



Doncaster Council

Agenda

To all Members of the

AUDIT COMMITTEE

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

Venue: Council Chamber, Floor 2, Civic Office, Waterdale, Doncaster, DN1 3BU

Date: Thursday, 25th October, 2018

Time: 10.00 am

Items for Discussion:

Page No.

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 26th July, 2018. 1 - 12
- A. Reports where the public and press may not be excluded.**
5. Audit Committee Action Log. 13 - 18

Jo Miller
Chief Executive

Issued on: Wednesday, 17 October 2018

Governance Services Officer for this meeting: Sarah Maxfield
Tel. 01302 736723

6.	Deprivation of Liberty Safeguards (DoLS) - Update - Progress Report.	19 - 40
7.	Direct Payments Update - Internal Audit Follow Up Report.	41 - 56
8.	Income Management Progress Report.	57 - 64
9.	Risk Management Strategy Review.	65 - 82
10.	Breaches and Waivers to the Council's Financial and Contract Procedure Rules.	83 - 98
11.	2017-18 Annual Governance Statement - Progress Update	99 - 110
12.	Internal Audit Report for the Period: July to September 2018.	111 - 130
13.	Preventing and Detecting Fraud and Error - October 2017 to September 2018.	131 - 146
14.	External Auditor (KMPG) Annual Audit Letter 2017/18.	147 - 162
15.	Grant Thornton - 2018/19 Progress Report and Sector Update.	163 - 180

Members of the Audit Committee

Chair – Councillor Austen White

Vice-Chair – Councillor Richard A Jones

Councillor Iris Beech, Mark Houlbrook and David Nevett

Co-opted Member: Kathryn Smart

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 26TH JULY, 2018

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER on THURSDAY, 26TH JULY, 2018, at 10.00 am.

PRESENT:

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

Councillors Iris Beech, Mark Houlbrook and David Nevett

Co-opted Member

Kathryn Smart

9 DECLARATIONS OF INTEREST, IF ANY

No declarations were reported at the meeting.

10 MINUTES OF THE MEETING HELD ON 21ST JUNE 2018.

RESOLVED that the minutes of the meeting held on 21st June, 2018, be approved as a correct record and signed by the Chair.

11 AUDIT COMMITTEE ACTION LOG

The Committee considered a report which updated members on the actions agreed during Committee meetings. It was reported that the action log showed details relating to 11 actions requested in previous meetings and of these:-

- 7 had been completed and would be removed from the next action log;
- 4 had yet to reach the agreed action date and were on track (they are either in progress and in time, or are scheduled for completion within the expected time);
- Further details were provided on two of the longer running issues that had been previous causes of concern for the Committee as follows:-

Business Waste Income Reconciliation – The first Business Waste reconciliation of income due to income charged had now been completed with all accounts checked and accounts raised as appropriate. Internal Audit will continue to monitor this area and report any problems as required to future committees.

Deprivation of Liberty Safeguards (DoLS) – An update was set out in the table within the report which identified strong progress in dealing with the backlog. A follow up review following the DOLS audit was scheduled for October 2018 Audit Committee which will provide a further update on the backlog position.

Following the introduction of the report, members made the following comments:-

The Chair Councillor Austen White noted the positive progress made in completion of the reconciliation of the Business Waste Income, however, wished that Audit Members be kept informed of any further progress. In relation to DoLS, he acknowledged that this was showing an improved position, but sought clarity with regard to target levels set, who set the targets and whether the Cabinet member responsible was kept informed and gave any input. Damian Allen, Director of People reported that the number of assessments with regard to DoLS was ongoing and varies continually and whilst there was no target set, the Council had procured an external provider to focus on the backlog. He pointed out to Committee that a Rapid Improvement Plan had been developed to manage the surplus as the numbers do fluctuate. Damian also stated that the Cabinet member was aware of the issues through regular Portfolio Holder meetings. However, he stressed that this was a management responsibility.

Councillor Iris Beech sought clarity with regard to the BIA forms and where the hold up on completion lay. Damian Allen reported that resources had been applied to improve the flow of assessments through middle manager level. He also stressed that the service were also aiming to address the matter through the introduction of the Rapid Improvement Plan.

Councillor David Nevett expressed his surprise with regard to the fluctuations in the number of assessments and why there seemed to be such a wide swing. Damian Allen reported that the flow had increased and whilst the external provider was dealing with the backlog, the standing capacity had not been addressed. He suggested that a progress report with regard to this issue be brought to a future meeting of the Committee.

RESOLVED that:-

- (1) the progress being made against the actions agreed at the previous committee meetings, be noted; and
- (2) the Committee receive a further update for DoLS at a future meeting.

12 UPDATE REPORT ON CONTRACTS AND COMMISSIONING IN ADULTS, HEALTH AND WELLBEING.

The Committee considered a report updating Members on the progress within the Adult Commissioning and Contract function.

It was reported that in March, 2018, Cabinet approved the proposals regarding the re-commissioning of 30 contracts which were due to expire in this financial year. Further details with regard to the activity of the Commissioning and Contracts team was highlighted within paragraph 8 of the report.

Following the introduction of the report, the Committee were given the opportunity to make comments and ask questions as follows:-

Kathryn Smart welcomed the progress report and commented that paragraph 8 showed real progress. She asked whether there were any other key risks still to be addressed that had not been progressed. Denise Bann, Strategic Lead for Adults, Health and Wellbeing Commissioning and Contracts reported that the Team were fully

focussed. She reiterated that in March, Cabinet had approved the proposals regarding the re-commissioning of 30 contracts which were due to expire and was pleased to announce the appointment of two permanent Heads of Service. She was also happy to inform members that since the last report there had been no further breaches to the CPR's and the number of waivers had also decreased.

The Chair, Councillor Austen White commented on the positive aspects of the report, however, sought explanation in relation to the slippage with regard to the Solar Centre stating he and the Committee were a little dismayed. He asked what the reasons were for the slippage, what support could be offered and what assurance could be given to bring the issue to a conclusion. Damian Allen reported to members that work was continuing with Partners i.e CCG, Rdash and South Yorkshire Homes in relation to consultation on the residential homes and it was envisaged that a report would be submitted to Cabinet next month on this issue. He stated that many residents within the homes use the day care service provided at the Solar Centre and an outcome with regard to the centre was very much dependent on the outcome of procuring the residential home contract. Damian pointed out that it was hoped that this would have been concluded by June, 2018, however, the service was slightly in arrears of that timescale. He stated that it was dependent on the residential homes contract being re-procured and it was an expectation that a conclusion could be met by the end of this current financial year.

In response to the Chair's question regarding timescales for the temporary agreement outlined at paragraph 11 of the report, Damian Allen reported that the nature of the provision within the Solar Centre was of highly complex needs and there was a mixed economy of use within the centre. He commented that all reviews were due to be completed by Christmas/New Year and whilst the council were in receipt of all the information and requirements needed, there was a need to procure for a more specialist day care provision, which may or may not be with the existing provider.

RESOLVED that the information, progress and actions made by the Commissioning and Contracts function in Adults Health and Wellbeing (AH&W) be noted.

13 MONEY LAUNDERING ARRANGEMENTS

The Committee received a report seeking approval prior to its implementation, on the Council's revised policy on Anti-Money Laundering. It was reported that new regulations came into force on 26 June, 2017 and whilst they do not place specific responsibilities on the Council/local authorities in respect of money laundering, it is accepted best practice for the Council, as a guardian of public finances, to comply with the spirit of the legislation and put in place appropriate anti-money laundering safeguards.

It was reported that the Policy, which was attached at Appendix A to the report, takes a risk based view of the activities of the Council and aimed to put in place procedures to prevent and detect (and ultimately report on) money laundering activities without being onerous or excessive to the Council's overall risk. It was further noted that the Council's overall risk in respect of money laundering had been judged as low.

Members were advised that the Money Laundering Regulations (2017) require the completion of a documented risk assessment for money laundering activity and the implementation of appropriate procedures to prevent, detect and report on money

laundering activity. It was noted that the regulations also require the appointment of a Money Laundering Reporting Officer and the role had been reassigned to the Chief Financial Officer.

Members were given the opportunity to make comments and ask questions as follows:-

Councillor Iris Beech asked whether the team were aware of any substantial money laundering cases and whether the procedures were working as they should be. Peter Jackson stated that cases were very few and far between and there hadn't been any transactions that had caused any concern, so assured members that arrangements were working effectively.

In relation to the fact sheet at page 31 of the report, Councillor Mark Houlbrook asked whether point 5 should fall within the Whistleblowing procedure. In response, it was advised that a change in the regulations had been made and any suspected money laundering would be reported to the National Crime Agency who require a specific form to be completed outside of the Whistleblowing Policy. Councillor Houlbrook asked what protection was in place for employees reporting suspicions. It was advised that Legal were required to inform the National Crime Agency, however this would be processed in a strictly controlled way and safeguards within the policy state that information should not be kept within that persons record.

Kathryn Smart asked whether there were any examples to look back on to ensure that risks were not taken on any potential future cases. It was reported that there were very few examples as the ability to make cash transactions had been limited, There were a few exemptions i.e Right to Buy, where larger sums of money were being processed, however, there were procedures and due diligence for these issues. It is was further advised that no cases had been referred to the National Crime Agency. Peter Jackson wished to advise Committee that there was currently an e-learning training package which was due to be tested shortly and whilst it was envisaged that this would not be a mandatory module, it was noted that there would be an additional mandate for all relevant Heads of Service to complete the training. It was noted that the training would be on-line by the end of September.

Councillor David Nevett commented on the cash transactions limit of £10,000 for when checks were made and asked whether this was prescriptive or could this be lowered. He also sought clarification with regard to cheque transactions and whether these were dealt with in the same way. In response, it was stated that in terms of cheque transfers, a cheque would be supplied through a bank, so appropriate checks would have been carried out by the bank prior to receipt by the Council. It was stated that the amount was set by the Council at £10,000 in order to fall under the level set by the Act of €15,000 (currently around £11,000).

The Vice-Chair, Councillor R.A. Jones, asked whether the team had any areas of concern in relation to services dealing with cash transactions and whether these could be reformed. In response, it was reported that any areas of concerns would already be flagged up within the regular audit plan. Members were advised that in the case of Right to Buy's a review of the service was currently being undertaken. It was also advised that it should be noted that the Council no longer have cash offices in operation albeit there is a cash machine within the Civic Office reception.

In reference to penalties, Councillor Mark Houlbrook stated that if there had been found to be a breach, would the policy not recommend immediate referral to the Police for not reporting the crime and asked what the sanctions for a member of staff would be. In response, it was reported that this would be very difficult to detect. However, if detected then the National Crime Agency and the Police would deal with the matter and the Council would deem the matter to be a gross disciplinary offence.

RESOLVED that the Council's revised Anti-Money Laundering Policy and associated arrangements be approved and the change of the Money Laundering Officer be noted.

14 INTERNAL AUDIT REPORT FOR THE PERIOD: APRIL TO JUNE 2018

The Committee received an update report on the work carried out by Internal Audit for the period April to June 2018, and showed this in the context of the audit plan for the year. The report also included details on the implementation of internal audit recommendations and the Internal Audit Teams performance information.

The report highlighted that there had been 4 new jobs that had been added to the plan. Internal Audit continued to experience a high level of unplanned work in response to requests from management. There were currently 5 ongoing investigations and the planned audit work done continued to confirm the Council generally had appropriate controls in place and that the controls were operating effectively.

In relation to Section 3, it was reported that there were now 16 overdue major recommendations which all fell within Adults, Health and Wellbeing, this had increased since the last report which was due to several high level pieces of audit work having been completed around the same time for that Directorate. It was noted that the current number of audit recommendations outstanding overall was 154 of which 114 had revised implementation dates that were beyond their original agreed implementation date.

With regard to performance information, four out of the services six key performance indicators were above target and were currently below target on the other two.

Following the update, Members made the following comments:-

Kathryn Smart made reference with regard to items added to the plan, but sought clarity as she felt this was not clear on what may have dropped off the plan. It was reported that the first two issues had come out of the contingency reserve and the remaining two had been allocarted from the advice reserve. It was advised that no issues had been dropped from the plan.

