data may seriously hamper the ability for the Council' to transform and poor data and information will also reduce the effectiveness of the decisions that the Council makes. There are specific examples that demonstrate this including adult social care client management system that at the moment does not provide the quality of data that is required to support and add value that is needed. There is also the ability of the council to maximise the opportunities of linking up data automatically and supporting the digital council agenda which can be seriously hampered if the quality of the data in our systems is not up to standard.	Target Risk
<p>16</p>  <p>Likelihood</p> <p>Impact</p>	<p>Mitigating actions: To improve the quality of data across the organisation it will take time as we establish new processes and identify issues and links across the plethora of systems and data we currently hold. A new Data Quality Strategy will be developed and agreed by September 2016 which will set out the vision for data quality over the next few years and provide specific actions that will improve the quality of data across the council. Engagement across all Council departments will be required to ensure improvements are made quickly and appropriately. A register for all returns to central government will be updated and monitored to ensure the data supplied nationally is of good quality and ownership is clear. A business intelligence model which will support 'open data' across Doncaster is being discussed and will, once established help to support good and where appropriate automated information flows between systems improving the quality of data available in Doncaster. This risk links to all existing council plans, since the data we use informs all actions and decisions.</p>	<p>8</p>  <p>Likelihood</p> <p>Impact</p>

A failure to identify, or to act on, areas of serious performance weakness in the Doncaster Children's Service Trust or in the Council, which could result in significant harm to a child or children which could have been avoided, or which could lead to an 'inadequate' judgement at Ofsted Inspection, which will negatively impact on the reputation of the local authority

Damian Allen

Current Risk	Current Position: The formal arrangements to monitor and review the effectiveness and input of services to children provided by the Trust and the council are believed to provide assurance against this risk. Trust and Council performance has shown an overall improvement against the key indicators since the establishment of the contract. Ofsted commented that formal systems for the Council to monitor and challenge performance by the Trust exceed the requirements set out in the contract between the organisations.	Target Risk
<p>15</p>  <p>Likelihood</p> <p>Impact</p>	<p>Mitigating Actions: The Council has formally agreed the results of the Annual Contract Review which includes a revised suite of performance indicators, which have been subject to extensive joint development between the Council and the Trust. The new indicators are believed to provide more effective assurance against this risk, alongside additional Quality Assurance reporting, and this new approach has been agreed; which taken together will contribute towards the establishment of a continuous improvement framework. The formal variations to the contract await the Secretary of State's directions.</p> <p>Target Risk Score: Impact 5 X Likelihood 3= 15</p>	<p>15</p>  <p>Likelihood</p> <p>Impact</p>

Health and social care services do not change fast enough , impacting on quality, accessibility and affordability of services for people who need them most

Kim Curry

Current Risk	<p>Current Position: The work required to Transform Adult Social care services has not happened quickly enough in the past. Improved service outcomes, financial savings and ambition levels have not been where they need to be to ensure that services are effective and efficient now and into the future. Much progress has been made in the past 6 months and outcomes from the business improvement element of the transformation programme are starting to be delivered. Work on business cases for the 5 transformation themes will start in April 2016.. Due to the recent positive action the likelihood score has been reduced from 4 (likely) to 3 (possible).</p> <p>Mitigating Actions: The new Adults Health and Wellbeing Transformation Programme has been approved by Cabinet and is now being delivered. The cross council Improvement Board chaired by the Chief Executive is continuing to oversee key work and govern the transformation process, meeting on a three weekly basis. 10 Immediate Business Improvement projects are now in progress with support and governance arrangements firmly in place to ensure outputs and outcomes are being delivered. Ernst and Young have been appointed to drive the transformation and will rapidly develop business cases for the 5 key transformation themes from April 2016. The National Development Team for Inclusion has been commissioned to help to develop a community focused and person centred model of social care.</p>	Target Risk
<p style="text-align: center;">15</p> <p>Likelihood</p> <p>Impact</p>		<p style="text-align: center;">15</p> <p>Likelihood</p> <p>Impact</p>

Failure to obtain assurance as to the safeguarding of children in the borough

Damian Allen

Current Risk	<p>Current Position: The formal arrangements to monitor and review the effectiveness and input of services to children provided by the Trust are believed to provide assurance to this risk. Overall the safeguarding indicators specific to children are now performing better than they were this time last year. Ofsted did not raise any concerns as to the safety of children in the borough, but did recommend improvements to social work practice which are being addressed through the Ofsted Improvement Plan.</p> <p>Mitigating Actions: The draft Ofsted improvement plan was submitted to Ofsted on 9th February 2016. Ofsted responded positively stating that the draft Improvement Plan addressed the identified areas for development from the inspection and that it was clear that progress had been made across a range of aspects and where action is completed, arrangements are in place to ensure this is maintained. The finalised plan was submitted to Ofsted on 26th April 2016 and was along with attendant actions, subject to consultation and feedback at the 'Getting to Good' seminar on 29th April 2016.</p>	Target Risk
<p style="text-align: center;">15</p> <p>Likelihood</p> <p>Impact</p>		<p style="text-align: center;">15</p> <p>Likelihood</p> <p>Impact</p>

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

Simon Wiles

Current Risk	<p>Current Position: The Year Two action plan is reviewed and monitored by the Equalities Steering Group and Portfolio Holder Deputy Mayor Glyn Jones. The final year action plan is being developed and is focusing more on the outcomes for the borough</p> <p>Mitigating Actions -- We have strengthened the governance arrangements and reviewed membership of the Steering Group to ensure the most appropriate colleagues are onboard and that Directorates are adequately represented.</p> <ul style="list-style-type: none"> - Q4 see's the round up of the updates for the Year 2 Action Plan that was mainly focused on process activity, awareness and embedding. The Action Plan for Year 3 will be more outcome based and will capture activities being delivered and developed throughout the council and with our partners. - Additional assistance will be provided by the Strategy and Performance Unit to support the delivery of the actions; 	Target Risk
<p style="text-align: center;">12</p> <p>Likelihood</p> <p>Impact</p>		<p style="text-align: center;">8</p> <p>Likelihood</p> <p>Impact</p>

DN17 Programme does not deliver the level of savings required and this impacts on the services the council can offer to the public

Simon Wiles

Current Risk	<p>Current Position: The Doncaster 2017 Programme outturn position for 2015/16 is £4.21m slippage. This is mostly attributable to Appropriate Assets (£1.23m), Modern & Productive Workforce (£2.17m) and Digital Council (£0.71m). In order to achieve the savings targets of some projects, it has been necessary to extend them beyond the original deadline of 2016/17. Appropriate Assets £2m re-profiled into 2017/18 and an overall gap of £0.45m. Modern and Productive Workforce £1m now profiled beyond 2016/17. Early Help £1.4m savings profiled beyond 2016/17 which rely on service transformation and other efficiencies. Fleet Management & Pool Cars £0.12m re-profiled into 2017/18.</p> <p>Mitigating Actions: Work continues to embed the Digital strategy into the culture of the Council as it is recognised as a key enabler for the transformation of the council. The Implementation Boards, which form part of the Doncaster 2017 governance, have been reviewed to ensure that they are fit for purpose as the programme moves forward. In recognition of the continuing work of both the Adults Improvement Programme and the Children's Trust – now outside the DN17 programme – separate highlight reports will go to the Directors' meeting as part of the quarterly challenge and to ensure appropriate assurance.</p>	Target Risk
<p style="text-align: center;">12</p> <p>Likelihood</p> <p>Impact</p>		<p style="text-align: center;">6</p> <p>Likelihood</p> <p>Impact</p>

Failure to comply with the Data Protection Act 1998

Simon Wiles

Current Risk	<p>Current Position: For the second quarter running, there have been no data protection breaches reported. Mitigating actions such as training, awareness, targeting where related incidents occur. Due to the nature of this requirement, the target risk will always remain major and possible with mitigating actions required continuously.</p>	Target Risk
<p style="text-align: center;">12</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>		<p style="text-align: center;">8</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

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

Kim Curry

Current Risk	<p>Current Situation: A Peer review action plan has been developed and endorsed by the Doncaster Safeguarding Adults Board and significant progress has been made implementing this, including the creation of a multi-agency safeguarding hub to manage all safeguarding cases and clarify safeguarding pathways. The safeguarding board will receive regular reports on the implementation of the peer review actions plan</p> <p>Mitigating Actions: A multi-agency guidance document is currently being developed with partners which will provide clear guidance on when the criteria for a safeguarding concern has been reached. This will enable independent providers to make decisions on actions with areas of concern.</p> <p>The Council is currently working to develop local safeguarding policies aligned to South Yorkshire procedures, which will be accompanied by a mandatory training programme for key staff.</p>	Target Risk
<p style="text-align: center;">10</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>		<p style="text-align: center;">10</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

Failure to set robust assumptions on pensions deficit recovery and future contribution rate for the 2016 valuation

Simon Wiles

Current Risk	<p>Current Position: Initial discussions have taken place with the actuary for South Yorkshire pensions and it is hoped that increase in pension cost can be maintained within the current estimates included within the Medium term financial plan.</p> <p>Mitigating Actions: The Council will be reviewing and challenging the assumptions made by the Actuary with SYPA and other LA's in South Yorkshire. The Actuary will be attending a meeting of the South Yorkshire Finance Directors to explain the position. The Council will be working with other LA's at a local and at a national level through the LGA to minimise any additional costs arising from the 2016 Valuation. Final results will be known early September 2016.</p>	Target Risk
<p style="text-align: center;">9</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>		<p style="text-align: center;">4</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

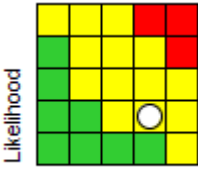
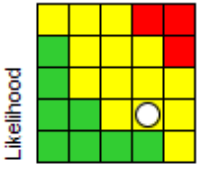
Poorly developed early help services could result in children and young people failing to maximise their opportunities and the council failing to improve or ameliorate health, education and life inequalities across the Borough

Damian Allen

Current Risk	<p>Current Position: The Early Help Hub has now been in operation for 6 months and is nearly fully staffed with a multi-agency compliment.</p> <p>Mitigating Actions: The Early Help hub moved into management by Doncaster Children's Service Trust . Strategic risk remains the same as transfer is affected and new reporting and quality assurance systems are put into place. This will be fed back to the partnership via the Early Help Implementation Task Group and will challenge colleagues in terms of contribution and quality of input.</p> <p>The Early Help Implementation Plan will set out specific plans to increase engagement and quality of Early Help Assessments. EHITG oversees partnership engagement and subgroups are actively progressing specific work streams improving performance reporting and engagement of partnerships so as to ensure implementation and pace.</p>	Target Risk
<p style="text-align: center;">9</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>		<p style="text-align: center;">6</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>