Councillor Mark Houlbrook commented on the Occupational Therapy Service and the apparent backlog of referrals being experienced by residents and asked what was being put in place to address the situation. Damian Allen reported that in response to this issue and other factors including the audit report, the service had commenced a rapid improvement project. He recognised the difficulties which were not acceptable and the service were trying to respond and assessing people at the point of need.. He reported that there were issues regarding accessibility homes which were proving to be challenging as there is not a sufficient supply of homes coming forward from St Leger Homes. He wished to assure members that whilst the service was at the start of

the process, work was continuing and with the introduction of the rapid improvement plans, it was envisaged that improvements would be forthcoming.

Councillor Houlbrook went on to say that elderly residents awaiting assessments had a knock on effect to other service targets. He asked how many Occupational Therapists were currently employed by the Council. Damian Allen stated that he didn't have an exact number but would circulate that information to Members following the meeting. He reported that previously there had been issues around leadership management. However, the service had recently employed a new Principal Occupational Therapist which would provide more stability for the service.

Kathryn Smart stated that the Occupational Therapy had been highlighted through the responsive work carried out and asked whether there were any other areas that Audit should be looking at particularly. Damian reported that members can expect the same pace and rigour which was adopted a few years ago when the service responded to the outcome of audit recommendations for SAPAT and DoLS etc. He commented that extensive work had been carried out with colleagues within Audit who had helped improve these services. He commented that the service were dealing with historical poor performance management, however a decision had been taken on the audit cycle for this year to prioritise resource to areas in most need. Peter Jackson added that management had highlighted concerns over Occupational Therapy to Audit who had then reprioritised this areas for a review.

The Chair, Councillor Austen White, asked Audit whether they were contented with responses to the levels of overdue actions within the Adults directorate. It was advised that Audit were happy with the response taken. It was stressed that a better pace had been applied by management in implementing audit recommendations with over 100 being implemented in the directorate in this period and over 160 across the council which compared to 216 in the full previous year.. Members were advised that there seemed to be a much better grip corporately around audit recommendations. In response to the Chair's comments regarding paragraph 3.7 of the report, it was advised that the audit team were happy with the outcome, staff had been instructed to deal with major actions as a priority and whilst 117 recommendations seemed to be high, the team were happy with the overall arrangements in place to address the issues.

In relation to Bereavement Services Stocks and Sales, Councillor Iris Beech asked what stock was referred to and were the Council experiencing a significant amount of people requiring help with funerals. With regard to stock, it was reported that this referred to monumental items such as urns and plaques. In relation to Public Health funerals carried out by the Council, it was advised that the number had increased significantly and there was a serious demand for this service. It was noted that the increase was similar to that found in the NHS. Members were also advised that this service was currently being audited.

In reference to the above comments, Councillor Beech asked whether there was a cut off with regard to the amount of money provided for such funerals. It was reported, if a person dies and they have insufficient funds for their funeral, family members would organise and fund those arrangements. However, the DWP provide supportive loans. In the case of the person not having any family or refuse to act, then the service would be provided by the Council under the Public Health Act. The Council would assess the individual and make all the arrangements for a funeral and recover any monies from any assets of the estate. Councillor Beech also asked whether funerals were burials

as she highlighted that in her ward, space in the graveyard was very limited. Committee were advised that all public health funerals were cremations unless specifically specified within a persons will/documentation that a burial was preferred. Dave Wilkinson, Assistant Director of Trading Services advised Members that the Assets team were continuing to look for available land to expand cemeteries. It was suggested that the service liaise with Parish Councils as it was thought that the administering of land for burial sites would be carried out by them. This matter would be taken up with the relevant officer outside of the meeting.

In response to a question raised by Councillor Mark Houlbrook regarding schools catering and whether the Council provide this service to Academies. Dave Wilkinson advised that the Council do provide that service to Academies and had also been the successful in the bid for the contract for the XP School at Lakeside.

Kathryn Smart asked Internal Audit whether they were happy with the partial assurances given in relation to SAPAT, given the amount of significant work carried out by the team in this area. It was noted that a lot of work had been put into this service by Audit and now there were no major risks on the outstanding actions so the team were happy with the actions taken and had no concerns to report.

Further discussion took place on the Rapid Improvements Plans for the 7 areas identified, it was suggested that dependent on the capacity of the agenda, an update on 3 of the plans and Transformation Programme be brought back to the Committee at its October meeting. Peter Jackson clarified that specific reports by the audit team would cover DoLS and Direct Payments and the progress report would update on other areas covered by these plans.

RESOLVED that:-

- (1) the changes to the original audit plan be noted;
- (2) the internal audit work completed in the period be noted;
- (3) progress made by officers in implementing previous audit recommendations be noted; and
- (4) Information relating to Internal Audit's performance in the period is noted.

15 STREET LIGHTING PROJECT - AUDIT REPORT

Prior to the introduction of the report, the Chair, Councillor Austen White wished to stress that despite a rather sad story of poor management of this project, together with the problems that had arisen and which remained, this had been a very effective and well delivered project, and he felt that it was important not to lose sight of this. Members were advised that progress had been made following the publication of this report, and the current situation looked a lot differently today.

Tracey Harwood, Acting Assistant Director of Environment updated members on the progress made, stating that she echoed the comments made by the Chair, reporting that Smart Light had delivered an effective scheme and wished to advise that it was important to note that energy savings had exceeded what was originally forecast.

Tracey advised Committee that work had been carried out within the last 2-3 weeks on developing a recovery plan for the scheme which included:-

- Existing lighting classifications – possibility of dimming lights in specific areas and specific times.
- Smarter Town Centre Lighting
- Reviewing inventory and installation

It was also advised that further negotiations were taking place with Urbis the suppliers of the lamps to find a solution for the lamps ordered but not yet supplied, i.e. for them to be supplied to another local authority. It was noted that whilst the situation was not favourable, the service were confident that the budget pressure had been heavily reduced through the introduction of the recovery plan to £50k. Other action to reduce the excess stock included holding some stock as spares and allowing for future housing and other commercial developments in the borough.

Members were afforded the opportunity to make comments and ask questions as follows:-

Councillor Iris Beech asked whether there was the possibility of dimming the lights as she felt especially within her ward lights appeared to be brighter than they needed to be. Dave Wilkinson reported that the first priority was to install the lights, following that the light levels can be assessed and through the intelligent software dimming lights can be achieved. He also stressed that if there was an emergency like a road traffic accident at night, the lighting could be brightened to assist the emergency services.

In reference to the phase 1 audit review, Kathryn Smart asked whether all the recommendations had been clearly understood. It was reported that all apart from 1 had been dealt with and taken on board, which was around only ordering to specific need. Due to the 6 week lead in time from the requesting of the lights to the delivery and the design teams being understaffed, some lamp orders had been estimated. Kathryn asked whether there were appropriate programme/project management in place to mitigate. It was advised that this was in place but not to the extent it should have been.

Further discussion took place in relation to safeguards and lessons that should be learned from this project for the future and whilst this was considered to be a large oversight, officers had worked hard to mitigate the overall impact which was now considered considerably smaller than from the time the report was initially produced.

Councillor Joe Blackham was in attendance at the meeting and wished to state that there had been a systematic failure in the project which had been poorly managed. The lessons had been learnt and there should not be a repeat of working in silos in the future.

The Vice-Chair, Councillor R A Jones asked whether street lighting can be adjusted in order to reduce costs. Members were advised that the lamps were self-reporting, they are automatically pre-programmed and if there was an issue then these would be manually changed. It was reported that the Central Management System (CMS) was currently programmed to have savings of £1.4m per annum.

The Chair noted that discussions were taking place with the supplier Urbis. He asked whether all the lamps were bespoke to Doncaster or could they be used elsewhere. Alternative can we return to Urbis and pay a restocking charge. In relation to the

orders stated at page 97 of the report, he asked what the reason was for the difference between what was ordered and what was delivered. Officers advised that once the problems were detected, the orders for the lamps were ceased which was the reason for the difference and in relation to discussions with Urbis regarding the stock, it was stated that following further negotiations, officers will be in a position to provide the Committee with a full update at its October meeting.

RESOLVED that the contents of the report and the action taken as a result be noted.

16 AUDITED STATEMENT OF ACCOUNTS 2017/18 AND KPMG REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260 REPORT) 2017/18

The Committee received a report stating that in accordance with International Standard on Auditing (ISA) 260, the Council's external auditor was required to issue a report detailing the findings from the 2017/18 audit and the key issues that the Committee should consider before the external auditor issues their opinion on the financial statements. It was advised that the ISA 260 report attached at Appendix A of the report had to be considered by 'those charged with governance before the external auditor can sign the accounts which legally has to be done by 31st July, 2018.

It was reported that the external auditor expects to issue an unqualified audit opinion on the Council's financial statements for 2017/18; subject to all outstanding queries being resolved to their satisfaction. KPMG also expected to issue an unqualified Value For Money (VfM) conclusion for 2017/18.

Members were advised that overall the ISA 260 report was an extremely positive one, with two adjusted audit differences. The report also detailed that overall good quality working papers with a clear audit trail were provided and generally responses to audit queries were provided timely.

It was further reported that the Chief Financial Officer & Assistant Director of Finance, as the responsible financial officer, re-confirmed on behalf of the Council that he was satisfied that the statement of accounts presented a true and fair view of the financial position of the Council at the end of the 2017/18 financial year and the Council's income and expenditure for the 2017/18 financial year.

Following the introduction of the report, members made a number of comments as follows:-

With regard to the valuation of assets such as buildings, the Vice-Chair, Councillor R.A Jones asked why there was a need to have valuations every year. It was advised that it was a professional duty for KPMG to ensure that the materiality was accurate. If for any reason an adjustment was required there would need to be evidence provided. In reference to buildings, the Chair recognised that KPMG used square meterage. However what data base was used and were regional differences included. It was advised that regional variances were used and data provided from the estates department and the use of google sites were obtained to ensure the data provided was accurate.

Following on from the comments above, Councillor Mark Houlbrook asked whether the Council used one insurance company to insure its assets as there could be advantages gained for using one insurance company as a long term policy. Members

were advised that the Council do use one insurance company for their assets and it was noted that a lot of work was carried out a few years ago on a re-tendering exercise. Committee were assured that officers revisit insurance policies annually and extension clauses were assessable which had saved quite a considerable amount of money in the past.

Kathryn Smart sought an explanation with regard to the recommendation at page 22 of the Appendix 1 “Universal Housing Password Controls” and why this had not been picked up. It was advised that St Leger Homes had tested the service, however not to the extent that should have been undertaken. It was also stated that whilst other controls were in place to highlight these issues, the comments would be taken on board and a suitable way of updating members on progress in implementing these recommendations would be found.

Kathryn Smart also queried the deadline date of the 31st January, 2019 for” Link Asset Services Contract’ being some way off and the reasoning behind this. Officers advised that at present this issue was at an impasse regarding the form of contract to be adopted with neither party willing to adopt the others form of contract which was why the issue was taking longer to conclude. Officers also advised that when the Council go out to tender again, a different process would be followed to avoid this situation.

The Vice-Chair, Councillor R A Jones asked whether this service was available within a framework. It was reported that this was specific treasury management advice and the company were not likely to walk away from the contract. It was further noted this issue wasn’t considered as a high risk and there were limited players for this service within the market. Councillor Jones asked whether there was more the Council could do to engage with the market for this service. It was advised that the company in question were considered to be a good firm supplying treasury management services across a number of authorities and were considered to be good value for money.

In conclusion, KPMG stressed that they would be providing a clear opinion in relation to resources and were comfortable on the delivery for value for money (vfm)

The team wished to thank Clare Partridge and all officers at KPMG for their continued support. These comments were echoed by all members of the Committee.

RESOLVED that:-

- (1) the contents of the external audit ISA 260 report be noted;
- (2) the Letter of Representation be endorsed; and
- (3) the Statement of Accounts 2017/18 be approved.

17 2017/18 ANNUAL GOVERNANCE STATEMENT

The Committee received the Annual Governance Statement for 2017/18. The Council’s governance arrangements in place during 2016/17 had been reviewed and an annual governance statement had been produced which was attached at Appendix A to the report.

Members noted that there had been 6 significant weaknesses reported in 2017-18, which were detailed at page 4-6 of Appendix A of the report.

The Annual Governance Statement highlighted the following:-

- Key areas of improvement from 2017-18 that have been completed and have been effectively managed to the extent that they were no longer significant in 2017-18 (Appendix Page 10)
- Identifies new significant issues arising from the 2017-18 review of effectiveness of the corporate governance arrangements (Appendix page 4-6); and
- Provides an update on the key areas identified during previous years that remain an issue in 2017-18 (Appendix Pages 6-9).

Committee were advised that the report was the same statement reported at the last meeting albeit a few minor amendments. It was also noted that KMPG the external auditors had given assurances that the Annual Governance Statement (AGS) was consistent with their understanding of the authority and they had no concerns to raise.

Kathryn Smart queried the dates highlighted on page 154 of the AGS. The comment was taken on board and would be looked at for future reports to Committee.

RESOLVED that:-

- (1) the Annual Governance Statement be approved; and
- (2) it be noted that the following the agreement of the Annual Governance Statement, the Mayor and the Chief Executive be asked to sign the Statement prior to its publication along with the Statement of Accounts.

CHAIR: _____

DATE: _____

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Doncaster Council

Report

25th October 2018

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

AUDIT COMMITTEE ACTIONS LOG

Relevant Cabinet Member(s)	Wards Affected	Key Decision
n/a	n/a	No

EXECUTIVE SUMMARY

1. The Committee is asked to consider the attached Audit Committee Actions Log which updates Members on actions agreed during Audit Committee meetings. It allows Members to monitor progress against these actions, ensuring satisfactory progress is being made.
2. All actions are progressing well (see paragraph 7 below).

EXEMPT REPORT

3. The report does not contain exempt information.

RECOMMENDATIONS

4. The Committee is asked to;
 - Note the progress being made against the actions agreed at the previous committee meetings and
 - Advise if any further information / updates are required.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. Regular review of the actions agreed from the Audit Committee meetings enables the Committee to ensure it delivers against its terms of reference and is responding to important issues for citizens and the borough. The action plan update helps support openness, transparency and accountability as it summarises agreed actions from reports and issues considered by the Audit Committee.

BACKGROUND

6. The Audit Committee Actions Log, which is updated for each Audit Committee meeting, records all actions agreed during previous meetings. Items that have been fully completed since the previous Audit Committee meeting are recorded once as complete on the report and then removed for the following meeting log. Outstanding actions remain on the log until completed.
7. The action log shows details relating to 9 actions requested in previous meetings. Of these:
 - All have been completed and will be removed from the next action log
 - Further detail is provided on two of the longer running issues that have been previous causes of concern for the Committee

Business Waste Income Reconciliation - The second Business Waste reconciliation of income due to income charged is now underway, improvements as to the efficiency of the reconciliation process are still being identified. Internal Audit will continue to monitor this area and report any problems as required to future committees.

Smartlights Position Update - The negotiations are still ongoing with the supplier.

A recovery plan has now been produced but will constantly change over time as the balance of lanterns will reduce when they are used on additional maintenance, housing or industrial development or commercial works.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

8. There are no specific options to consider within this report as it provides an opportunity for the Committee to review and consider progress made against ongoing actions raised during previous Audit Committee meetings.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

9.

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p>	

	<ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes. 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<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>The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.</p>

RISKS AND ASSUMPTIONS

10. The Audit Committee contributes to the effective management of risks in relation to audit activity, accounts / financial management / risk management and other governance / regulatory matters.

LEGAL IMPLICATIONS (HP 10/10/18)

11. There are no specific legal implications associated with this report. The individual matters listed in Appendix have all been subject to appropriate legal advice at the time of consideration by the Audit Committee.

FINANCIAL IMPLICATIONS [VJB 10/10/18]

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

HUMAN RESOURCES IMPLICATIONS [RH 15/10/18]

13. There are no specific human resources issues associated with the contents of this report.

TECHNOLOGY IMPLICATIONS [PW 12/10/18]

14. There are no specific technological implications associated with this report.

EQUALITY IMPLICATIONS [PJ 15/10/18]

15. 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.

HEALTH IMPLICATIONS [RS 10/10/18]

16. Good governance is important for healthy organisations and for healthy populations. Specific health implications should be addressed through individual audits and action plans.

CONSULTATION

17. The Audit Committee Action Log has been produced following consultation with members of the Audit Committee to address the risk of agreed actions not being implemented.

BACKGROUND PAPERS

18. None

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APPENDIX 1

AUDIT COMMITTEE ACTION LOG – OCTOBER 2018

Follow-up actions from previous meetings:-

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting July 2018				
	Action Log – Trade Waste Committee requested further updates on reconciliation results	The second routine reconciliation, due and started October is still being worked on	Peter Jackson	Complete – update provided to October Audit Committee
	Action Log – DoLS Committee requested further updates on backlog progress	Update provided through separate report to October Audit Committee	Peter Jackson	Complete – update provided through separate report to October Audit Committee
	Adult, Health and Wellbeing Contract and Commissioning Update Committee requested an establishment list for the Contract and Commissioning Team	Information provided to Audit Committee members by Email	Damian Allen	Complete – information provide Audit Committee members by Email
	Smartlights Report Committee requested an update on the position with the supplier (URBIS) and stocks generally	Update provided through separate presentation to October Audit Committee	Peter Jackson	Complete – update provided by separate presentation to October Audit Committee
	ISA 260 – Insurance Query Committee requested information on the result of the latest tendering exercise for the councils insurance arrangements	Information provided to Audit Committee members by Email	Faye Tyas	Complete – information provide Audit Committee members by Email
	IAS 260 – Outstanding Recommendations Committee requested process for the monitoring of recommendations made by the External Auditor.	All external Audit recommendations are to be entered onto Pentana and progressed monitored as part of the Resource Management process	Faye Tyas	Complete – action incorporates as part of Quarter 2 process
Meeting June 2018				
	Whistleblowing Information Committee requested comparator information from other local authorities	Information provided to Audit Committee members by Email	Scott Fawcus	Complete – information provide Audit Committee members by Email

Ref:	Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting April 2018				
Breaches and Waivers to the Councils Financial and Contract Procedure Rules				
	Strategic Procurement - committee to receive an overview of the work of the Strategic Procurement Team at a future briefing training session	Scheduled for October 2018 briefing session as that Committee receives the next Breaches and Waivers report	Holly Wilson	Complete – briefing session provided prior to October Audit Committee
Meeting October 2017				
Income Management Progress Report				
	Committee to receive a further update report on the Income Management Improvements by September 2018.	Report to be provided to October 2018 Audit Committee.	Steve Mawson	Complete – update provided through report to October Audit Committee



Doncaster Council

Report

Date: 25th October 2018

To the Chair and Members of the
AUDIT COMMITTEE

Relevant Cabinet Member(s)	Wards Affected	Key Decision
n/a	n/a	No

DEPRIVATION OF LIBERTY SAFEGUARDS – DoLS Progress Report

EXECUTIVE SUMMARY

1. This report is an update report on the progress of this substantial project and follows the process review report made to the April 2018 Audit Committee. As such, it gives a brief overview of the original reported issues and a detailed progress statement on each item.
2. The DoLS Team is a relatively small service within the Directorate of Adults, Health and Wellbeing Directorate. The team deals with the assessment of people who lack mental capacity and who need to be placed and deprived of their liberty in care homes, respite care or hospitals for their treatment or care in order to protect them from harm. Essentially, if someone loses mental capacity and becomes unable to consent to care or treatment, it may be in the individual's best interest for someone to make a decision for them about their care and where they should receive it (the most common example being the placement of someone in a care home).
3. The Council is the supervisory body for the DoLS process who has statutory responsibility for considering a deprivation of liberty request received from a managing authority e.g. a care home, commissioning the statutory assessments and, where all the assessments agree, authorising a deprivation of liberty.
4. Deprivation of Liberty Safeguard procedures are provided under the Mental Capacity Act 2005 and are there to ensure that no one is detained when it is not in

their best interests and to prevent arbitrary detention where other possible alternatives have not been considered.

5. Overall DoLS is in a substantially better position to that previously reported and a significant amount of work has gone into improving systems, processes and training to enable DoLS to fulfil the team's aims and objectives. Whilst there are still some actions remaining and there is ongoing work for the team, it is felt that sufficient improvement has been made to remove this area from the "critical list".
6. 26 of the original 48 raised audit actions have been completed with almost all short and medium term actions currently in progress. On 11 actions, the estimated completion date has been revised. This has been necessary due to technical and system considerations which are delaying the implementation of the actions. For 9 actions the estimated implementation dates are not yet due, 3 of which are longer term systems development actions that will be unlikely to complete until 2020. All other actions are estimated to be completed by December 2019.
7. Further work is still required in the following main areas:
 - The development and implementation of exception reporting to prevent and detect data quality issues;
 - Improvements in the recording of financial information and reconciliations between assessments ordered and assessments paid for;
 - Data protection – the protection of data in transit to Best Interest Assessors (this is because there are currently technical issues that are preventing some assessors using the Encrypt system);
 - The transfer of historic data on the S drive in terms of assessments, to more secure longer term EDM storage (Electronic Document Management System), and the development document retention policies and procedures for these items;
 - The longer term development of the DoLS process within DIPS (Doncaster Integrated People's Solution).
8. With regards to the backlog position (the level of outstanding and in-progress DoLS assessments), there has been a considerable improvement. The back log in notifications (the notification of the final outcome of the assessment to the parties involved) has been cleared with notifications for the latest assessments being the only notifications now outstanding.
9. The number of assessments outstanding with assessors has been brought under control with just 78 assessments currently in progress (previous figures indicated that this was much higher- 299 assessments and was largely due assessments that had not been chased up).

10. The backlog of assessments awaiting allocation to an assessor has increased from 261 to 360 assessments. Interim figures between audit reports do show that the level of back log was reduced at one point to just 81 cases but crept back up over the summer break. This has been attributed to staffing changes, staff holidays and an increase in the average number of referrals being received each month.
11. Referrals received monthly have increased from 130 referrals per month in January 2018 to 186 per month in September 2018 (based on a 9 week average). This increase in demand does pose an additional challenge to the team going forwards. It is not yet known whether this is a temporary variation or a longer term trend that needs to be accommodated. This situation will be monitored to ensure that appropriate action is taken if backlogs rise.

EXEMPT REPORT

12. This report is not exempt.

RECOMMENDATIONS

13. The Audit Committee is asked to note the current DoLS position and the progress made.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

14. Adult safeguarding is a fundamental part of the Council's remit and the Council needs to ensure that it complies with DoLS requirements to ensure that the liberty and rights of those needing care are not infringed. Ensuring that the service is fit for purpose and operating effectively is critical to supporting adult safeguarding and ensuring that in providing this service, the Council complies with the Care Act and safeguards its most vulnerable citizens.

BACKGROUND

15. This report provides the Audit Committee with information on the outcomes from and progress of the DoLS review and associated improvements and allows the Committee to discharge its responsibility for monitoring the Council's exposure to risks.

OPTIONS CONSIDERED

16. None.

REASONS FOR RECOMMENDED OPTION

17. None.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

Outcomes	Implications
<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	None
<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	None
<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work. 	None

Outcomes	Implications
<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	<p>The DoLS function is part of the Adults, Health and Wellbeing directorate who lead on adult safeguarding. The purpose of the DoLS function is to safeguard the rights of vulnerable individuals.</p> <p>Ensuring that the service is fit for purpose and operating effectively is key to ensuring that the Council complies with the Care Act and safeguards its most vulnerable citizens.</p>
<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce; • Modern, accessible customer interactions; • Operating within our resources and delivering value for money; • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents; • Building community resilience and self-reliance by connecting community assets and strengths; • Working with our partners and residents to provide effective leadership and governance . 	

RISKS AND ASSUMPTIONS

18. Failure to address governance and operational and management weaknesses within the DoLS function exposes the Council to the following risks:-

- Potential reputational damage to the Council as a result of a failure to undertake assessments within the required timescales;
- Potential legal litigation as a result of any failure to / delay in the assessment of an individual's circumstances should it be determined that an individual had been wrongly detained in a care environment;

- Potential financial loss as a result of a failure to control payments being made to mental health and best interest assessors;
- Potential breach of the law.