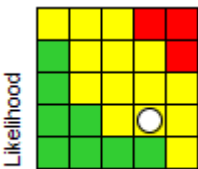
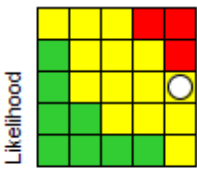
Failure to identify and manage Health and Safety risks

Peter Dale

Current Risk	Current Position: This risk has been reviewed and remains unchanged. Health and Safety Training for Managers continues to be mandatory across all Directorates. The new Health and Safety Advisor post for Construction Services continues to work well. Risks have been identified at Hatfield Colliery and work is ongoing to mitigate risks to public safety. This includes proposals to demolish and secure buildings. Intensive work, with the assistance of competent advisors and mining engineers has taken place during quarter 3. Separate reports on this work are being provided to the Chief Executive and Leadership Team to update on progress.	Target Risk
<p style="text-align: center;">8</p>  <p style="text-align: center;">Impact</p>	<p>Mitigating Actions: A further Health and Safety Training post is being developed as part of a review and restructure of the Regulation and Enforcement Service within Environment. A substantial amount of work has also been undertaken to identify and mitigate the health and safety risks within the Council's Markets with appropriate action plans now in place. Work has been undertaken within the Assets Team regarding health & safety risks on Council land. A programme of unannounced 'drop in' audits across a range of service areas has also commenced and will continue throughout 2016. Action plans will be developed with managers where appropriate to drive and monitor improvements against the audit findings.</p>	<p style="text-align: center;">8</p>  <p style="text-align: center;">Impact</p>

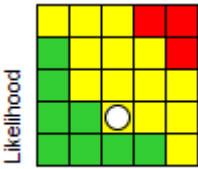
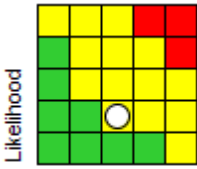
Failure to respond adequately to borough emergencies or mitigate effectively against the effects of extreme weather conditions e.g. flooding

Peter Dale

Current Risk	Current Position: This risk has been reviewed and is considered to remain appropriate. The Council's plans for preparedness and business continuity continue to be reviewed and maintained. The plans and arrangements have been rehearsed with partners from across South Yorkshire and a recent assessment of DMBC's emergency response capabilities by the Cabinet Office has demonstrated a high level of preparedness and compliance with Government expectations for Civil Contingencies.	Target Risk
<p style="text-align: center;">8</p>  <p style="text-align: center;">Impact</p>	<p>Mitigating Actions: A series of interactive Doncaster Council Corporate Exercise are being developed for 2016/17 which will involve all a partner agencies and organisations. Work continues to embed flood response awareness at a strategic level</p>	<p style="text-align: center;">15</p>  <p style="text-align: center;">Impact</p>

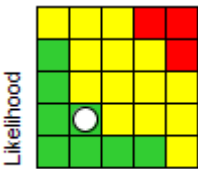
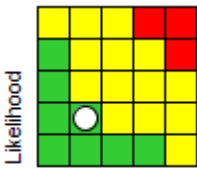
Failure to implement the Council's key borough objectives in partnership

Simon Wiles

Current Risk	Current Position: Following on from the recent health-check of Team Doncaster partners, analysis of responses showed all but two of the 15 questions asked showed increased positivity around partnership working. Slight reductions in mean scores (compared to 2013 responses on a 5-point scale) were found in "How well have we shared information between us" (-0.2) and "How well have we addressed the 'hard' issues" (-0.1). Future sessions are planned for Team Doncaster on the Education Commission's findings and also the Future Council work. The implementation of OBA has progressed significantly with the production of a Partnerships PMF – allowing Team Doncaster a clear snapshot of the partnership's 4 thematic boards' outcomes and indicators.	Target Risk
<p style="text-align: center;">6</p>  <p style="text-align: center;">Impact</p>	<p>Mitigating Actions: The Strategy and Performance Unit fed back to the Team Doncaster Strategic Partnership at the 6th April 2016 meeting, with the partnership identifying the need to tackle hard issues together. At the same meeting the Partnership's Performance Management Framework was presented to partners. The purpose of the Partnership PMF is to highlight performance from each other 4 theme boards, and allow Team Doncaster to challenge and make recommendations – allowing information to be shared and giving partners a clearer understanding of the 'hard' issues.</p>	<p style="text-align: center;">6</p>  <p style="text-align: center;">Impact</p>

Low staff motivation/morale and low performance

Simon Wiles

Current Risk	Current Position: Morale, motivation and performance levels have remained steady throughout the year, despite on-going challenges particularly due to the transformation / improvement programme within Adults.	Target Risk
<p style="text-align: center;">4</p>  <p style="text-align: center;">Impact</p>	<p>The overall attendance management target of 8.5 days per FTE was not met, but overall performance has continued to improve with a further reduction of 0.61 days from 9.72 days per fe to 9.11 days per fe.</p> <p>There is still a high proportion of service reviews being undertaken along with on-going organisational transformation that will impact on morale, but this remains manageable given the mitigating actions put in place, resulting in a further decrease in this risk level.</p> <p>Mitigating Actions: Continue to monitor sickness trend and ensure action plans progress. Monitor impact on on-going organisation-wide transformation, particularly within Adults, Health and Well Being.</p>	<p style="text-align: center;">4</p>  <p style="text-align: center;">Impact</p>

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

Data Quality and Information Management Update

Relevant Member(s)	Cabinet	Wards Affected	Key Decision
			No

EXECUTIVE SUMMARY

1. The purpose of this report is to provide an update to the strategic risk identified around data quality in the Council.

EXEMPT REPORT

2. Not Applicable

RECOMMENDATIONS

3. The Audit Committee are asked to note the comments in this update report.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. Good data quality is essential to ensuring that the Councils capacity and performance is accurately managed across all services. The impact and future delivery of services is based on information from many different sources and good data quality will result in better informed decision making and reporting.

BACKGROUND

5. A Council strategic risk around Data Quality was identified as follows:-

“Failure to improve Data Quality will prevent us from ensuring that data relating to key Council and Borough priorities is robust and valid. The Council continues to be at risk of making decisions using data that is not always as robust as it should be. In order to commission properly, make good decisions and ensure vulnerable people are safe, and then the quality of data within its systems must be of good quality”

Data Quality is important to the Council to support:-

- accurate and timely information to manage services and accountability
 - good information to manage service effectiveness
 - business decisions prioritise and ensure the best use of resources
6. A new *Data Quality Strategy* is being developed that will set out the vision for data quality for the next four years and will provide specific actions that will improve data quality across the Council. A working group has been established by the Strategy and Performance Unit and a detailed work plan developed outlining key activity with a targeted completion date of 30th September 2016, details of the work plan is attached in the Appendix. Key themes identified as part of the scoping of the strategy includes:
- legislation and regulation
 - data quality key principles
 - culture and engagement
 - areas of focus (identification of key systems and risks)
 - skills and knowledge
 - measuring things that matter
 - horizon scanning
7. The Data Quality Strategy Action Plan will provide a more detailed review of current systems and will identify priorities and a plan for improving data quality. Engagement across all Council departments will be required to ensure that improvements are made quickly and appropriately. Actions will be developed and agreed as part of consultation and be defined under:
- information governance and quality assurance of systems and data used to produce statutory returns
 - identification of master data “sets” that will be authoritative for the Council
 - development of the single customer record as the ‘Golden Record’– any systems referencing customers should reference this system
 - the LLPG information will be the default look up for address data
 - current systems will be reviewed and priorities agreed for analysis, cleansing, establishing validation and monitoring

Whilst the Data Quality Strategy is being produced, agreed actions to improve data quality will continue. The Data Quality Strategy Development group will:-

- Identify any systems that require urgent cleansing to support planned systems integration work.
- Investigate tools and processes that might help with data cleansing operations to support any recommendations in the Data Quality report.
- Carry out work to identify and update the list of current ICT systems and Data System Owners of those systems.

8. The Council maintains an Information Asset Register, reviewed annually that currently records 192 individual systems in use across the Council. Each of these assets has an identified *Systems Owner*, at Heads of Service level and an *Information Asset Administrator* that will be responsible for the day to day running of the system.
9. Common data quality issues across systems typically include on or a combination of the following problems:
 - Duplicate records
 - Orphaned Data
 - Unexpected values or formats
 - Missing Information
 - Hidden Data
 - Spelling Mistakes
 - Misapplied business rules

The process for tackling data quality issues is generally represented as an iterative cycle of activities as follows:-



These activities include:-

- Discovery
 - Identify particular issues with the system
- Analysis
 - Are issues significant/high impact on business or statutory requirements?
 - Options to address issues
- Cleansing
 - Treat the data to improve quality
- Validation
 - Confirm fixes delivered the improved quality expected
- Monitoring
 - Tools and procedures to monitor quality of data
 - Periodic reports on specific systems

10. Measuring and assessing data quality across the Council has previously not been robust enough. System Owners have “self-audited” completing a questionnaire and asked to indicate their view on the data quality of their system. The last survey was carried out in 2015 where 86 assessments were completed following the submission of statutory returns from the single data list. The results were generally that data was of a good quality, where 6 assessments were scored as medium risk and the remaining 80 as low risk.

ICT activity around system integration, (trying to access and review data held in systems) and the Councils Internal Audit team have contradicted this view. The findings can be summarised:-

- System configuration issues – systems set up with unclear fields, limited error tracking/field verification to capture incorrect input. Evidenced in duplicate records
- Lack of reporting features – due to limited functionality or lack of specific skills, data is extracted from the system and spreadsheets created and set up to manage and manipulate data outside of the system. This leads to duplication and errors between different sets of data with no consistent single version of the data
- Ineffective use of exceptions reporting – while some systems do utilise exception reports few have implemented effective reporting for data quality purposes.
- Staff entering the data not being aware of what the information will be used for and not identifying wider data collection and input issues to address the problems.
- Lack of cross referenceable field data across systems. Many systems have “evolved” over a number of years and the smaller systems designed for a single purpose with little integration functionality. For example most systems will have some form of address field. These will be stored individually in the systems and are often open text fields where information is typed in directly. As well as a risk of misspellings there are frequently missing post codes, the mixing of Rd, Road and St, Street across the systems. Integration with the Local Land and Property Gazetteer (LLPG) to select address field information would have ensured that these addresses were consistent across the Council
- Data used for Performance Indicators – this can range to errors in mathematical calculations based on the data to a lack of understanding and capturing all the data mapping and processes that generate the performance indicator.