LEGAL IMPLICATIONS [OFFICER INITIALS HMP, 16/10/18]

19. The local authority has a duty to determine whether or not to authorise the deprivation of liberty of a person who lacks capacity to agree to this who lives in a care home or hospital when the care home or hospital makes an application for this to be done. If a person who lacks capacity is being deprived of their liberty in a care home or a hospital and this has not been authorised then they are being illegally detained.
20. Failure to improve the processes carried out by the DoLS team potentially causes a detrimental impact upon the reputation and business affairs of the Council and could possibly result in litigation as a result of a failure to / delay in the assessment of an individual's circumstances should it be determined that an individual has been illegally detained in a care environment.
21. The Council is at risk under the Data Protection Act 1998 of fines from the Information Commissioner if personal data is unlawfully disclosed and individual officers may face criminal prosecution in the circumstances for deliberately failing to follow the Council's data protection processes.

FINANCIAL IMPLICATIONS [OFFICER INITIALS NC, 04/10/18]

22. The budget for the DoLS Service which is part of the Adults, Health and Wellbeing budget for 2018/19 is;
 - DoLS assessments £118k
 - DoLS team £219k Including £86k IBCF
 - DoLS Independent mental capacity advocates £25k.

HUMAN RESOURCES IMPLICATIONS [OFFICER INITIALS KW, 16/10/18]

23. There may be retraining requirements resulting from the review and possible recruitment or secondment requirements which will be carried out in conjunction with normal HR processes.

TECHNOLOGY IMPLICATIONS [OFFICER INITIALS ET, 12/10/18]

24. It Significant progress has been made on the improvement actions, a number of which involve the use of existing technology, including:

- All DoLS assessments are now recorded and monitored through the CareFirst system
- Emails containing referrals and forms are now indexed and stored into the EDM system, removing the issue of long term storage in email inboxes and ensuring information is easily accessible
- Ongoing development of exception reporting, utilising improved reporting features available through the corporate Business Intelligence solution (Power BI)
- Outcome letters are now generated and indexed directly to an individual's P Number using EDM, removing the previous issues with this process
- Use of the ENCRYPT secure email system for sharing of confidential data with external assessors and managing authorities. ICT have provided further guidance and common reasons why third parties may report being unable to access attachments delivered through this system, but these are usually as a result of the instructions not being followed or having the incorrect version of Adobe.

25. As stated in the body of the report, further work will progress on the longer term development of the DoLS process as part of the implementation of the Doncaster Integrated People Solution (DIPS).

HEALTH IMPLICATIONS [OFFICER INITIALS SG, 15/10/2018]

26. Access to health and social care has the potential to impact on 20% of population health status. The deprivation of liberties safeguards (DoLS) service deals with people with mental capacity issues who are some of the Authority's most vulnerable people. The progress report notes an overall substantially better position to DOLS. The outstanding areas of improvements need to be monitored to ensure full implementation.

EQUALITY IMPLICATIONS [OFFICER INITIALS NFW, 04/10/18]

27. The DoLS service serves vulnerable adults with mental capacity issues. The failure of the service would impact on some of the Authority's most vulnerable people.

CONSULTATION

28. None

BACKGROUND PAPERS

The Mental Capacity Act 2005

Appendix 1 - DoLS Background Information

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**Doncaster
Council**

Internal Audit – Progress Report

**DEPRIVATION OF LIBERTIES SAFEGUARDS
(DoLS)**

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1. Introduction

- 1.1. The DoLS Team is a relatively small service within the Directorate of Adults, Health and Wellbeing Directorate. The team deals with the assessment of people who lack mental capacity and who need to be placed and deprived of their liberty in care homes, respite care or hospitals for their treatment or care in order to protect them from harm. Essentially, if someone loses mental capacity and becomes unable to consent to care or treatment, it may be in the individual's best interest for someone to make a decision for them about their care and where they should receive it (the most common example being the placement of someone in a care home).
- 1.2. The team currently comprises of a DoLS Manager, a DoLS Officer, 3 FTE¹ admin staff (1 currently vacant), 1 FTE Best Interest Assessor and 1 part time Best Interest Assessor. A couple of staff are also shared between the DoLS team and Safeguarding Adults, these being the Safeguarding Adults Hub Team Manager, a modern apprentice and a Quality Assurance and Evaluation Officer. A further agency member of staff who acts as a DoLS signatory is also currently in place with a temporary end date of mid-November 2018.
- 1.3. Deprivation of Liberty Safeguard procedures are provided under the Mental Capacity Act 2005 and are there to ensure that no one is detained when it is not in their best interests and to prevent arbitrary detention where other possible alternatives have not been considered. More detailed information regarding the background of DoLS for those not familiar with DoLS requirements (or as a refresher since the last audit report), can be found in Appendix 1.

2. Background

- 2.1. A full review of DoLS and all its processes was launched in 2016/17 to provide the Audit Committee with a full update following an interim report highlighting significant weaknesses in the Council's processes for managing and monitoring the carrying out of Deprivation of Liberties Safeguards (DoLS) assessments by the Council. The results of this review were presented to the Audit Committee on 05th April, 2018.
- 2.2. This report is an update report to detail the current position of the improvement works on the DoLS process.

3. The Overall Current Position

- 3.1. The DoLS team have made substantial process progress on the implementation of outstanding audit actions. These are summarised in the table below.

Status	Major Actions	Significant Actions	Moderate Actions
Implemented	11	13	2
Outstanding (<i>of which</i>)	7	12	3
<i>Outstanding with revised implementation date</i>	5	5	1
<i>Outstanding – original implementation date not yet reached</i>	2	7	2

¹ FTE – This is the number of staff expressed in terms of full time equivalent members of staff.

3.2. Whilst there remain actions outstanding, 7 of which are considered to be major, this represents substantial progress. Of the 7 major actions outstanding, 5 have had revised dates applied. These are largely systems / technical issues that are proving more difficult than anticipated to resolve. These include the design and implementation of data quality exception reports and issues regarding the encryption of information being sent to Best Interest Assessors. (Some assessors are having technical difficulties in accessing information within the Encrypt system).

3.3. Actions were originally split into 2 distinct groups. Shorter term actions to improve and control the DoLS process (the majority of the actions) and longer term actions designed to implement new and robust systems in the light of the DIPS project (Doncaster Integrated People's Solution). All longer terms actions (1 of a major level and 2 of a significant level) were NOT due at the time of this report. All other actions outstanding are in progress but are not yet complete.

3.4. The position originally reported on the backlog of assessments has also improved on most levels.

	No. as at 6th July 2017	No. as at 22nd January, 2018	No. as at 25th September, 2018
Cases not yet allocated for assessment (includes new referrals received in the email inbox)	415	261	360
Cases in progress (assessment in progress or awaiting input to CareFirst after completing the assessment)	<i>Not available</i>	299*	78
DoLS granted cases awaiting sign off	326	53	15
DoLS not granted cases awaiting sign off	511	608	10

3.5. The level of assessments going through the process or awaiting end point notification of the outcomes of the assessments has fallen significantly and represents a dramatic turnaround in the situation.

3.6. The position re the number of referrals / cases not yet allocated; however, has worsened compared to the January 2018 update. However, interim figures between January and September indicate that the position IS improving but that this is the temporary result of staffing changes and summer holidays. The figure outstanding is expected to drop again.

3.7. It should however, be noted that the DoLS team are experiencing a steady increase in the number of cases / referrals being received on a monthly basis with this increasing from an average of 130 per month back in January 2018, to an average of 186 per month now (this is based on the last 9 weeks available referral data). This increase, if it continues, may represent a challenge for the service going forwards.

4. Original Issues and Current Assessments (Detailed Analysis)

4.1. The purpose of this report is to give an update on progress to date and highlight any further work and issues and the plans for addressing these. For ease, issues have been brought forward from the original report and an up to date assessment of progress and current risks has been given. Items in *italics* are taken from the original audit report.

System / Process and management information

The Originally Reported Issue

4.2. *Previously processes within the DoLS team for monitoring best interest assessments commissioned were poor, with over reliance on spreadsheets that were not fit for purpose and caused additional manual work (because only one person could update the spreadsheet at once). This process was essentially replicated in CareFirst which caused similar issues resulting in a system that was not currently fit for purpose and a process that was not being properly complied with. The systems in place were still heavily reliant on manual intervention and manual monitoring. However unlike the previous system of spreadsheets this could be changed.*

4.3. *Significant amounts of work went into migrating the data from spreadsheets to CareFirst and into clearing some of the backlogs that had built up throughout the DoLS process. Whilst there remained some serious issues with the new system and its associated data and processes, it did represent a serious improvement on those that existed previously which were unreliable and could not realistically support the DoLS process.*

4.4. *The system / process comprised:*

- *Various email inboxes used to receive and store referrals and assessments received from assessors;*
- *The CareFirst system and associated triggers (see paragraph 4.22);*
- *A financial monitoring spreadsheet to monitor payments made to assessors;*
- *Lists of approved internal and external Best Interest Assessors (BIAs) and Mental Health Assessors (MHAs); and*
- *The electronic document management (EDM) system Images@Work (or Anite as it is sometimes known) used to store some completed assessments and other documentation.*

Current Position (October, 2018)

4.5. All DoLS assessments are currently recorded and monitored through the CareFirst system. It is now clear who work is allocated to and, therefore, who is responsible for it. A full audit trail on all work is now available.

4.6. Reports have been produced and can now be run on any of the triggers set up in the system to show the number of reports sitting at a particular point in the process. (These triggers are essentially systems based reminders to ensure that DoLS assessments progress from receipt through the entire process).

- 4.7. Personal performance is routinely monitored using data from the CareFirst system which then feeds into the team's performance management process.
- 4.8. Emails containing case referrals and forms are now moved from the email inbox into EDM daily and deleted from the email inbox which has stopped the storage of referrals and forms in email inboxes. Additional resources have been sought from Business Support outside of the DoLS team to assist in transferring historic referrals, reports and assessments into EDM however this is still in progress due to the volume of information to move.
- 4.9. In addition, performance information and information on the number of outstanding assessments at each stage of the process can now be tracked and reported on automatically without any manual intervention.

Email / Document Storage

The Originally Reported Issue

- 4.10. *A reliance on an email storage system (folders for the storage of documents within an email box) is inappropriate and leaves the process exposed to data protection risks. Emails can be moved or deleted, or even modified without leaving an audit trail. Documentation that needs to be retained can easily go missing or be missed. In addition, email boxes are not able to store data long term (as it is routinely deleted from the server and is therefore not backed up after 2 years), nor is the email system a suitable retrieval system for data subject access requests as they are difficult to search and are not indexed under normal searchable criteria.*

Current Position

- 4.11. Emails containing case referrals and forms are now moved from the email inbox into EDM daily and are all indexed directly to individual case Pnumbers (a referencing number used in CareFirst). All emails are then permanently deleted from the email inbox which has stopped the long term storage of referrals and forms containing personal data in email inboxes. Any 'un-actioned' emails or forms will sit in EDM awaiting allocation to admin staff to process rather than remaining in an inbox. In EDM there are effective audit trails available showing any actions taken on an incoming referral and are protected from accidental alteration or deletion. This also means that information for individuals is easily retrievable without manual searching through inbox file systems.
- 4.12. Additional resources have been sought from Business Support (outside of the DoLS team) to assist in transferring historic referrals, reports and assessments into EDM, however, this is still in progress at the time of this report due to the volume of information to move.
- 4.13. Training is due to be provided to all of the DoLS team in early October which will cover the EDM process, how staff will utilise the system and how to use hybrid mail (where letters are generated and automatically saved and posted with minimal admin involvement). This training will ultimately enable the team to fully utilise the advantages of the EDM system and progress onto full case load working.