11. The Digital Council team has carried out Data Quality improvement activities across several systems, predominately datasets that are integrated with the Councils Customer relationship management system (CRM). The team is also developing the Single Customer record that captures customer information from several systems into a single view of transactions and activities. Tools and measurements to assess the quality of data are being evaluated and options to automate and report consistently and periodically on the data to ensure that any changes to data quality are identified and action to correct taken.

OPTIONS CONSIDERED

12. Not Applicable

REASONS FOR RECOMMENDED OPTION

13. Not Applicable

IMPACT ON THE COUNCIL'S KEY OUTCOMES

14.

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The establishment of consistently good quality data supports the whole Council in delivering the key outcomes and accurate measurement of the organisations performance</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	

	Working with our partners we will provide strong leadership and governance.	
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RISKS AND ASSUMPTIONS

15. Not Applicable

LEGAL IMPLICATIONS

16. The Council has a legal duty as found in several acts including the Data Protection Act 1998 to ensure that the data it holds is corrects. As set out in the body of the report, taking decisions based upon inaccurate data is a strategic risk for the Council.

FINANCIAL IMPLICATIONS

- 17 There are no direct financial implications relating to this report.

HUMAN RESOURCES IMPLICATIONS

18. There are no specific HR implications related to the content of this report however the content of the Data Quality Strategy may have implications so this should be revisited upon its completion.

TECHNOLOGY IMPLICATIONS

19. There are no technology implications to this update report however in implementing the recommendations from the Data Quality Strategy there are likely to be significant technology implications ranging from software and hardware to analyse data to technical resources to help construct reports and procedures to cleanse and automate data quality tasks.

As part of the Councils ICT Strategy, Business Intelligence was identified as one of the key requirements and projects for the Council. Data Quality is one theme within the scope of this project.

EQUALITY IMPLICATIONS

20. There are no equality implications for this report.

CONSULTATION

21. Consultation activity is planned in the Data Quality Strategy Work Plan which will involve Senior Leadership, Elected Members, SIRO Group and Information Asset Owner and will provide direction to the development of the Strategy and Action Plan.

BACKGROUND PAPERS

22. Appendix – Data Quality Strategy Work Plan.

REPORT AUTHOR & CONTRIBUTORS

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Name & Title of Lead Officer

Simon Wiles

Director of Finance and Corporate Services

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22 June 2016

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

ANNUAL REPORT OF MONITORING OFFICER

EXECUTIVE SUMMARY

1. This paper sets out the Monitoring Officer's (MO's) Annual Report on matters relating to ethical governance, including details of any complaint handling activity carried out in consultation with the Independent Persons in relation to allegations of Member misconduct and details of disclosures made by members of staff under the Council's Whistleblowing Policy during the last 12 months.

RECOMMENDATIONS

2. It is recommended that the Committee:-
 - (i) notes the MO's annual report on complaint handling activity for the period 1st April 2015 to 31st March 2016;
 - (ii) notes the whistleblowing returns for 2015/16.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

3. Having robust ethical governance policies and procedures in place helps to maintain openness, transparency and probity in the way that the Council conducts its business. This in turn should help increase public confidence in local governance through maintaining high standards of conduct by Members.

BACKGROUND

4. In accordance with adopted practice, this Committee receives a report by the MO on an annual basis, which summarises complaint handling and ethical governance activities during the previous 12 months.

Complaint Handling Activity – 1st April 2015 to 31st March 2016

5. The Monitoring Officer works closely with the Council's designated Independent Person (IP), Philip Beavers on matters of Member Behaviour and Complaints. Informal arrangements have been made with both Sheffield and Barnsley Councils to make available the services of their IP in the event that Doncaster's IP is unavailable through reasons of conflict or other reasons.
Borough Councillors
6. Over the last 12 months, two formal complaints against Borough Councillors have been received by the MO.

7. The first complaint was jointly made by two members of the public who expressed concerns over the behaviour of a Ward Councillor who had “come across as very aggressive, dismissive and arrogant” at a Parish Council meeting. Having sought the views of the IP and consulted with the Clerk to the Parish Council, the MO decided that the alleged behaviour was not sufficiently serious to warrant further investigation or action.
8. The second complaint was submitted by a representative of a third party Company, raising concerns over the alleged behaviour of a Ward Councillor towards some of the Company’s staff. Having consulted with the complainant and the IP, the MO decided that the appropriate course of action in this instance would be to bring the matter to the attention of the Councillor concerned, discuss the concerns raised and remind the Councillor of their obligations under the Member Code of Conduct.

Parish Councillors

10. The Monitoring Officer has received 5 formal complaints against Parish Councillors during the period 1st April 2015 to 31st March 2016.
11. The first complaint was submitted by a member of the public alleging that a Parish Councillor had posted offensive comments on social media. After consultation with the IP, the MO acknowledged that the Member’s comments had been posted in a private capacity and not as a Parish Councillor. Nevertheless, the MO felt it appropriate to write to the Member reminding him of the expectations and obligations that are attached to a prominent member of the community and asking him to be more measured and circumspect in future.
12. The second complaint was submitted jointly by 2 members of staff employed by a Parish Council, alleging that they were being spied on and victimised by a Parish Councillor. After consulting with the IP, the MO took the view that this essentially amounted to an internal staffing matter, and he therefore referred the case to the Parish Clerk suggesting that the Clerk, as the employees’ line manager, should seek to resolve the matter informally through conciliation.
13. The third complaint was from a Parish Councillor raising concerns over the behaviour of a Ward Councillor and fellow Parish Councillor at a Parish Council meeting which he alleged was ‘nothing short of bullying and a direct undermining of the Clerk’s authority’. Having sought the views of the IP, the MO dismissed this complaint on the grounds that it was a minor matter that did not warrant further investigation.
14. Two further complaints were received against a Parish Councillor alleging that he had breached a Parish Council’s code of conduct by:
 1. failing to behave in such a way that a reasonable person would regard as respectful.
 2. acting in a way which a reasonable person would regard as bullying or intimidatory.
 3. failing to use the resources of the Council in accordance with its requirements.
15. Having consulted the Council’s IP, Philip Beavers, on the complaint, the MO concluded that this was a matter which warranted further investigation.

possible referral to the Audit Committee's Hearings Sub-Committee. Helen Potts, Principal Legal Officer was instructed by the MO to investigate the matter and following her report the matter was taken to the Hearing Sub-Committee of Audit Committee on 14th June 2016. The outcome of this meeting will be reported to this Committee by the MO.

16. Of the five complaints against Parish Councillors outlined above, 3 were in relation to one particular Parish Councillor. In considering these cases, it became apparent to the MO that these complaints were symptomatic of wider on-going tensions and conflicts between Parish Councillors at the Parish Council in question. This led to a visit being made by the MO and the IP in October 2015 to observe a meeting of the Parish Council and afterwards, to meet in private with the Parish Councillors and the Clerk to discuss the difficulties and act in a mediation capacity.

General

17. Parish Councillor activity on Social Media (particularly Facebook) continues to attract interest and generate informal complaint activity
18. The MO and his staff continue to provide appropriate training and informal advice to DMBC members, Parish Councils and Clerks in order to improve governance generally.
19. Following the retirement of Roger Harvey, the previous Monitoring Officer, the Council appointed Scott Fawcus who took up the role of Monitoring Officer on 1st March 2016

Whistleblowing Returns for 2015-/16

20. The MO has overall responsibility for the maintenance and operation of the Whistleblowing Policy, which includes keeping a record of all whistleblowing cases and presenting a summary of these to the Audit Committee on an annual basis.
21. The Whistleblowing report was revised in July 2015, this revision having been presented to Audit Committee on 16th July 2015. The key changes were:
 - The Policy applies to members of the public, stakeholders, and contractors as well as employees.
 - Whistle blowers are asked to report their concerns to specific senior officers rather than to their managers. This ensured that senior management were aware of any matters and that the correct processes were followed and reported to the Monitoring Officer for the annual report;
 - The Policy gives clearer guidance as to what was considered to be the sort of matter that amounted to whistleblowing allegations;
 - A factsheet and flow diagram had been drafted to assist people understand the policy;
22. We have had 8 whistleblowing matters during 2015/16 and their details are below. One matter falls within 2014/15 but was not formally recorded at the point that the statistics were collated last year.
23. In summary, of the 8 whistleblowing matters investigated, recommendations (some minor) were introduced as a result of 5 of the investigations. No serious breaches were found as a result of any the whistleblowing complaints.

Number	Date of whistleblowing	Name of Officer	Brief Description of matter	Date completed
1.	9.3.15	Jo Miller (Helen Potts and Caroline Barkley investigating)	Complaint over processes within an education team.	Report sent out to directors in October 2015 and whistle-blower informed of outcome. Some action points recommended.
2.	7.7.15	Roger Harvey (Helen Potts investigating)	Complaint over safeguarding concerns at Day Care Centre	Report completed in January 2016 and response sent to whistle-blower and report with recommendations sent to Head Of Service with action points.
3.	18.8.15	Roger Harvey (Helen Potts investigating)	Complaint concerning planning enforcement move to enforcement team.	Report sent in December 2015 . Complainant notified of outcome. Actions point were suggested that are being implemented.
4.	21.7.15	Colin Earl (Audit investigating)	Governance/financial concerns (confidential whistleblower)	Audit investigated and recommendations made to amend policies.
5.	September 2015	Jo Miller(Dave Wilkinson investigating)	Anonymous complaint re staffing in regeneration and environment	Responded with outcome on 1.10.15 and MO responded in April 2016. Matter investigated and no misfeasance found.
6.		Colin Earl (Audit investigating)	Anon complaint re misuse of grant funds	No issues of concern found- investigated by internal audit
7.	March 2016	Colin Earl (Audit investigating)	Concerns re unfair competition re contract award.	Audit investigated – no untoward practise but improvements in procedures recommended.
8.	June 2015	Colin Earl (Audit	Fraudulent alteration of	Staff involved left

		Investigating)	formal documentation	employment
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OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

24. Not applicable – this report is primarily for noting.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

25.