Performance Monitoring and Data Quality Reviews

The Originally Reported Issue

- 4.14. *Performance monitoring was not carried out as no performance indicators or targets had been set and no management tools were used to demonstrate the team's progress against targets. The CareFirst system has been programmed with associated "triggers". These are essentially reminders to complete various elements of the process. These are activated by the completion of a previous stage in the process. It is possible to monitor these "triggers" or actions to ensure that things are completed in a timely manner; however, these actions are not being routinely signed off and are building up within the system. As at January 2018, there were over 3100 triggers within the system that had not marked as actioned. It is not known how many ARE actioned and have not been marked and how many are actually not actioned. Testing however, indicated that many of these (especially those relating to the notifying of DoLS outcomes) are not actually actioned.*
- 4.15. *Data quality within the process was poor, with missing and inaccurate information in the CareFirst system and spreadsheets in use and with data not routinely updated on the financial spreadsheet in a timely manner (or in some cases accurately).*
- 4.16. *Validation exercises carried out to verify that data uploaded to the CareFirst system after migration were undertaken; however, staff checked their own work. This resulted in few changes being made to the existing incorrect/inaccurate data, especially where staff had forgotten or were not fully aware of the process being followed. These issues continued after migration. Validation checks undertaken by the DoLS Officer and confirmed by audit testing, show that parts of the process remained incomplete with action triggers being missed or not completed within CareFirst.*
- 4.17. *To compound the above, any qualitative reviews or validation exercises for performance information on the cases input onto CareFirst, were not routinely recorded or the issues addressed with the staff member concerned. These were usually corrected on the system but no learning is facilitated by providing feedback to the member of staff found to be non-compliant with the process. This lack of learning from the errors identified continues to compound the data quality issues already within the system and continues to divert resources away from addressing the assessments outstanding.*

Current Position

- 4.18. Significant work has been carried out in establishing a robust performance monitoring and data quality process to improve the quantity and quality of work completed. Performance at each stage of the process is now monitored. A random sample of work completed is taken for each worker and assessed in terms of the quality of the work undertaken (i.e. whether the process has been followed, CareFirst has been updated correctly, data stored appropriately etc.). The results of the sample checked are discussed during 1:1s, recorded on individual's supervision sheets, sent to the individual to rectify and kept with confidential supervision records. The aim of this is that the same errors are not repeated in following months, improve overall data quality and process throughput and to ensure training needs are highlighted and addressed during monthly team meetings.
- 4.19. Work is now allocated to staff on a rota basis to ensure a consistent level of work is carried out in all process areas. This rota includes the time it should take to complete each work item and also how many of each item should have been completed to meet allocated targets. Staff self-report this information but weekly figures are obtained from CareFirst and shared with both staff and management. These tables are reviewed by management with

weekly summary feedback given and these emails are stored with the sheets for future reference.

4.20. Daily feedback sheets are completed by admin workers confirming work done and sent to management to monitor performance but also highlight system, procedure or time issues so DoLS can adapt workloads on a flexible basis. Weekly statistics are also produced to outline team and individual performance as well as new referrals received and allocations sent out.

4.21. At the time of the audit review there were considerable issues with staff performance within the team. It would appear that with the introduction of a structured performance monitoring and data quality monitoring process with targets and subsequent follow-up staff are much clearer on what their responsibilities are. Motivation and staff morale appears to have improved and general staffing issues have decreased. This does not mean to say that there are no data quality issues within the DoLS / CareFirst process / system; however this is a significantly improved position to that identified at the time of the audit.

Overall performance (backlog) and the notification of Outcomes

The Originally Reported Issue

4.22. *Progress had been made in reducing some of the backlogs of various forms throughout the process, although it is widely acknowledged that more needs to be done. Some cases were outsourced to an external provider (250 cases) and targeted resources were applied to reduce the backlogs in signing off granted and not granted DoLS.*

4.23. *The level of outstanding work at any point in time remained difficult to calculate and required significant amounts of manual intervention.*

4.24. *Relevant parties were not being notified of the outcome of DoLS assessments. As such, Managing Authorities were not aware that a DoLS had been granted and may not have been complying with any special conditions set for that person. Similarly, with any non-granted cases, those applying for a DoLS may not have been aware of the fact that the DoLS was not granted and may have been depriving a person of their liberty unlawfully. As at 22nd January 2018, 558 cases needed notification letters to be sent out. In addition to the above, copies of the notifications sent out were not being retained.*

Current Position

4.25. Work is ongoing in providing a series of exception reports to inform on the levels of outstanding work. The DoLS team have been working with the Strategy and Performance Unit to establish the best way to provide this information. It has been decided that these reports will be better provided using different software, Microsoft PowerBI rather than a CareFirst report. This software can also produce management information tools such as dashboards, graphs and charts to help the team report more easily (essentially it is a visual interface tool). The reports are in the final stages of development, the data has yet to be validated to make sure it is pulling from the correct point and some terminology needs updating in PowerBI before this will be fully available.

4.26. The introduction of performance and data quality monitoring processes (as detailed in paragraph 4.18 above) have improved the quality of the data that is entered into CareFirst and identifies where individual staff are experiencing issues.

4.27. Additional resource was obtained to clear the end process backlog i.e. notification of outcomes prior to July 2018 and all outstanding end process actions have now been cleared. This means that for all cases prior to July 2018 all parties have been sent the appropriate notification letters and all letters are now saved in the EDM system.

4.28. Every case since July 2018 is now monitored and staff deal with the end processes for their own cases, making sure notifications have been sent out. Staff performance is continually monitored to make sure their weekly cases are being progressed and notifications have been sent out.

4.29. Outcome letters are now generated in the EDM system which eliminates the issues around re-generating letters in CareFirst and also indexes them directly to an individual's Pnumber which has reduced the time required in scanning letters into EDM.

4.30. The current level of outstanding work is as follows;

	No. as at 6th July 2017	No. as at 22nd January, 2018	No. as at 25th September, 2018
Cases not yet allocated for assessment (includes new referrals received in the email inbox)	415	261	360
Cases in progress (assessment in progress or awaiting input to CareFirst after completing the assessment)	<i>Not available</i>	299*	78
DoLS granted cases awaiting sign off	326	53	15
DoLS not granted cases awaiting sign off	511	608	10
<i>Other information</i>			
Cases where a notification needs to be sent out	<i>Not available</i>	558	115
Forms returned to the Council that have not yet been input to CareFirst (NB these are individual assessments and not cases – some cases will have both an MHA and BIA form to input)	<i>Not available</i>	163	8
Notifications of moving / death not yet actioned	<i>Not available</i>	13	56

4.31. As can be seen, there has been a significant reduction in the number of outstanding granted and not granted cases awaiting sign off due to dedicated signatories for granted cases and specific time allocated in work schedules for not granted cases.

4.32. There had been a significant reduction in the number of cases awaiting allocation for assessment up to early July when the figures started steadily increasing. This is due to several reasons; staffing changes, an increase in the number of referrals being received on

a weekly basis and seasonal trends (in the increase in staff leave over the summer holidays). Cases are currently being received at a rate of approximately 186 per month which is an increase of 56 cases per month from the last date of reporting.

- 4.33. DoLS standards require that an assessment is completed within 21 calendar days. This statistic is not actively monitored. All cases received into the inbox should be allocated to an assessor within a fortnight per the process; however, a trigger point of 6 weeks (42 days) has been introduced. The waiting lists are reviewed by the DoLS officer who ensures that all cases that hit the 42 day trigger point have their priority reviewed and escalated as necessary. Testing has shown that this is happening effectively.

Financial Spreadsheets

The Originally Reported Issue

- 4.34. *The older spreadsheets in use when first reviewed in 2016/17 have now largely been replaced and migrated into the CareFirst system. However, spreadsheets remain to act as a check between CareFirst and the payments system P2P (procure to pay or creditors as it was formerly known). Reliance on this spreadsheet however, remains detrimental to the process. Spreadsheets are easy to delete and damage with no version controls on them. This affects data quality and means that it is not possible to identify a person who is not completing the spreadsheet properly or is missing information out of the spreadsheet altogether. The use of a spreadsheet also has an impact on productivity by introducing a further manual process to complete that could, if properly configured, be removed from the process and be dealt with instead by a monthly reconciliation between CareFirst and P2P with late assessments instead being chased through CareFirst instead of a spreadsheet.*
- 4.35. *A review of the finance spreadsheet showed that it was incomplete and that rows within the spreadsheet had been combined (showing multiple assessment orders on 1 line, which hampers the ability of anyone using the spreadsheet to identify any individual payment for an assessment). Data within the spreadsheet was difficult to reconcile to P2P payments as the spreadsheet does not contain the supplier number and the name of the assessor on P2P is often listed as a company rather than an individual (meaning that reconciling it based on names was also problematic and time consuming).*

Current Position

The DoLS financial spreadsheet still needs to be brought up to date with all missing information. All data quality errors identified during the audit were corrected; however, these issues have continued and result in a financial spreadsheet that continues not to have all of the relevant financial information in it. Although the team were reminded of the importance of updating the spreadsheet (and this was discussed in 1:1s), the spreadsheet is again out of date. Sampling is also undertaken and where the financial spreadsheet is being forgotten, this is corrected. However, because of the fact that the corrections are only happening on sampled cases, the spreadsheet remains ineffective.

- 4.36. Alternative methods of reconciling assessments paid for to assessments completed are currently being investigated and a meeting between Internal Audit and the DoLS team is being arranged to assist in progressing this action as the team is still unable to carry out a reconciliation between payments and assessments received. It is not currently known how many assessments are missing from the spreadsheet or how much time is required to update it satisfactorily, nor is it known whether there are any duplicated payments or

payment errors (payments made for full assessments when only a partial assessment was completed). Further investigations are necessary to try and identify an automated way to conduct these reconciliations of payments made.

Approved Assessor Lists and Financial Administration

The Originally Reported Issue

- 4.37. *Payments made to assessors now comply with financial procedure rules with all assessments being paid in arrears; however, there were still delays in paying assessors for work completed due to the inefficient working practices and delays in processing assessments received in the DoLS email inbox. The team did not reconcile payments made to assessments completed so were unaware if there were cases that should have been receipted on P2P (as the service having been delivered) and paid until an assessor chases for payment.*
- 4.38. *Approved lists in use for the Mental Health Assessors and Best Interest Assessors were incomplete and not up to date. No verification checks were made on information received from assessors. (The qualifications were accepted as read with no checking and references were not obtained).*
- 4.39. *Whilst reviewing the assessors list, it was also noted that no IR35² assessments had been carried out since October 2016, despite this being raised as a serious concern during the initial review.*

Current Position

- 4.40. Mismatch reports are received from Accounts Payable which detail invoices received that cannot be matched to the order due to it not having been goods receipted on the system or due to a discrepancy between the order and invoice. These reports are now promptly checked by the DoLS Officer and actions taken to enable the invoice to be paid to ensure that payments to assessors are not withheld.
- 4.41. Significant time has been spent in ensuring that purchase orders relating to assessments that are no longer required to be completed due to people moving care homes or passing away have been now marked as no longer required on the P2P system. Similarly considerable work has been carried out on clearing down orders that have a residual mileage balance that had not been marked as complete. Whilst work in this area is still ongoing the budget will not show these additional commitments that would never be needed.
- 4.42. Approved assessor lists for both Best Interest Assessors (BIAs) and Mental Health Assessors (MHAs) have been fully updated. All information (insurance and qualifications etc.) are now checked and if evidence has not been received to support the information provided then the assessor in question does not receive any work. Similarly once a document has expired, e.g. insurance certificates, the assessor does not receive any work until the new document has been received. The assessor lists will be reviewed regularly to ensure that the information is kept up to date.
- 4.43. All IR35 assessments have now been completed in line with the Council's IR35 process with advice sought from the Senior Finance Officer responsible for checking these types of assessments are completed correctly and records have been brought up to date.

² These rules dictate whether pay as you earn tax should be deducted from the payments made to an individual depending on an assessment of whether they are truly self-employed or should be employees under tax legislation.

The approved assessor list shows that an IR35 assessment has been completed and on what basis this was carried out e.g. limited company, sole trader. This means that any tax issues with HMRC over paying these assessors have been eliminated or at least evidence for the IR35 check can be readily provided.

Data Protection

The Originally Reported Issue

- 4.44. *Significant concerns remained regarding data protection in terms of the data exchange between the DoLS team and individual external assessors. There were insecure transfers of sensitive personal data between the DoLS team, external assessors and Managing Authorities. Emails are received in for referrals and this cannot be avoided (in addition, this is a data protection issue for the referring body and not the Council). When allocated, emails were created and sent to assessors with an attachment containing the personal details of the person to be assessed. Attachments to emails were password protected; however, this password had been in use for a considerable amount of time without being changed. These passwords were also easily removed.*
- 4.45. *When replying / sending back their assessments, assessors use unprotected Gmail and Hotmail accounts. The assessments sent back were highly sensitive and should be protected but are usually only protected by passwords (if at all). This was not considered to be an appropriate arrangement. In addition to this, external assessors had not been made aware of their responsibilities regarding data protection. As they process information on behalf of the Council, they were in effect data processors but the responsibility (and therefore costs) for any breach, remain with the Council.*
- 4.46. *To address the above, it was strongly recommended that the CareFirst or any replacement system identified under DIPS (the Digitally Integrated Peoples Solution), allows these external assessors input through the firewall to the system to directly input assessments themselves. This would remove the data protection risks (if access was properly controlled) and would mean that manual tasks currently being undertaken by the Admin Team (copying and pasting the contents of an assessment manually into CareFirst) were avoided. It is acknowledged that this is a longer term recommendation. In the interim period, it was strongly recommended that use of the Council's ENCRYPT emails system is used to protect the data. Using this system, the assessors would create a user name and password to access information sent to them directly. By using the same system (logging in and clicking reply), returned assessments can be submitted WITHOUT using unsecure email addresses, protecting the information in transit at all points and thereby minimising the risk of a data protection breach and the associated investigation and costs.*

Current Position

- 4.47. A process was developed to ensure that any emails sent from the DoLS team to external assessors or managing authorities would be sent using the Council's ENCRYPT method of encrypting emails and attachments containing personal and/or confidential data. Training has been provided to staff to show them how to use the secure email process. External assessors and care home managers were made aware of the change and that they would now access emails in a secure way and also needed to reply in the same way. They have been informed that non-compliance would be monitored through random sampling on a monthly basis.

Although the process was implemented in June 2018, it is currently only being partially used as there are problems with certain external assessors and managing authorities not being able to access attachments via the new system. IT were contacted via iServe for further assistance and guidance regarding third party access and this action is still being investigated. In the meantime, the team are password protecting documents that are sent out as they used to do. Some parties (such as Voicability), can use the encryption and this equates to around a third of the emails sent out. Care homes however, (of which there are over 100) and external assessors remain an issue as at the data of this report.

5. Future Audits

- 5.1. Internal Audit continues to work closely with the DoLS team where necessary to ensure that the remaining actions are completed and to provide further advice on new on emerging issues.
- 5.2. DoLS have made significant progress on their improvement actions over a relatively short period of time. Whilst further work is still needed in some areas and the challenge of maintaining the improvements made in the face of steadily increasing monthly referrals is a challenge for the service going forwards. It is not, however, anticipated that a further review of the DoLS process will be needed unless it becomes apparent that the remaining actions are not implemented, backlogs increase or other risk governance control issues occur. As the service transitions between the current CareFirst system and the new DIPS (Doncaster Integrated People's Solution) over the next 2 years (estimated), Internal Audit will resume advice and reviews to ensure that the process moving forward remains robust.

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Doncaster Council

Report

Date: 25th October 2018

To the Chair and Members of the
AUDIT COMMITTEE

DIRECT PAYMENTS - INTERNAL AUDIT FOLLOW UP REPORT

EXECUTIVE SUMMARY

1. This report represents the results of an audit follow up review of the Direct Payments audit undertaken in the 2017/18 Financial Year. That initial audit gave a limited assurance opinion and a follow-up review was agreed with Adult Social Care and Support and Audit Committee requested an update on progress being made in this area.
2. Issues noted through the review (in summary) include:
 - Excellent progress in addressing the Internal Audit (IA) actions from the review. Management support and buy-in has been very forthcoming
 - Good progress in implementing any further management actions captured within their Rapid Improvement Plan (RIP) has also been made
 - Outcomes achieved from work completed include a more focussed and consistent approach and strength based support plans,
 - Further actions required to satisfy the recommendations in the audit review are set out in **Appendix A** and all demonstrate progress against every action
 - A “limited opinion” was given in the recent audit report and this area is also included in the Council’s Annual Governance Statement (AGS). Due to some major actions not yet fully complete, it is not yet possible to issue a more positive audit opinion although this area is on track to be removed from the AGS in this financial year.

EXEMPT REPORT

3. This report is not exempt.

RECOMMENDATIONS

4. The Audit Committee is asked to note the contents of the report, the actions taken and any outstanding actions.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. The introduction of the Care Act (2014) states that everyone eligible for on-going council funded support receives this as a personal budget. Direct payments are the main way of taking a personal budget and good quality information and advice must be available to provide genuine and maximum choice and control so that people who use services and carers are given information about options for the management of their personal budgets, including support through a trust, voluntary or other organisation. Ensuring that the service is fit for purpose and operating effectively is critical to supporting adult social care and ensuring that in providing this service, the Council complies with the Care Act and safeguards vulnerable citizens.

BACKGROUND

THE DIRECT PAYMENT PROCESS

6. The Care Act (2014) states that everyone eligible for on-going council funded support receives this in the form of a personal budget. Direct payments are one of the ways of taking a personal budget. However the success of Direct Payments is dependent on having good quality information and advice being available to provide genuine and maximum choice and control enabling service users and carers to make informed choices on how they manage their personal budgets, including support through a trust, voluntary or other organisation.
7. Personal budgets and self-funding are important for Doncaster Council as they increase choice and independence for service users and carers enabling them to feel in control of their care so they are empowered to;
 - Decide the kind of support they need and when, where and how they receive it
 - Know the amount of money available to them for care and support needs, and can determine how this is used (whether it's their own money, direct payment or a council managed personal budget)
 - Get access to the money quickly without having to go through over-complicated procedures
 - Get skilled advice to plan their care and support, and are given help to understand costs and make best use of the money involved where they want and need it

8. Council managed personal budgets offer genuine opportunities for real self-direction. People who use social care (either people who use services or carers) are able to direct their available resource with processes and restrictions on the use of budgets must be kept to a minimum. To do this Doncaster Council must ensure that there is a market of diverse and culturally appropriate support and services that people who use services and carers can access to ensure that people have maximum choice and control over a range of good value, safe and high quality support provision.
9. However, following on from the initial audit review, it was recognised that Doncaster Council recognises it needs to better understand how people are spending their money on care and support, tracking the outcomes and using this information to improve delivery.
10. Over the past 18 months the Adult Social Care and Support Locality Teams focused on increasing the number of service users in receipt of a direct payment. The number of Direct Payments has increased from 450 in April 2016 to a forecast of 858 in April 2018. Uptake has increased by 91% in just over 3 years in line with the policy to increase the uptake of personal budgets onto direct payments.

Date	No. of Direct Payment Service Users	Direct Payments Spend (£)	Average £ of Direct Payment
April 2016	450	£5,684,639	£12,633
April 2017	608	£7,927,231	£13,038
April 2018	751	£10,340,635	£13,769
April 2019	858 (Projected for year-end)	£13,206,735 (Month 5 projection)	£15,392

11. The amount of money spent on Direct Payments has increased from £5.7m in 2015/16 to projected spend of £13.2m in 2018/19. This shows an increase of £7.5m (131%) within the 3 years.
12. Viewed alongside the increase in Direct Payment uptake of 91%, there is also a 22% increase in the average cost of a Direct Payment, which is a significant increase. The team are aware of this and looking into it, currently including undertaking a deep dive audit of all Direct Payments authorised to date this financial year, (**See Appendix C**).
13. The CareFirst system is used to create an assessment of the care required for a service user. A Resource Allocation System (RAS) is used to give an indication of the financial amount for the care required. An outcome care and support plan is then created to show how the care needs will be met. A financial contribution may or may

not be required by the service user dependent upon their financial circumstances. The financial assessments team gather financial information on a service user in order to establish whether a financial contribution is required and for what amount if applicable. Reviews should then be completed after 6 weeks of the commencement of care and then also on an annual basis after this to ensure that the care in place is meeting the needs of the service user. There are currently 1064 reviews outstanding for all areas, however there are 206 reviews outstanding for service users with a Direct Payment. Team Leaders who manage the locality teams have been to identify one member of staff per team to focus on reducing the number of reviews and this has been included as a task within the Direct Payment Rapid Improvement Project.

14. Once in place, direct payment audits are conducted by a separate team in Professional Business Support based in the Corporate Resources directorate according to the risk rating being applied to a case. The direct payment audits are completed on a rolling program. This information is currently stored outside of the CareFirst system and is therefore reliant upon care workers requesting this information when reviewing the status of a care plan. This information is required to ensure the personal budget is being spent as approved.
15. Once an audit has been completed, if any discrepancies are found then additional information will be requested and a Sales Invoice raised through the Accounts Receivable system if information is not subsequently provided or the direct payment is deemed to have been misspent. The debt recovery of the invoices raised is also monitored to try to maximise the income being received back to the Council.

RECOVERY OF DIRECT PAYMENT DEBTS

16. An audit was carried out in 2015/16 which identified major problems with the overpayment of direct payments. Subsequently the audit function was moved to be part of the Profession Business Support team within Corporate Resources. This team have proved to be highly successful in clearing the backlog of audit of direct payments, identifying and recovery of any overpayments.
17. Overpayments arise for a number of reasons, these include:
 - final balances, where care needs have ended and there is a remaining balance
 - unpaid service user contribution, where the service user should have been contributing to the care costs
 - No bank statements provided, where the Council cannot establish how the service users have spent the budget
 - misuse of the budget on items / services not meeting specified care needs
 - excess balance, where service users have not fully used the budget
18. As at September 2018 the total debt raised figure identified for direct payments since their commencement was £4.5m of which £3.2m has been repaid and payment plans

have been set up for £217k. The total remaining balance outstanding is £949k. In total £425k has been written off against the debt raised. The write off amount is 9% of the total debt which has been raised.

Date	Cumulative Debt Raised	Cumulative Paid	Cumulative Written off	Cumulative Outstanding Balance
As at Sept 15	£922,211.13	£291,233.18	£0.00	£630,977.95
As at Jan 18	£3,807,152.42	£2,492,552.61	£423,342.58	£891,257.23
As at Sept 18	£4,525,319.18	£3,151,350.63	£425,124.20	£948,844.35

MANAGEMENT RESPONSE FOLLOWING INTERNAL AUDIT REPORT MARCH 2018

19. The historical context of direct payments in Doncaster over the last few years has been changeable. A previous Head of Service had developed a Care Act compliant Direct Payment's policy and this was signed off by a previous Director in December 2016. However, the guidance was incomplete and was therefore never adopted. Subsequent Heads of Services came and went and groups were formed to develop paperwork and processes but this detail was never 'owned' by anyone or properly communicated resulting in Social Care Worker under-confidence and confusion. More recently direct payments were identified as requiring improvement including areas that internal audit had previously highlighted.
20. The Director has established Rapid Improvement Plans (RIP's) covering several areas within the directorate where a greater degree of pace and oversight was required. Direct Payments became part of an RIP led by new Head of Service, Debbie Crohn. Since commencing in Post in June 2018 Debbie Crohn has been responsible for tracking and delivery of outstanding audit actions and has established an Operational Group made up of Adult Social Care staff to work on these actions and others captured within the RIP.
21. Based on feedback from stakeholders, the Direct Payment Policy has been refreshed and other paperwork in relation to direct payments is being reviewed to ensure compliance with the Care Act. A robust workforce training plan is currently being developed and there will be mandatory training provided across the adult social care workforce from October 2018. Other initiatives include a plan to change direct payments to service users from weekly to 4 weekly in line with other local authorities. Letters inviting feedback from service users on this proposed change will be sent out shortly.
22. New Direct Payment agreements have been sent out to service users to reflect any changes and benchmarking information is being sought to ascertain how Doncaster performs in relation to similar authorities. A dedicated project manager for Direct

Payments was identified in July 2018 and the Direct Payments Rapid Improvement Project action plan is part of the 'weekly oversight' meeting to maintain momentum and implementation of the internal audit recommendations.