	Outcomes	Implications
	We will provide strong leadership and governance, working in partnership.	The work of the Audit Committee in monitoring the Council's ethical governance activities helps to: <ul style="list-style-type: none"> ensure that Council arrangements are open, accountable and ethically strong; promote high standards of conduct; build a 'bond of trust' between the Council and its communities.
	We will provide strong leadership and governance, working in partnership.	The work of the Audit Committee in monitoring the Council's ethical governance activities helps to: <ul style="list-style-type: none"> ensure that Council arrangements are open, accountable and ethically strong; promote high standards of conduct; build a 'bond of trust' between the Council and its communities.
		<ul style="list-style-type: none">

RISKS AND ASSUMPTIONS

26. There are no identified risks associated with this report.

LEGAL IMPLICATIONS

27. Section 27(1) of the Localism Act 2011 places a duty on relevant authorities to promote and maintain high standards of conduct by Members and Co-opted Members of the authority.

28. Section 28 of the Localism Act 2011 requires Principal Authorities to have in place arrangements for investigating allegations of Member misconduct and taking decisions on those allegations. It also requires Councils to appoint at least one Independent Person who is to be consulted as part of the complaint handling

process. The Council has in place arrangements for discharging these arrangements.

FINANCIAL IMPLICATIONS

29. There are no specific financial implications arising from this report.

EQUALITY IMPLICATIONS

30. There are no specific equalities implications associated with this report.

BACKGROUND PAPERS

Complaints Files.

Whistleblowing Policy.

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**Scott Fawcus
Monitoring Officer**

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

STATEMENT OF ACCOUNTS 2015/16

EXECUTIVE SUMMARY

1. This report presents the Council's unaudited Statement of Accounts for the 2015/16 financial year. The report highlights the overall financial position for the year, a summary accounts closure timetable and information on performance including improvements achieved in accuracy and quality.
2. The Accounts and Audit (England) Regulations 2011 apply to the preparation, approval and audit of the Statements of Accounts and other financial statements. Since 2010/11 these regulations have been based on International Financial Reporting Standards ('IFRS') which attempt to standardise accounts in a consistent format across both the public and private sectors with the aim of achieving greater transparency.
3. Whilst there is no longer a requirement to present the draft accounts to Members before the external audit process commences, the Council has continued this practice as it gives Members early notification of the financial outcome of the previous financial year and is considered to be good practice.
4. There is a requirement to obtain certification of the accounts by the responsible financial officer, for Doncaster MBC this is the Director of Finance and Corporate Services, by the 30th June each year. The statutory deadline for the date of approval and publication of the final Statement of Accounts remains unaltered at 30th September. However, due to improved financial management processes, the Council is working to shorter deadlines for the 2015/16 accounts of the 31st May and 31st July respectively.

EXEMPT REPORT

5. Not applicable.

RECOMMENDATIONS

6. Members are requested to note the 2015/16 Statement of Accounts.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. An unqualified audit opinion on the Council's financial statements and a good VfM conclusion resulting from the annual audit process would indicate that there is excellent internal control in place safeguarding Council resources.

BACKGROUND

8. The Council's 2015/16 accounts have been prepared in accordance with IFRS and the appropriate accounting codes of practice and have been approved by the Council's responsible financial officer on the 2nd June. This is 21 days earlier than the accounts for 2014/15 and provides confidence that the earlier statutory dates can be achieved.
9. The statutory 6 week period in which the accounts are available for public scrutiny must include the 1st 10 working days in July. The accounts will be available for public scrutiny from 23rd June to 3rd August. This was advertised on the Council's website on 13th June. The unaudited accounts were placed on the Council's website on 7th June in line with the Government's policy of increased transparency in the public sector with public scrutiny of the accounts being a key feature of the financial governance framework of local authorities.
10. The accounts will be subject to external audit during the period 4th July to 5th August and it is expected that the audit opinion will be finalised (subject to the continuing work on the Whole of Government Accounts) by 17th August, which is 16 days earlier than the 2014/15 accounts. Legislative requirements significantly reduce the timeframe allowed for the accounts closure process and Members of the Audit Committee will now be aware that the Council is required to produce the audited Statement of Accounts for the 2017/18 financial year by 31st July 2018, with the unaudited 2017/18 accounts being produced by 31st May 2018.
11. The Council is planning to finalise its audited 2015/16 accounts by 17th August, 30 days earlier than 2014/15. The accounts and a report will be presented by KPMG to this Committee on 17th August setting out the result of the external audit in the form of their 'Communication with those charged with governance' report (ISA 260 report), which formally sets out the findings of their audit of the financial statements.

The 2015/16 Financial Statements and Supporting Disclosure Notes

12. The style and format of the accounts used for 2015/16 is similar to that used last year. A new Narrative Report has replaced the Explanatory Foreword and provides a summary of the Council's accounts and performance. Group accounts are no longer completed due to materiality. The 'removing the clutter' drive has continued, with a number of items excluded or revised as part of reducing the size of this year's accounts. The draft accounts are now 103 pages in length (compared to 110 pages in 2014/15 and 119 pages in 2013/14).

13. Members of this Committee have a key role in scrutinising the accounts in order to maintain strong governance over financial reporting. Early production of the accounts enables the Members of this Committee sufficient time to review the statements and ask challenging and pertinent questions. Whilst the Narrative Report provides the summary of the financial year and the associated statements, it is worthwhile highlighting some specific points for the year: -

- a. At the meeting on 21st June, Cabinet will be presented with the final outturn positions for both revenue and capital for the 2015/16 financial year. On the normal day to day operating budget the Council overspent by £1.3m, including Adults, Health & Wellbeing overspend of £4.7m (3% on Directorate budget). The overspend is funded from Minimum Revenue Provision (MRP) budgets in 2015/16 due to the changes implemented resulting in an overall underspend of £4.6m.
- b. For Members, probably the most important issue will be whether the Council has a surplus or deficit compared to its budget for the year. The (increase)/decrease in 2015/16 on the Movement in Reserves Statement gives this information for both the General Fund and the Housing Revenue Account (HRA). The deficit of £21.5m shown in the Comprehensive Income and Expenditure Statement (CIES) is an indication that the costs of providing the year's services have not been covered by income. This is split between General Fund services (£17.7m) and the HRA (£3.8m). This represents the position that would have been reported under 'commercial accounting' rules. Statutory adjustments convert the Council's financial performance from the £21.5m to a £1.6m decrease in the general fund balance, which after adjusting for earmarked reserves reconciles with the £4.6m underspend reported and a £0.7m increase in the HRA.
- c. The Council's net worth has increased by £68.0m to £580.0m since the previous financial statements (see 'Balance Sheet' on page 16 of the accounts). This is principally due to the decrease of £26.9m in the Council's liability relating to the Local Government pension scheme (from £388.1m to £361.2m). This is mainly due to revisions in the actuary's future assumptions of key variables, as detailed in disclosure note 37, 'Defined Benefit Pension Scheme' (pages 84 to 87 of the accounts).
- d. Reserves are an indication of the temporary resources available to assist an authority to deliver services. Not all reserves can be used to deliver services and this is reflected by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves have decreased by £18.0m or 15.1% from £119.4m to £101.4m (these are shown on page 15).

Usable Reserves (see Movement in Reserves Statement)	31st March 2015	31st March 2016	Movement in year
	£m	£m	£m
General Fund balance	20.7	19.1	(1.6)
Earmarked General Fund reserves	59.0	50.4	(8.6)
Housing Revenue Account	6.1	6.9	0.8
Capital Receipts Reserve	10.0	12.5	2.5
Major Repairs Reserve	11.1	3.6	(7.5)

Capital Grants Unapplied	12.5	8.9	(3.6)
Total Usable Reserves	119.4	101.4	18.0

Unusable reserves are determined by technical accounting rules and are not available for use by the Council. These have increased by £86.1m to £478.6m mainly reflecting the change in the Revaluation and Pension Reserves. During 2014/15 the Council made a prepayment of £28.0m to the SY Pensions Authority in respect the pension deficit for the period 2014-2017, generating non-recurrent revenue savings in 2014/15 of £0.6m. This prepayment has resulted in an imbalance between the Pension Reserve (£372.4m) and the Pension Liability (see Note 37 on page 85 of the accounts) of £11.2m as at 31st March 2016 with £11.2m being charged in year.

Unusable Reserves (Note 20)	31st March 2015	31st March 2016	Movement in year
	£m	£m	£m
Revaluation Reserve	268.6	295.3	26.7
Capital Adjustment Account	530.7	548.4	17.7
Financial Instruments Adjustment A/c	(1.6)	(1.4)	0.2
Pension Reserve	(410.5)	(372.4)	38.1
Deferred Capital Receipts Reserve	4.8	4.8	0.0
Collection Fund Adjustment	3.3	4.8	1.5
Accumulated Absences Account	(2.8)	(1.0)	1.8
Unequal Pay Back Pay Account	0.0	0.0	0.0
Total Unusable Reserves	392.5	478.6	86.1

Financial Ratios

14. The following financial ratios promote the accountability of councils for their spending decisions. These include: -

- The ratio of **current assets to current liabilities**, an indicator of how a council manages its short-term finances
- The ratio of **usable reserves to gross revenue expenditure**, highlighting how much money a council is retaining for future plans and to cover unpredictable spending
- The ratio of **long term borrowing to long term assets**, representing the percentage of a council's assets that are financed with borrowing. A low figure means a council is less dependent on debt and has lower risk associated with its operation.
- The ratio of **school balances to dedicated schools grant**, showing whether schools, maintained by the Council, are retaining a high or low proportion of the funding provided for spending on education

The ratios for the Council are provided below and reflect continued, sound financial management and governance arrangements:

DMBC Financial Ratios	2013/14	2014/15	2015/16
Current assets to current liabilities (working capital)	0.759	0.802	1.164
Usable reserves to gross revenue expenditure	9.46%	11.79%	10.58%
Long term borrowing to long term assets	0.259	0.288	0.290
School balances to Dedicated Schools Grant	9.05%	11.60%	9.72%

The proportion of current assets to current liabilities (ideal ratio of 1.0) is steadily improving indicating that the Council is managing its short term finances more effectively with a decrease in short term liabilities (the ratio has increased to 1.164 in 2015/16).

The comparison of usable reserves (which includes, for these purposes, General Fund balances, earmarked reserves (less school balances) and usable capital receipts) to gross revenue spend is now lower at 10.58% (down from 11.79% in 2014/15).