KEY ISSUES RAISED AT THE MARCH 2018 INTERNAL AUDIT REPORT

23. 24 audit recommendations were raised as part of the last audit, these were split as follows:

No. Raised	Major	Significant	Moderate
24	9	14	1

24. Key Conclusions / improvement areas highlighted included:

- Insufficient management focus leading to inconsistent processes, practices, and procedures. The drive and focus has been on increasing direct payment numbers without ensuring that adequate knowledge and expertise is in place to govern and manage these.
- A lack of responsibility within Adult Social Care of the financial implications once a direct payment had been set up with not all staff obtaining any relevant information which may need to be taken into account when conducting assessments or reviews.
- There was a backlog of care plan reviews.
- The Resource Allocation System (RAS), which guides the social care worker in making a decision about resource required to meet needs, had not been reviewed.
- A major concern previously raised was that Direct Payment audits were overdue and therefore it was unclear if people were spending their direct payment allocation as agreed. Following the transfer of this team to the Professional Business Support Team, these direct payment audits are now well established and the overpayment position is continuously managed and monitored. The direct payment audits identify excess balances, missing bank statements, shortfall of client contribution and misspends. The audit process is much more streamlined and debtor accounts are raised where required.
- There was minimal benchmarking against other authorities.
- Prepayment cards still required rolling out to all service users.

25. Personal budgets and direct payments was acknowledged by management during the March 2018 audit as an area which needs step improvement over its governance and control arrangements and a Program Management Team was established to this end.

ACTION TAKEN BY MANAGEMENT FOLLOWING INTERNAL AUDIT REPORT MARCH 2018

26. The current status of recommendations and their status is detailed in the table below:

Status	Major	Significant	Moderate	Total
No. Raised	9	14	1	24
No. Completed	4	9	0	13
No. Outstanding and in progress	5	5	1	11
No. not in progress	0	0	0	0

27. 13 out of the 24 recommendations have been completed, however 11 remain outstanding. These figures do not give a true reflection of the work carried out in this area, as all actions are in progress with clear plans in place for the completion of all the remaining actions.

28. The key outstanding actions include (**See Appendix A** which details the outstanding actions):

- Procedures need updating and disseminating to all staff,
- Support plans need to be completed in a clear and consistent manor,
- Review of care plans need to be up to date to ensure service users have the most appropriate care needs,
- Benchmarking needs to be completed to assess the Councils overall performance and
- Direct payment debt management needs embedding into the processes.

29. Whilst Direct Payments have been a key priority for DMBC for a number of years, little progress in terms of embedding them within a strengths based social care assessment process has been achieved. This has, in the main been due to a number of factors including;

- A clear lack of senior leadership
- The Direct Payment policy, procedure and guidance being inconsistent
- Lack of staff buy in to using Direct Payments

30. Consequently, two internal audits have been undertaken, both of which led to a series of recommendations being produced which required urgent actions. However, despite attempts to progress the implementation of the recommendations, limited progress was being made until the newly appointed Head of Service commenced in post in June 2018.

31. Debbie Crohn (Head of Service Adult Social Care and Support) is now the nominated person for Direct Payments and has identified Direct Payment champions within each of the Locality Teams and is in the process of further developing our Community Led Support Model which takes a strengths based approach. As the case study in

Appendix B shows the Head of Service is encouraging staff to think innovatively and creatively about how Direct Payments could be used to support assessed social care needs. The case study illustrates how the Amazon Alexa Echo Spot is being used to support a service user with Motor Neurone Disease.

32. A Business Change Lead with extensive experience of Direct Payments is working alongside Debbie Crohn to ensure a Direct Payment process is developed which is fit for purpose and Audit compliant. A robust rapid improvement project (RIP) plan has been produced in response to the outstanding audit recommendations. The RIP has focused on the following areas;
 - End to end review of the Direct Payment process
 - Identification and refresher training for staff on Direct Payments
 - Embedding of strength based and outcome based assessments and conversations
 - Review of the Resource Allocation System
 - Increasing the number of service users in receipt of a Direct Payment enabling service users to have control over care which meets their care needs

33. The RIP action plan is progressing well; this incorporates all of the actions included within the last internal audit report. It is being monitored on the Council's performance management system.

34. Key actions completed to date include;
 - Head of Service for Adult Social Care and Support identified as overall Lead for Direct Payments,
 - Identification of a business change lead to support the implementation of the internal audit recommendations,
 - A revised Direct Payment Agreement has been sent out to all Direct Payment recipients,
 - Training for frontline staff has been delivered on the correct use of Direct Payments,
 - Direct Payment Card Issuing process developed and operational across the Borough,
 - All new Direct Payments and Managed Accounts are issued a pre-payment cards and will not receive a Direct Payment through their own bank account,
 - Quality Assurance is routinely undertaken to ensure staff are working appropriately and a consistent approach is followed by all staff,
 - Terms of Reference for the Resource Allocation System (RAS) Panel are in place,
 - RAS Panel Approval decisions process in place,
 - A process has been established to share debtor information with frontline staff in order to help in the decision making processes taking place at reviews and assessments,

- Regular case audits are now completed by Advanced Practitioners to look at the quality of support plans,
- Employment checks are part of the Direct Payment Procedures,
- From October 2018 all Direct Payment requests will be authorised by the risk panel for a 3 month period to quality assure the policy and procedure where the care plan cost exceeds the RAS,

35. All of the outstanding actions are in progress and suitable actions are in place to be able to implement these. The key outstanding actions are summarised below and detailed in **Appendix A**:

- Commenced a review of the support planning process to ensure this meet the needs of Direct Payments service users and carers,
- Development and training of Direct Payment policy and procedures; the policy is due for approval and the guidance and procedures will follow,
- Regional and national benchmarking information is being developed,
- Direct payment (Money Management) Support Service commissioned and operational by 31st January 2019,
- Ascertain what the current levels of Direct Payment reviews are so resources can be allocated to reduce the outstanding reviews,
- Further work needs to take place to understand the number of direct payments in the system as well as projecting the budget for direct payments for subsequent years.

OPTIONS CONSIDERED

36. There are no specific options to consider within this report.

REASONS FOR RECOMMENDED OPTION

37. Not applicable.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

Outcomes	Implications
<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>There is potential with transformation to reinvest in more appropriate services and create local jobs for local people. This will in turn result in people having greater levels of income and therefore contributing more to communities.</p>

<p>Doncaster Living: Our vision is for Doncaster’s people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<p>People will be supported to have more choice, independence and control over living a more independent life.</p>
<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work. 	
<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	<p>There is potential with transformation to reinvest in more appropriate services. People will have greater levels of income and therefore contribute more to communities.</p>
<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce; • Modern, accessible customer interactions; • Operating within our resources and delivering value for money; • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents; • Building community resilience and self- 	<p>A review of these services will enable the Council and the CCG to ensure that future services provide value for money and that they align to the personalisation agenda.</p>

<p>reliance by connecting community assets and strengths;</p> <ul style="list-style-type: none"> • Working with our partners and residents to provide effective leadership and governance. 	
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RISKS AND ASSUMPTIONS

38. Potential risks include:

- Reputational damage to the Council as a result of a failure to undertake assessments within the required timescales;
- Litigation as a result of any failure to / delay in the assessment of an individual's circumstances should they be determined need in a care environment;
- Financial loss as a result of a failure to control payments being made to Direct Payment recipients

LEGAL IMPLICATIONS [Officer Initials HMP Date 11.10.18]

39. It is essential that there is a robust documented process in place. This ensures that vulnerable adults are appropriately supported and also allows the Local Authority to recover sums through the litigation process where a debt has arisen. The Statutory Guidance on Direct Payments contained within 'Care and Support Statutory Guidance' at Chapter 12 should be complied with.

FINANCIAL IMPLICATIONS [Officer Initials: PW Date: 15.10.18]

40. The estimated annual expenditure relating to Direct Payments as at Quarter 2 of 2018/19 is £12.9m, relating to approximately 890 service users. The measures identified in this report are more about operational measures around process, control, training, and support systems and not directly in regard to Financial Management. No savings are identified or expected from this piece of work but improvements in these areas should have the benefit of a better use of financial resources and a better understanding of what outcomes those resources are delivering. The greater scrutiny given to Direct Payment packages of support via an improved panel process and work on the RAS may actually reduce spend, although this is not yet quantifiable.

HUMAN RESOURCES IMPLICATIONS [Officer Initials KG Date 12.10.18]

41. Consideration should be given to ensuring a robust training and development programme for officers involved in the Direct Payment process to progress, develop and embed the necessary delivery changes.

42. Consideration should be given as to whether there needs to be an (temporary) increase in PBS staff numbers to ensure outstanding debits are actioned.

43. Some staff training sessions have already taken place on Direct Payments, and a mandatory half day training session will be rolled out for all ASC staff from October 2018; this will be following the sign off of the policy, procedure and guidance by the Assessment Project Board. Organisational Development and the Adults, Health & Wellbeing Directorate HR teams should be involved in this initiative.

TECHNOLOGY IMPLICATIONS [Officer Initials: PW Date: 12.10.18]

44. There are no specific technology implications in relation to this report / DIPS implications.

HEALTH IMPLICATIONS [Officer Initials: CH Date: 12.10.18]

45. Personal budgets and direct payments are one way that the council can transfer control and maintain the independence of local (eligible) residents. This transfer of control can empower local residents and this is likely to improve health and wellbeing. However, poor policy, poor support and a limited menu of support to choose from as well as poor governance (including overpayment of direct payments) will undermine this improvement in wellbeing. Decision makers will want to assure themselves of both the governance and the 'reach' of direct payments so whilst 858 residents use direct payments, it's not clear what the aspiration is for take up. Decision makers will also want to assure themselves that all groups of residents are able to take up direct payments even where additional support may be required.

EQUALITY IMPLICATIONS [Officer Initials: PRJ Date: 12.10.18]

46. Direct Payments are available to all adults in Doncaster with an assessed care need irrespective of age, disability, ethnicity, sexual orientation or religion.

CONSULTATION

47. None.

BACKGROUND PAPERS

48. Previous internal Audit reports on Direct Payments.

REPORT AUTHORS & CONTRIBUTORS

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APPENDIX A

Outstanding Internal Audit Recommendations

Issue Identified	Risk Exposure	Agreed Management Action	Revised Date of Completion:
Procedures:	Major	Procedures will be documented for all the systems and processes in operation to ensure that all staff are consistent in their work. This is in progress. Guidance and procedures will be completed and training provided to staff to ensure everyone understands the information provided.	31 st December 2018
Training and qualifications:	Significant	Central arrangements will be in place to ensure training and qualifications are collated to evidence appropriate qualifications and training to complete their role.	31 st October 2018
Support plan details:	Major	All new Direct Payment support plans will be brought to the risk panel and will be reviewed to ensure that they are being completed appropriately and clearly state how it should be spent so that it is clear when it comes to a review. This became operational from 8 th October.	31 st October 2018
Resource Allocation System	Significant	The Resource Allocation System (RAS) will be part of the new system being implemented next year.	31 st August 2019
Nominated person for Direct Payments:	Significant	The arrangements for assessing nominated persons will be reviewed and then clearly communicated to all staff with training provided as appropriate.	31 st December 2018

Issue Identified	Risk Exposure	Agreed Management Action	Revised Date of Completion:
Backlog of Reviews:	Major	Work has continued with area teams to reduce the backlog figure and ensure these are as up-to-date as possible. One member of staff per locality team is focusing on reducing the number of reviews and this has been included as a task within the Direct Payment Rapid Improvement Project. The teams are closely performance managed by the Head of Service Adult Social Care and Support and holds regular clinics and this is a standing agenda item including backlog of reviews	31 st December 2018
Benchmarking Information:	Major	Some benchmarking has been completed using ASOCF data for Yorkshire & Humber. Management are working with the Performance Team to review the information that they hold in order to provide performance indicators for monitoring purposes.	31 st December 2018
Direct Payment Support Service:	Significant	The Direct Payment (Money Management) Support Service is planned to be commissioned and operational by 31st January 2019. The tender has been sent out at the end of September, due to be returned in October and be operational by January 2019.	31 st January 2019
Renaming Payment file:	Moderate	This process will be for resolved when the new system is operational in 2019.	31 st August 2019
Frequency of Payments to Service Users:	Significant	The frequency of payments for Direct Payments from weekly to 4 weekly can be accommodated within the new system. Consultation is currently being undertaken with service users to understand any concerns they may have to resolve before this is implemented.	1 st April 2019
Direct Payment Debt Management:	Major	Work continues with the Business Support Unit to look at embedding robust processes to manage Direct Payment debt management.	31 st January 2019

APPENDIX B

Using Alexa to meet social care assessed needs Direct Payment Case Study

The Central Locality are supporting Phillip a 30 year old gentleman with Motor Neurone Disease (MND) (slow progressive type) and is in receipt of a Direct Payment to meet his assessed social care needs. Phillip has recently learned to paint by mouth and has never asked for anything from Social Care. Phillip is a shy and gentle individual and the social worker at the yearly review identified as part of support planning that interventions were required in terms of his physical, mental and social wellbeing.