OPTIONS CONSIDERED

15. Not applicable.

REASONS FOR RECOMMENDED OPTION

16. The main content and format of the Statement of Accounts is set out in the Code of Practice on Local Authority Accounting for 2015/16. The Council has a statutory obligation to submit its draft 2015/16 Statement of Accounts to the External Auditor by 30th June. Failure to do so could result in an audit qualification and consequential reputational damage.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

17. These are detailed in the table below: -

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p> <p>An unqualified opinion from KPMG on the financial statements and a good Value for Money conclusion would assist with the positive reputation of the Council and ensure that strong governance is in place.</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p>	

	<ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	Council services are modern and value for money.	
	Working with our partners we will provide strong leadership and governance.	

RISKS AND ASSUMPTIONS

18. The table below highlights the most significant risks that could have a negative impact on the deliverability of the Council's financial position and the action taken to mitigate them.

Risks / Assumptions	Probability	Impact	Proposed Action
Robustness of correct outturn figure	Low	Medium	Work has been undertaken during monitoring and closedown process to process all transactions, and prepare for audit. This has included an increase in senior officer quality assurance review and control; and internal verification and checks by finance and technical officers.
The Audit identifies a material / significant finding or inaccuracy in the production of the accounts.	Low	High	Continuous dialogue with KPMG throughout the year. Specific discussions on key complex / technical areas are as part of the monthly audit liaison group meetings

LEGAL IMPLICATIONS

19. Section 27 of the Audit Commission Act 1998 specifies that the Secretary of State may, by regulations applying to bodies subject to audit other than health service bodies, make provision with respect to the form, preparation

and certification of accounts and of statements of accounts.

20. The Accounts and Audit (England) Regulations 2011 under regulation 8(2) provides that the Council's responsible financial officer must certify the Statement of Accounts, as soon as is reasonably practicable and, in any event, before 30th June immediately following the end of a year.

FINANCIAL IMPLICATIONS

21. The Council's Statement of Accounts are prepared in line with the Accounts and Audit Regulations 2015 and International Financial Reporting Standards.

HUMAN RESOURCES IMPLICATIONS

22. There are no specific HR implications related to the contents of this report.

TECHNOLOGY IMPLICATIONS

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

EQUALITY IMPLICATIONS

24. This report has no specific equality implications.

CONSULTATION

25. This report has no significant consultation implications.

BACKGROUND PAPERS

26. Following background papers:
- Accounts and Audit Regulations 2015
 - The Code of Practice on Local Authority Accounting 2015/16 ('The Code') - based on IFRS

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Director of Finance and Corporate Services

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

2015-16 ANNUAL GOVERNANCE STATEMENT

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Ros Jones	N/a	No

EXECUTIVE SUMMARY

1. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging these responsibilities, the Council must ensure that there is good governance and a sound system of internal controls in place, which facilitate the effective exercise of the Council's functions.
2. An annual review of governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS) are statutory requirements by virtue of the Accounts and Audit Regulations (England) 2015. The AGS must demonstrably be a corporate document, corporately owned. An Annual Governance Statement has been drafted and is attached as Appendix A. There has been 2 significant weaknesses reported in 2015-16, detailed on page 6 of the statement.
3. The Accounts and Audit Regulations require proper practice to be followed in the production and approval of the Statement. 'Proper practice' requires the Council Leader (in Doncaster's case, the Mayor) and the Chief Executive to sign the statement to confirm their satisfaction with the governance framework and the procedures for reviewing it, and their acceptance of the significant issues highlighted in the statement, along with actions for tackling the issues raised. This should be done prior to the publication of the Statement of Accounts in September 2016.

EXEMPT REPORT

4. Not Applicable

RECOMMENDATIONS

5. The Audit Committee members are asked to:
 - Note and comment on the report;
 - Note that following the approval of the draft Annual Governance Statement at Audit Committee in August, The Mayor and the Chief Executive will be asked to sign the Statement prior to its publication along with the Statement of Accounts in September 2016.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

7. Governance arrangements at Doncaster Council have improved each year and are now more robust than ever before. Our Annual Governance Statement has adopted a code of corporate governance, which is consistent with the principles of Chartered Institute of Public Finance and Accountancy (CIPFA)/ SOLACE Framework. Delivering Good Governance in local Government. The process for creating the Annual Governance Statement is more robust and streamlined. It is centrally managed and has much better engagement from directorate staff, building greater confidence into the procedure.
8. The 2015-16 Annual Governance Statement:
 - Highlights key areas of improvement from 2014-15 that have been completed and have been effectively managed to the extent that they were no longer significant in 2015-16. (Page 5)
 - Identifies new significant issues arising from the 2015-16 review of effectiveness of the corporate governance arrangements (Page 6)
 - provides an update on the key areas identified during 2014-15 that remain an issue in 2015-16 (Appendix A, Page 7).

OPTIONS CONSIDERED

9. Not Applicable

REASONS FOR RECOMMENDED OPTION

10. Not Applicable

IMPACT ON THE COUNCIL'S KEY OUTCOMES

- 11.

	Outcomes	Implications
	Working with our partners we will provide strong leadership and governance.	The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

HUMAN RESOURCES IMPLICATIONS

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

TECHNOLOGY IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

CONSULTATION

18. There is consultation with Directors and seniors managers throughout this process. Nominated directorates leads work with the corporate team and their directorate senior managers to complete the assessment which supports the production of the final Annual Governance Statement.

BACKGROUND PAPERS

19. CIPFA/ SOLACE delivering good governance in Local Government Framework
Accounts and Audit Regulations (England) 2015.
2014-15 Annual Governance Statement
Annual Report of the Head of Internal Audit 2015-16

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Simon Wiles
Director of Finance and Corporate Services



Doncaster
Metropolitan Borough Council

**Annual
Governance
Statement
2015-16
(DRAFT)**

What is Corporate Governance?

Doncaster Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for.

“Good governance is the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions, and lead and control their functions, to achieve their objectives.”

Corporate Governance – Improvement and Trust in local Public Service (Audit Commission 2003)

Governance Framework

The Council’s Governance Framework aims to ensure that in conducting its business it:

- ✓ Operates in a lawful, open, inclusive and honest manner
- ✓ Makes sure public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- ✓ Has effective arrangements for the management of risk
- ✓ Secures continuous improvements in the way that it operates

The Governance Framework comprises the systems and processes, culture and values by which the Council is directed and controlled. The framework brings together an underlying set of legislation requirements, good practise principles and management processes. In addition it enables the Council to monitor the

achievements of the Priorities and Outcomes as set out in the Corporate Plan.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Doncaster Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority’s code is on our website at www.doncaster.gov.uk.

This statement explains how Doncaster Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 4(3), which requires all relevant bodies to prepare an Annual Governance Statement.

About this Statement

The Annual Governance Statement review was conducted by the Corporate Policy and Performance Team. Part of the process included representatives from each directorate collating, reviewing and evidencing compliance and identifying significant governance issues. Issues identified by Internal and External Audit were also considered for inclusion in this statement.

The draft statement was presented to Directors on 23rd May and to Audit Committee in July, following which this statement was formally approved.



The Principles

The table below demonstrated how Doncaster Council delivers against the six core principles from the Good Governance Standard for Public Services

<p>Principle 1</p> <p>Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.</p> <p>We achieve this by:</p> <ul style="list-style-type: none"> • Publishing our Borough Strategy, Corporate Plan and quarterly performance reports; • Holding annual Partnership summits; • Setting a Medium Term Financial Strategy; • Having a Partnership Charter and Governance Framework; • Benchmarking with other Local Authorities; • Adopting a commissioning approach to service provision; • Regularly updating out Corporate Procurement Strategy; • People Strategy; • Adopting an Outcome Based Accountability approach; and • Improved effectiveness of partnerships. 	<p>Principle 2</p> <p>Members and officers working together to achieve a common purpose with clearly defined functions and roles</p> <p>We achieve this by:</p> <ul style="list-style-type: none"> • Holding regular Directors and Executive Board meetings; • Holding quarterly finance and performance challenge meetings; • Setting out clear terms of reference for the Councils committees; • Having a constitution that clearly sets out roles and responsibilities; • Regularly updating Cabinet decision records; • Setting out key aspects of the councils internal control measures in our constitution; • Our Team Doncaster approach; • Improved relationships between officers and members; and • Effective use of our Overview and Scrutiny Management Committee. 	<p>Principle 3</p> <p>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p> <p>We achieve this by:</p> <ul style="list-style-type: none"> • Ensuring our constitution contains guidance on officer and member conduct; • Having an Audit Committee which takes an active interest in the maintenance of standards across the Council; • Having an effective whistleblowing policy • Maintaining an Internal Audit Function • Having an Anti-fraud, bribery and corruption framework; • Team Doncaster Staff Charter; and • Staff Performance Framework.
<p>Principle 4</p> <p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p> <p>We achieve this by:</p> <ul style="list-style-type: none"> • Implementing our Risk Management Framework; • Considering significant risks in all formal decision-making and major projects/programmes; • Publishing our Strategic Risk Register as part of our quarterly challenge process; • Approving our Annual Governance Statement; • Approving our Annual Accounts; • Receiving reports from Internal and External Audit; • Having clear procedures to comply with Freedom of Information requests; • Effective use of equality information; • Using accurate information to base decisions on; and • Promoting a culture of openness and honesty. 	<p>Principle 5</p> <p>Developing the capacity and capability of members and officers to be effective</p> <p>We achieve this by:</p> <ul style="list-style-type: none"> • Providing an intensive 5 day member induction programme; • Providing Personal Development Plans for all staff to ensure they know what work priorities they have and what work is expected of them; • Have a suite of mandatory training for members; • Implementing a comprehensive e-learning package; • Leadership Academy; and • Mandatory training for officers; 	<p>Principle 6</p> <p>Engaging with local people and other stakeholders to ensure robust public accountability</p> <p>We achieve this by:</p> <ul style="list-style-type: none"> • Having a Community Engagement and consultation strategy • Using the Public consultations element on the Website • Having a Voluntary, Community and Faith sector strategy; • Considering consultations as part of our reporting process, where relevant; • Compliance with the Local Government Transparency Code; and • Publishing equality information on our website. • Using social media to communicate with the public;

Audit Committee

The Council's Audit Committee oversees the production of the Council's statutory accounts, the management of risks within the Council, the operation and effectiveness of the Council's internal control arrangements, and has responsibility for ensuring appropriate standards of ethical governance are in place and maintained.

The Committee has a programme of work in place to ensure it fulfils its responsibilities. The Committee has overseen and supported positive progress in a number of areas during the year, including:

- Improved risk management arrangements;
- A positive Internal Audit assessment of the Council's control environment;
- A continuing positive external audit report on the accounts;
- A continuing positive external audit opinion on the Council's Value For Money arrangements
- The development of a partnerships' governance framework;
- Better commissioning of services and stronger control over contracts;

The Audit Committee produces an Annual Report which is available at www.doncaster.gov.uk

Governance Group

The Council has an officer Governance Group that was established in 2011. It is chaired by the Director of Finance and Corporate Services and includes other key officers with responsibility for promoting good governance across the organisation. The Group has led on the development of governance arrangements at the Council, including in 2015/16:

- Ensuring the Council complies with best practice guidance issued by CIPFA / SOLACE and any other sector leading advice;
- Refreshing and re-launching a range of corporate policies and procedures;
- Ensuring senior managers confirm compliance with policies and procedures;
- Ensuring recommendations made by Internal Audit, External Audit, the Audit Committee and other key stakeholders about the

Council's governance arrangements are fully and effectively actioned;

The Governance Group supports and works closely with the Council's Audit Committee.

Role of Internal and External Audit

The council has both internal and external auditors.

The role of the internal audit is to:

- give independent assurance that internal controls operated by the Council are sound and are effective
- alert managers to areas of potential weakness and to make recommendations for improvements
- give unbiased professional advice on policies, procedures, practices and systems

All councils are subject to ongoing scrutiny by External Audit and their role is to:

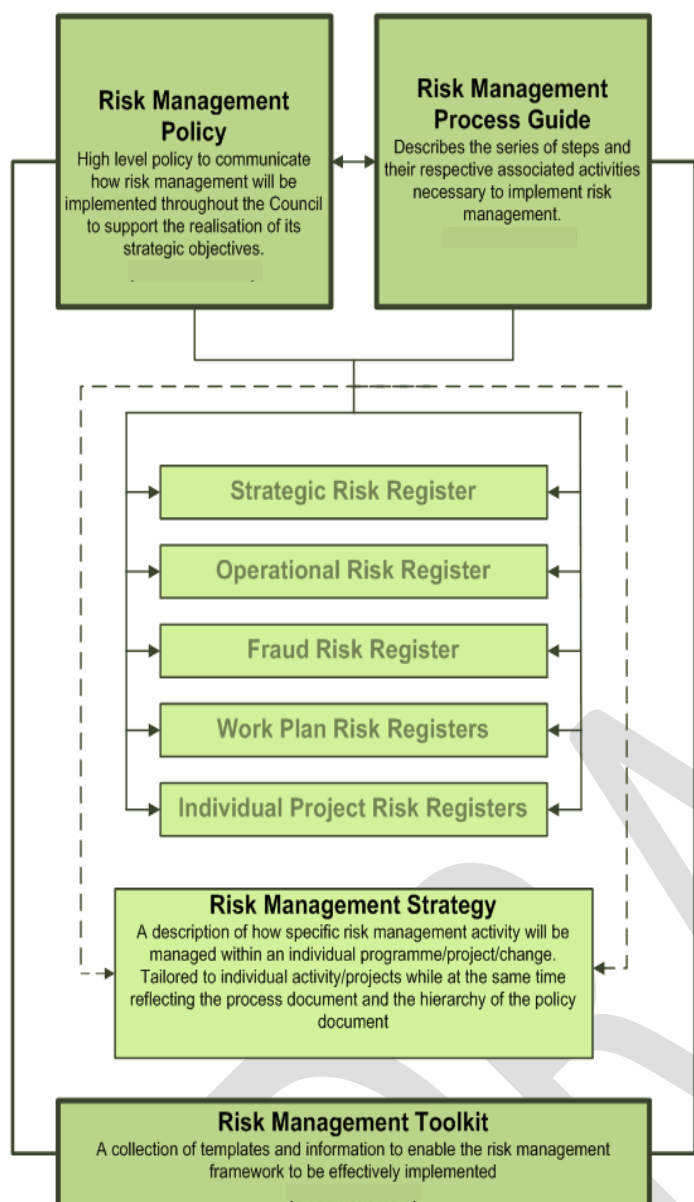
- review the accuracy of the council's Financial Accounts, grant claims and performance indicators
 - review the adequacy of performance management arrangements including the Best Value Performance Plan
 - review aspects of Corporate Governance and the Statement of Internal Control
 - assess the financial standing of the authority
- Internal Audit and KPMG aim to coordinate their work to get the best value from the resources in use and to this aim work closely together to achieve our objectives.

Our Approach to Risk Management

Doncaster Council recognises that risk management is an integral part of good governance and management practice.

Managing our risks effectively contributes to the delivery of the strategic and operational objectives of the authority. Doncaster Council manages risks via a Risk Management Framework that has been designed to provide structure and guidance to support our organisation, and the individuals within it, to take positive risks in an informed way.

Risk Management Framework



Significant risks are identified and reported as part of the quarterly Finance and Performance challenge process. These risks make up the Council's Strategic Risk Register. Senior Managers review the risks and report on the current position and on controls put in place to mitigate the risk.

The Strategic Risk Register is attached at Appendix B.

Key Areas of Improvement from 2014-15 that have been completed

There are a numbers of areas requiring improvement identified in 2014-15 that have been effectively managed to the extent that they are no longer significant in 2015-16. These are:

Information Commissioners Office (ICO) Inspection & Recommendations – All actions and recommendations are complete. Ensuring compliance is an on-going continuous task and is monitored by the Data Protection Officer.

Procure to Pay - The current performance on the payment of invoices at the end of February 2016 was 97% and the target of 95% is still expected to be achieved by the end of the financial year and on line processes embedded across the council. The majority of invoices are now being received centrally. Teams have continued to be revisited to ensure compliance with the P2P (procure to pay) process and business processes continue to be reviewed where non-compliance occurs.

Corporate Procurement and Contract Management – A review of procurement and commissioning was completed in November 2015 and drew positive conclusions about corporate procurement arrangements. Changes to the Council's Contract Procedure Rules (CPR's) were approved by full Council in January 2016. The changes to Contract Procedure Rules are compliant with EU legislation, have been rolled out to staff and will enable the Council to achieve better value for money for the citizens of Doncaster, through simplifying the procurement process and increasing competition within the supply chain. The levels of Council spend to organisations which are locally based in Doncaster, have increased from 49% (end March 2014) to 64% (end January 2016).

Doncaster Markets – Work is ongoing work with DN17 project team in respect of market improvements. This included the introduction of the cashless system, Data cleansing exercise has been completed and a new trader database has been set up. The Markets Management System procurement process is underway and we continue to work closely with Health and safety in respect of the comprehensive repairs and maintenance programme.

Risk Assessments - Measures have now been put in place to ensure the land transfers between the council and contractors are clear, explicit and timely and procedures are in place. Work is ongoing with both Audit and Health and safety to identify and mitigate risk

Business Continuity - Business continuity plans and arrangements are in place for each Directorate and support in developing plans and arrangements have also been provided to the Childrens Trust. Plans will continue to be reviewed and maintained in accordance with the Business Continuity Policy.

Significant Governance Issues Identified in 2015-16

Whilst we are satisfied with the effectiveness of corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance the following new issues have been identified for improvement as part of the 2015-16 Annual Governance Statement process:

Safeguarding Adults Personal Assets Team (SAPAT) - There are a number of governance risks associated with the Safeguarding Adults Personal Assets service that are currently being

addressed. These include lack of robust policies and procedures, lack of appropriate recording systems and poor data quality, multiple paper based systems, inadequate storage and retrieval of documents and property and a lack of clear performance and monitoring data. These are now all being addressed with support from corporate services.

Learning Disability/Supported Living Reviews – an improvement area was identified relating to annual reviews within the learning disability team. There is a risk that some of these reviews may be individuals who have not had a financial assessment, are not contributing towards their care and support and have not been considered for CHC funding. As the robust review project works through the cases we will have a better understanding of the accommodation and support needs of each individual.

The progress that has been made in dealing with governance issues, that were identified in 2014-15 and are still an issue in 2015-16, can be found in Appendix A.

Statement of Commitment

We have been advised of the implications of the result of the 2015-16 review of the effectiveness of the governance and internal control framework by the Audit Committee and of the plans to address identified weaknesses and ensure continuous improvement of the system in place.

We propose over the coming year to take steps to address the above matters to enhance further the Council's governance and internal control arrangements.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and that we will monitor their implementation and operation over the next year and as part of our next annual review of effectiveness.

Signed on behalf of Doncaster Council on **TBC:**

Ros Jones
Mayor of Doncaster

Jo Miller
Chief Executive

APPENDIX A

An update on Key Improvement Areas identified during 2014-15 that remain an issue in 2015-16

- **External Funding**

An issue has arisen relating to European funding of the White Rose Way development scheme. Following an audit a claim has been made to potentially claw back funding over procurement procedures. Doncaster Council has completed a report which outlines the justification for the European Commission Audit (ECA) to rescind its correction order. The report is currently with Department for Communities and Local Government (DCLG). We were expecting a response in December 2015, but to date, no response has been received ***The Lead Officer for this is the Director of Regeneration & Environment; the completion date is to be confirmed on receipt of report***

- **Doncaster Children's Trust**

Awaiting response from Riana Nelson

- **Fraud Code of Practice Assessment**

Deliver the improvement actions identified as part of our assessment against the new Code of Practice on Managing the Risk of Fraud and Corruption. A full assessment against the Code of Practice for Managing the Risk of Fraud and Corruption has been undertaken and Fraud Code of Practice Assessment Workshops has been held with managers. Fraud risk registers are being collated and will be reported to Audit Committee.

The Lead Officer for this is the Director of Finance & Corporate Services; the completion date is August 2016

- **Direct Payments**

Work continues to improve the recovery of direct payments and personalised budgets. There are a number of actions and processes that still need to be put in place or be embedded. However outstanding actions have been progressed with the majority now identified as fully completed, with others partly implemented and having a revised target date of June 2016. Substantial work and resources have been put into managing this area from within Adults, Health and Wellbeing and Finance and Corporate Services.

In February 2016, a further review of Direct Payments was undertaken by colleagues in Internal Audit with the outcome being a "limited assurance" that systems and processes are operating efficiently and effectively. A detailed improvement plan has been prepared with timelines during 2016/17, for delivery that will work to provide a greater degree of assurance that systems and processes are effective and robust.

Work is ongoing on the remaining actions and the Director of Adults, Health & Wellbeing has agreed a completion date of November 2016.

- **Data Quality Arrangements**

Internal Audit and the Corporate Performance Team highlighted an opportunity to improve the reliability of information to support performance management. The Activity from the Data Quality Strategy 2013-2015 including self-assessments on central government returns has been completed. A project plan to refresh the Data Quality Strategy has been developed with the target date for completion of September 2016. This activity which commenced in April 2016, will draw upon the completed self-assessments, incorporate latest research and draw upon good examples across the sector. Key parts of the Council including internal audit, ICT and Strategy & Performance teams will co-produce this strategy.

Also within each service plan a mandatory action on Data Quality has been included for 2016-17 planning cycles which will help to embed data quality across the organisation. ***The Director of Finance & Corporate Services has agreed a completion date of November 2016.***

- **Income Management**

Internal Audit identified an improvement opportunity regarding compliance with the Council's procedures and associated best practice for monitoring and collecting debt. An Income Management project plan has been produced is now working through opportunities to maximise income opportunities, ensuring income due to the Council is identified, charged for and collected in a cost efficient and timely manner. ***The Director of Finance & Corporate Services has agreed this will be established by September 2016.***

- **Asset Register**

The Council is reviewing its arrangements for maintaining its asset register to enhance arrangements and better facilitate accounting for assets. Although Phase 2 of the Enterprise Resource Planning (ERP) programme has been deferred (with new deadlines to be agreed), work is progressing with design workshops due to take place over the summer, following which a plan for the fixed assets module will be clearer.

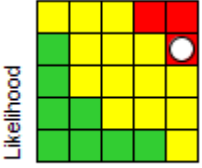
The fixed asset register (held on an excel spreadsheet) produces the statement of account information. External audit have been pleased with the improvements which have led to a more efficient capital audit, through improved audit trails and working papers. ***The Director of Finance & Corporate Services will provide an update on the Phase 2 project plan which will be implemented in March 2017.***

DRAFT

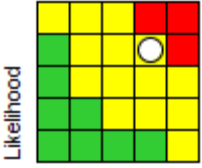
APPENDIX B

The Strategic Risk Register as at 31st March 2016, reported in order of risk score, highest to lowest

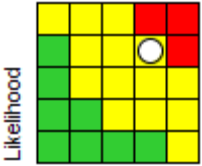
Current austerity measures result in increased poverty in Doncaster, causing deprivation for citizens and restricting the borough's ability to improve and grow

Current Risk 20 	<p>CURRENT POSITION: Score = 20 (impact 5 likelihood 4). The impacts of poverty and welfare reform continue to affect local people and are a risk to the achievement of Council and partnership objectives.</p> <p>MITIGATING ACTIONS: The partnership Anti-Poverty Strategy Group is delivering & co-ordinating actions to address the causes and effects of poverty within the borough. An Anti-Poverty Summit in June will highlight the achievements and progress that is being made. Attendees will be asked to share information, good practice and learning points with colleagues from across all sectors. They will also be asked to help identify or acknowledge new or worsening issues within Doncaster's communities, identify gaps in provision and propose solutions.</p> <p>TARGET RISK SCORE: 12 (impact 3 likelihood 4). Poverty continues to be an issue in Doncaster, as evidenced by the recent Indices of Multiple Deprivation. The main task is to reduce the impact on local people.</p>
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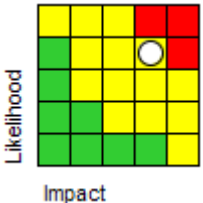
Children and Young People do not achieve in line with national expectation

Current Risk 16 	<p>CURRENT POSITION: Provisional Key Stage 2 Level 4 results for reading, writing and Maths combined have shown a disappointing drop in performance for 2015 putting Doncaster in the bottom quartile nationally. 2015 GCSE 5 A*-C inc English and Maths indicate a decline in line with the National trend but remain below the national average. Under the new Ofsted framework and inspection arrangements very few Doncaster schools have been subject to inspection, but those that have are improving their grades and the vast majority of interim Ofsted monitoring visits report positive progress. The Key Stage 2 rapid improvement strategy has been approved by the Minister for schools and has engaged the vast majority of schools in Doncaster. All interim targets so far have been reached. An indicative projection for outcomes based on standardised tests in year 6 is encouraging and a range of very focused initiatives are in place to raise standards according to the new framework of tests. A Key stage 4 strategy is planned with the Academies and a variety of challenging curriculum groups are in place led by the LA and supported by the Teaching School Alliance</p> <p>MITIGATING ACTIONS: Continue to deliver School Improvement 3 year Post Ofsted action plan which is currently midway through its implementation – with an improving picture regarding the quality of 'Leadership & Performance' which will have an effect on the overall Ofsted outcomes.</p> <ul style="list-style-type: none"> . Challenge Schools Commissioner and Sponsors of Academies on underperformance. . Ensure School Improvement Strategy is delivered, taking into account new Ofsted Measures. . Improve pupil attendance via enhanced early help . deliver the aspects of the education and skills strategy to include: <p>Key Stage 2 and 4 rapid improvement initiatives Academy exploration and growth strategy for schools at risk of decline and those wishing to join Multi-Academy Trusts Revision support in the community for students and parents Leadership succession and recruitment support initiatives in partnership with the Teaching School Alliance</p> <p>TARGET RISK SCORE: Impact – 4, Likelihood – Possible 3</p>
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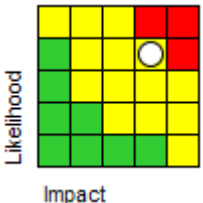
Lack of capacity from house builders to build affordable properties

Current Risk 16 	<p>CURRENT POSITION: The proposed changes to planning definitions and introduction of the new Starter Home product are still not finalised so the impact cannot yet be fully assessed.</p> <p>MITIGATING ACTION: The Council have a continuous process of investigating alternative solutions through the Delivery Model and other funding solutions.</p>
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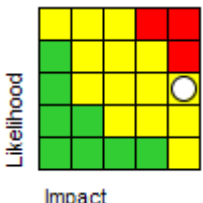
Failure to achieve the budget target for 2015/16 and 16/17

Current Risk	<p>CURRENT POSITION: For 2015/16 the council has a challenging programme of savings to deliver, which is being robustly managed by programme leads and reviewed by AD's & Directors on a quarterly basis. The overall overspend forecast is £xm (to be updated following outturn 29/05/16); this includes a number of pressures which have been taken into account in the 2016/17 budget process and funding allocated accordingly.</p> <p>MITIGATING ACTIONS: Developing other savings or utilising one off funds for any delays in the savings for 2015/16.</p> <p>TARGET RISK SCORE: Impact 3 x likelihood 3 = 9</p>
<p style="text-align: center;">16</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	

Failure to improve Data Quality will prevent us from ensuring that data relating to key Council and Borough priorities is robust and valid.

Current Risk	<p>CURRENT POSITION: Poor quality data may seriously hamper the ability for the Council' to transform and poor data and information will also reduce the effectiveness of the decisions that the Council makes. There are specific examples that demonstrate this including adult social care client management system that at the moment does not provide the quality of data that is required to support and add value that is needed. There is also the ability of the council to maximise the opportunities of linking up data automatically and supporting the digital council agenda which can be seriously hampered if the quality of the data in our systems is not up to standard.</p> <p>MITIGATING ACTIONS: To improve the quality of data across the organisation it will take time as we establish new processes and identify issues and links across the plethora of systems and data we currently hold. A new Data Quality Strategy will be developed and agreed by September 2016 which will set out the vision for data quality over the next few years and provide specific actions that will improve the quality of data across the council. Engagement across all Council departments will be required to ensure improvements are made quickly and appropriately. A register for all returns to central government will be updated and monitored to ensure the data supplied nationally is of good quality and ownership is clear. A business intelligence model which will support 'open data' across Doncaster is being discussed and will, once established help to support good and where appropriate automated information flows between systems improving the quality of data available in Doncaster. This risk links to all existing council plans, since the data we use informs all actions and decisions.</p> <p>TARGET RISK SCORE: Impact 4 (major) Likelihood 2 (unlikely)</p>
<p style="text-align: center;">16</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	

A failure to identify, or to act on, areas of serious performance weakness in the Doncaster Children's Service Trust or in the Council, which could result in significant harm to a child or children which could have been avoided, or which could lead to an 'inadequate' judgement at Ofsted Inspection, which will negatively impact on the reputation of the local authority.

Current Risk	<p>CURRENT POSITION: The formal arrangements to monitor and review the effectiveness and input of services to children provided by the Trust and the council are believed to provide assurance against this risk. Trust and Council performance has shown an overall improvement against the key indicators since the establishment of the contract. Ofsted commented that formal systems for the Council to monitor and challenge performance by the Trust exceed the requirements set out in the contract between the organisations.</p> <p>MITIGATING ACTIONS: The Council has formally agreed the results of the Annual Contract Review which includes a revised suite of performance indicators, which have been subject to extensive joint development between the Council and the Trust. The new indicators are believed to provide more effective assurance against this risk, alongside additional Quality Assurance reporting, and this new approach has been agreed; which taken together will contribute towards the establishment of a continuous improvement framework. The formal variations to the contract await the Secretary of State's directions.</p> <p>TARGET RISK SCORE: Impact 5 X Likelihood 3= 15</p>
<p style="text-align: center;">15</p>  <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	

Health and social care services do not change fast enough , impacting on quality, accessibility and affordability of services for people who need them most

Current Risk	<p>CURRENT SITUATION: The work required to Transform Adult Social care services has not happened quickly enough in the past. Improved service outcomes, financial savings and ambition levels have not been where</p>
<p style="text-align: center;">15</p>	

<p>Likelihood</p> <p>Impact</p>	<p>they need to be to ensure that services are effective and efficient now and into the future. Much progress has been made in the past 6 months and outcomes from the business improvement element of the transformation programme are starting to be delivered. Work on business cases for the 5 transformation themes will start in April 2016.. Due to the recent positive action the likelihood score has been reduced from 4 (likely) to 3 (possible).</p> <p>MITIGATING ACTIONS: The new Adults Health and Wellbeing Transformation Programme have been approved by Cabinet and is now being delivered. The cross council Improvement Board chaired by the Chief Executive is continuing to oversee key work and govern the transformation process, meeting on a three weekly basis. 10 Immediate Business Improvement projects are now in progress with support and governance arrangements firmly in place to ensure outputs and outcomes are being delivered. Earnest and Young have been appointed to drive the transformation and will rapidly develop business cases for the 5 key transformation themes from April 2016. The National Development Team for Inclusion has been commissioned to help to develop a community focused and person centred model of social care.</p> <p>TARGET SCORE: Impact 5 (out of 5) and Likelihood 3 (out of 5) = 15</p>
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Failure to obtain assurance as to the safeguarding of children in the borough

<p>Current Risk</p> <p>15</p> <p>Likelihood</p> <p>Impact</p>	<p>CURRENT POSITION: The formal arrangements to monitor and review the effectiveness and input of services to children provided by the Trust are believed to provide assurance to this risk. Overall the safeguarding indicators specific to children are now performing better than they were this time last year. Ofsted did not raise any concerns as to the safety of children in the borough, but did recommend improvements to social work practice which are being addressed through the Ofsted Improvement Plan.</p> <p>MITIGATING ACTIONS: The draft Ofsted improvement plan was submitted to Ofsted on 9th February 2016. Ofsted responded positively stating that the draft Improvement Plan addressed the identified areas for development from the inspection and that it was clear that progress had been made across a range of aspects and where action is completed, arrangements are in place to ensure this is maintained. The finalised plan was submitted to Ofsted on 26th April 2016 and was along with attendant actions, subject to consultation and feedback at the 'Getting to Good' seminar on 29th April 2016.</p> <p>TARGET RISK SCORE: Impact 5 X Likelihood 3 = 15</p>
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Failure to deliver the actions identified in the Equality and Inclusion action plan may impact our ability to effectively embed and delivery the equality agenda which could result in the council being exposed to public 'due regard' challenge

<p>Current Risk</p> <p>12</p> <p>Likelihood</p> <p>Impact</p>	<p>CURRENT POSITION: The Year Two action plan is reviewed and monitored by the Equalities Steering Group and Portfolio Holder Deputy Mayor Glyn Jones. The final year action plan is being developed and is focusing more on the outcomes for the borough</p> <p>MITIGATING ACTIONS: We have strengthened the governance arrangements and reviewed membership of the Steering Group to ensure the most appropriate colleagues are on board and that Directorates are adequately represented.</p> <ul style="list-style-type: none"> - Q4 sees the roundup of the updates for the Year 2 Action Plan that was mainly focused on process activity, awareness and embedding. The Action Plan for Year 3 will be more outcomes based and will capture activities being delivered and developed throughout the council and with our partners. - Additional assistance will be provided by the Strategy and Performance Unit to support the delivery of the actions; <p>TARGET RISK SCORE: impact 4 x likelihood 2 = 8</p>
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DN17 Programme does not deliver the level of savings required and this impacts on the services the council can offer to the public

<p>Current Risk</p> <p>12</p> <p>Likelihood</p> <p>Impact</p>	<p>CURRENT POSITION: This risk will be updated once finance figures have been agreed.</p>
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Failure to comply with the Data Protection Act 1998

Current Risk	CURRENT POSITION: For the second quarter running, there have been no data protection breaches reported. Mitigating actions such as training, awareness, targeting where related incidents occur. Due to the nature of this requirement, the target risk will always remain major and possible with mitigating actions required continuously.
<p>12</p>	

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

Current Risk	CURRENT POSITION: Peer review action plan has been developed and endorsed by the Doncaster Safeguarding Adults Board and significant progress has been made implementing this, including the creation of a multi-agency safeguarding hub to manage all safeguarding cases and clarify safeguarding pathways. The safeguarding board will receive regular reports on the implementation of the peer review actions plan.
<p>10</p>	MITIGATING ACTIONS: A multi-agency guidance document is currently being developed with partners which will provide clear guidance on when the criteria for a safeguarding concern has been reached. This will enable independent providers to make decisions on actions with areas of concern. The Council is currently working to develop local safeguarding policies aligned to South Yorkshire procedures, which will be accompanied by a mandatory training programme for key staff.
	TARGET RISK SCORE: Impact 5 x Likelihood 2

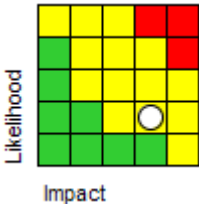
Failure to set robust assumptions on pensions deficit recovery and future contribution rate for the 2016 valuation

Current Risk	CURRENT POSITION: Initial discussions have taken place with the actuary for South Yorkshire pensions and it is hoped that increase in pension cost can be maintained within the current estimates included within the Medium term financial plan.
<p>9</p>	MITIGATING ACTIONS: The Council will be reviewing and challenging the assumptions made by the Actuary with SYPA and other LA's in South Yorkshire. The Actuary will be attending a meeting of the South Yorkshire Finance Directors to explain the position. The Council will be working with other LA's at a local and at a national level through the LGA to minimise any additional costs arising from the 2016 Valuation. Final results will be known early September 2016.
	TARGET RISK SCORE: Impact 2, Likelihood 2 = 4

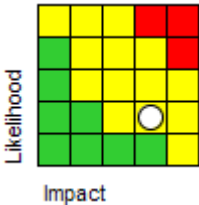
Poorly developed early help services could result in children and young people failing to maximise their opportunities and the council failing to improve or ameliorate health, education and life inequalities across the Borough

Current Risk	CURRENT POSITION: The Early Help Hub has now been in operation for 6 months and is nearly fully staffed with a multi-agency compliment.
<p>9</p>	MITIGATING ACTIONS:: The Early Help hub moved into management by Doncaster Children's Service Trust . Strategic risk remains the same as transfer is affected and new reporting and quality assurance systems are put into place. This will be fed back to the partnership via the Early Help Implementation Task Group and will challenge colleagues in terms of contribution and quality of input. The Early Help Implementation Plan will set out specific plans to increase engagement and quality of Early Help Assessments. EHITG oversees partnership engagement and subgroups are actively progressing specific work streams improving performance reporting and engagement of partnerships so as to ensure implementation and pace.
	TARGET RISK SCORE: Impact 2 Likelihood 3 = 6

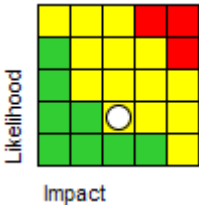
Failure to identify and manage Health and Safety risks

Current Risk	<p>CURRENT POSITION: This risk has been reviewed and remains unchanged. Health and Safety Training for Managers continues to be mandatory across all Directorates. The new Health and Safety Advisor post for Construction Services continues to work well. Risks have been identified at Hatfield Colliery and work is ongoing to mitigate risks to public safety. This includes proposals to demolish and secure buildings. Intensive work, with the assistance of competent advisors and mining engineers has taken place during quarter 3. Separate reports on this work are being provided to the Chief Executive and Leadership Team to update on progress.</p> <p>MITIGATING ACTIONS: A further Health and Safety Training post is being developed as part of a review and restructure of the Regulation and Enforcement Service within Environment. A substantial amount of work has also been undertaken to identify and mitigate the health and safety risks within the Council's Markets with appropriate action plans now in place. Work has been undertaken within the Assets Team regarding health & safety risks on Council land. A programme of unannounced 'drop in' audits across a range of service areas has also commenced and will continue throughout 2016. Action plans will be developed with managers where appropriate to drive and monitor improvements against the audit findings.</p>
<p style="text-align: center;">8</p>  <p style="text-align: center;">Impact</p>	

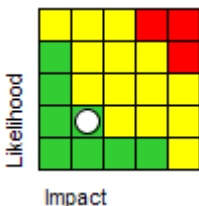
Failure to respond adequately to borough emergencies or mitigate effectively against the effects of extreme weather conditions e.g. flooding

Current Risk	<p>CURRENT POSITION: This risk has been reviewed and is considered to remain appropriate. The Council's plans for preparedness and business continuity continue to be reviewed and maintained. The plans and arrangements have been rehearsed with partners from across South Yorkshire and a recent assessment of DMBC's emergency response capabilities by the Cabinet Office has demonstrated a high level of preparedness and compliance with Government expectations for Civil Contingencies.</p> <p>MITIGATING ACTIONS: A series of interactive Doncaster Council Corporate Exercise are being developed for 2016/17 which will involve all a partner agencies and organisations. Work continues to embed flood response awareness at a strategic level.</p>
<p style="text-align: center;">8</p>  <p style="text-align: center;">Impact</p>	

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

Current Risk	<p>CURRENT POSITION: Following on from the recent health-check of Team Doncaster partners, analysis of responses showed all but two of the 15 questions asked showed increased positivity around partnership working. Slight reductions in mean scores (compared to 2013 responses on a 5-point scale) were found in "How well have we shared information between us" (-0.2) and "How well have we addressed the 'hard' issues" (-0.1). Future sessions are planned for Team Doncaster on the Education Commission's findings and also the Future Council work. The implementation of OBA has progressed significantly with the production of a Partnerships PMF – allowing Team Doncaster a clear snapshot of the partnership's 4 thematic boards' outcomes and indicators.</p> <p>MITIGATING ACTIONS: The Strategy and Performance Unit fed back to the Team Doncaster Strategic Partnership at the 6th April 2016 meeting, with the partnership identifying the need to tackle hard issues together. At the same meeting the Partnership's Performance Management Framework was presented to partners. The purpose of the Partnership PMF is to highlight performance from each other 4 theme boards, and allow Team Doncaster to challenge and make recommendations – allowing information to be shared and giving partners a clearer understanding of the 'hard' issues.</p> <p>TARGET RISK SCORE: Target Impact 3 (Significant), Target Likelihood 2 (Unlikely). Currently the target risk is identical to the actual risk, it is envisaged this will further reduce with greater embedding of OBA and the Partnership PMF and a longer term strategic plan on partnership priorities.</p>
<p style="text-align: center;">6</p>  <p style="text-align: center;">Impact</p>	

Low staff motivation/morale and low performance

Current Risk	<p>CURRENT POSITION: Morale, motivation and performance levels have remained steady throughout the year, despite on-going challenges particularly due to the transformation / improvement programme within Adults. The overall attendance management target of 8.5 days per FTE was not met, but overall performance has continued to improve with a further reduction of 0.61 days from 9.72 days per fte to 9.11 days per fte. There is still a high proportion of service reviews being undertaken along with on-going organisational transformation that will impact on morale, but this remains manageable given the mitigating actions put in place, resulting in a further decrease in this risk level.</p> <p>MITIGATING ACTIONS: Continue to monitor sickness trend and ensure action plans progress. Monitor impact on on-going organisation-wide transformation, particularly within Adults, Health and Well Being.</p>
<p style="text-align: center;">4</p>  <p style="text-align: center;">Impact</p>	