During the review it was identified there was funding in Phillip's Direct Payment account due to a reduction in the number of hospital appointment which were no longer needed and a reduction in the number of care calls. The social worker was keen to look at how Phillip's assessed needs could be met with the use of technology to increase his independence. Taking a strengths based approach and focusing on what is strong not what is wrong, it was agreed Phillip would use his Direct Payment to purchase an Amazon Alexa echo dot to increase his independence.

Phillip already had the internet and Amazon prime that he pays for himself. The benefits for Phillip of having an Alexa as it recognises his voice and because his hand function is almost nil it has enabled him to make calls, see who is at the front door, dim lights, get up to date news and to shop online. The cost of purchasing the Amazon Alexa Echo Dot was £129.

The service user has agreed to be part of an evaluation project that is currently being developed in partnership with the University of Leeds around the use of Alexa to meet assessed social care needs. Amazon have been contacted to ascertain if they would be willing to fund a pilot scheme as part of their commitment to supporting individuals who live in the vicinity of a fulfilment centre to roll out the usage of Alexa for service users with a long term social care need.

APPENDIX C

Additional Actions Raised During Current Review

Improvement Plan			
<u>Issue Identified</u>			
<p>Increase in average cost of Direct Payments packages Whilst there has been a positive increase in Direct Payment uptake of 91%, there is however a concerning increase of 22% in the average cost of a Direct Payment.</p> <p><u>Anticipated Exposure:</u> - Inconsistency of decisions for service users and therefore inappropriate plans may be agreed. Budgetary pressures on Adult Social Care.</p>			
<u>Related Agreed Management Actions</u>			
<u>Action Title</u>	<u>Risk Exposure</u>	<u>Agreed Management Action</u>	<u>Responsible Officer:</u>
Increase in average cost of Direct Payment packages	Major	The team are currently undertaking a deep dive audit of all Direct Payments authorised to date this financial year to ensure the costs associated are reasonable and appropriate plans are in place for service users care needs.	Debbie Crohn, Head of Service Adult Social Care and Support
			<u>Estimated Date of Completion:</u>
			31 st December 2018



Doncaster Council

Report

25th October 2018

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

INCOME MANAGEMENT PROGRESS REPORT

Relevant Cabinet Member(s)	Wards Affected	Key Decision
n/a	n/a	No

EXECUTIVE SUMMARY

1. This Income Management progress report has been prepared to update the Audit Committee on the progress made since the previous Income Management update which was presented in October 2017. The main focus of the report is a response to the findings reported from the Income Management reviews that concluded in 2017.
2. The Income Management project findings reported to Audit Committee in October 2017 were,
 - Lack of regular income reconciliations
 - Identification of unbilled income
 - Discrepancies in income budgets
 - Poor data quality stifling income reconciliations
 - Payment method improvement opportunities
 - Business process improvement opportunities
 - System integration/development opportunities
 - Limited support & training on income management
 - Limited income management documentation
3. An Income Management Working Group has been formed, an Income Management Policy produced and new Income Management guidance drafted. The working group are currently working on establishing a communication and training plan to ensure staff are aware and fully supported to deliver their income management responsibilities.

EXEMPT REPORT

4. The report does not contain exempt information.

RECOMMENDATIONS

5. Audit Committee is asked to note the progress in this report and agree to the actions proposed.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. Robust income management processes helps to ensure the Council is receiving income due in the most effective and efficient manner. This enables the Council to contribute towards responding to important issues for citizens and the borough.

BACKGROUND

7. It was previously identified following the 2015 Value for Money Review, that there were potential savings within the Council in the area of Income Management and that income was not being maximised within some sections of the Council. To maximise income potential throughout the Council it was decided that an Income Management project be established with the target of achieving £100k in additional income.
8. In order to achieve this savings target, a temporary Senior Income Management Officer was recruited and an Income Management project plan was developed to review all major areas of the Council with the aim of identifying unbilled income.
9. Income Management reviews were undertaken in key risk areas which commenced in December 2015 and concluded in 2017. The outcome of the reviews were reported to Audit Committee in October 2017 as an over achievement of the original savings target and the following key findings,
 - No regular reconciliation – in over 50% of the reviews undertaken it was identified that there was a lack of regular reconciliations to ensure income expected for goods or services provided has been correctly received and recorded.
 - Unbilled Income – one-off reconciliations undertaken by the Senior Income Management Officer on behalf of the service areas reviewed identified unbilled income to the sum of £296k (which was used to meet and exceed the £100k Income Management Project savings target).
 - Discrepancies in Income Budgets – the reviews highlighted that some income budgets were not based on expected income levels so regularly overachieved. These discrepancies were reported and the income budgets identified increased to reflect the income levels anticipated.

- Poor data quality – in over 50% of the reviews it was difficult to reconcile goods and services provided to income raised and collected due to poor data quality in back office systems e.g. missing unique references to aid matching data between multiple systems.
- Payment method improvements – in over 50% of the reviews it was identified that direct debit was not the targeted preferred method of payment for recurring invoices leading to delays in receiving payment and increased overdue debt.
- Business Process Changes – the reviews identified examples of business processes within the services area that neglected actions that would aid improvements to income management e.g. raising invoices promptly and with appropriate details to promote timely payments from customers.
- System Integration/Development – the reviews identified duplication of data entry between the service operation management systems used to manage the services and the back office financial systems used to process the income collection, where there may be scope for integration between the multiple systems.
- Support & Training – the reviews identified the need for further training to be provided either as part of budget holder training or focused income management training to support service areas to fulfil their income management responsibilities.
- Income Management Policy & Guidance – the reviews highlighted the need for an Income Management policy to raise the profile of income management as there is currently no overarching policy and guidance covering effective income management is limited.

PROGRESS UPDATE

10. Shortly after the previous Audit Committee update the original Income Management Project was closed and the temporary Senior Income Management Officer appointment ended as the original aims of the project were successfully delivered.
11. The key theme identified from the findings last reported to Audit Committee from the Income Management reviews was the need to improve support and guidance available to service areas to encourage and facilitate effective and efficient income management.
12. Improvements to the support and guidance available have been targeted through the establishment of an Income Management Working group that consists of representation from the key parties involved in supporting effective income management processes. Membership covers representation from,
 - Financial Management service teams
 - Financial Management technical team

- Internal Audit
- Revenues & Cashiers
- Accounts Receivable
- Treasury Management
- Financial Systems
- Business Support

13. An overarching Income Management Policy has now been produced and was used to structure a full review and replacement of the income management guidance available through the existing Finance Manual pack. The newly documented income management guidance is currently in the final stages of review and will be published shortly.

14. The Income Management Working Group will now be focusing on a communication and training plan which will be based on utilising the existing successful support network available to service managers through their Financial Management Finance Officer. The plan will cover how we will share awareness of the additional support and guidance available and embed business as usual controls to ensure income management responsibilities are understood and adhered to.

15. Although the formal launch of the new guidance is still pending, there have been good examples of engagement from service areas seeking support to improve their income management processes, which are being responded to by the relevant Finance Officer in liaison with Internal Audit and supported by relevant subject matter experts. This is the intended business as usual support model following the rollout of the guidance and training. A recent example of this was the Waste Management Section seeking to address their outstanding audit action regarding income management reconciliations. The service area acknowledged their responsibility to undertake periodic income reconciliations and have been supported to fulfil these tasks through the availability of financial reports and relevant contacts within the finance support teams.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

16. There are no specific options to consider within this report.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future; Better access to good fulfilling work</p>	

	<p>Doncaster businesses are supported to flourish Inward Investment</p>	
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time; The town centres are the beating heart of Doncaster More people can live in a good quality, affordable home Healthy and Vibrant Communities through Physical Activity and Sport Everyone takes responsibility for keeping Doncaster Clean Building on our cultural, artistic and sporting heritage</p>	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling; Every child has life-changing learning experiences within and beyond school Many more great teachers work in Doncaster Schools that are good or better Learning in Doncaster prepares young people for the world of work</p>	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents; Children have the best start in life Vulnerable families and individuals have support from someone they trust Older people can live well and independently in their own homes.</p>	
	<p>Connected Council: A modern, efficient and flexible workforce Modern, accessible customer interactions Operating within our resources and delivering value for money A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</p>	<p>Effective income management adds value to the Council operations in managing its financial position and achieving its key priorities of improving services provided to the citizens of the borough</p>

	<p>Building community resilience and self-reliance by connecting community assets and strengths Working with our partners and residents to provide effective leadership and governance</p>	
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RISKS AND ASSUMPTIONS

17. The assumption is that there is sufficient capacity within the Financial Management teams to provide income management related financial support to services. There has been limited income management support in the past so levels of demand are not known.

LEGAL IMPLICATIONS [HP 16/10/18]

18. There are no specific legal implications associated with this report.

FINANCIAL IMPLICATIONS [AG 16/10/18]

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

HUMAN RESOURCES IMPLICATIONS [KG 16/10/18]

20. There are no specific human resources issues associated with the content of this report.

TECHNOLOGY IMPLICATIONS [PW 15/10/18]

21. There are no specific technological implications associated with this report.

EQUALITY IMPLICATIONS [SB 16/10/18]

22. We are aware of the Councils obligations under the Public Sectors Equalities Duties and there are no specific implications associated with this report.

HEALTH IMPLICATIONS [CH 16/10/18]

23. There are no direct health implications in this report. Effective income management should contribute to improved health and wellbeing by maximising the effectiveness of public spending.

CONSULTATION

24. This update has been produced following consultation with members of the Income Management Project Working Group.

BACKGROUND PAPERS

25. None

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Steve Mawson
Chief Financial Officer &
Assistant Director of Finance

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Doncaster Council

Report

Date: 25th October 2018

To the Chair and Members of the
AUDIT COMMITTEE

RISK MANAGEMENT STRATEGY REVIEW

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

EXECUTIVE SUMMARY

1. Audit Committee have a role to consider the effectiveness of the council's approach to risk management and seek assurance that action is being taken in risk related issues. The purpose of this report is to present the revised Risk Management Strategy that has been reviewed as a result of an Internal Audit Review.

EXEMPT REPORT

2. Not applicable.

RECOMMENDATIONS

3. The Chair and Members of the Audit Committee are asked to note and comment on the report

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. 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

5. The objective of the Risk Management Strategy is to embed risk management within the Council's planning and business processes and organisational culture, creating an environment in which objectives are successful and continuous improvement in service delivery is achieved.
6. Over the past few years the Council's approach to risk management has been developed and improved. This has resulted in a more transparent approach aligned to the Management of Risk principles, stronger governance and clearer levels of responsibility.
7. The Council's current approach to risk management has been reviewed by the Corporate Strategy & Performance Team. It has been revised to reflect the results of a Risk Management review undertaken by Internal Audit and to ensure our approach continues to be fit for purpose. The Internal Audit report stated that 'there is a clear and documented process in place for the management of strategic risks, the current process appears to be working well and is firmly embedded. For service/operational risks, the audit review did demonstrate a general lack of compliance. The revised approach sees the amalgamation of the current risk documents into one key document with a focus on:
 - streamlining and simplifying our approach to focus on the main themes within the Strategy without losing the corporate grip (merging the three documents that made up the Risk Management Framework into a Strategy document);
 - Outlining a risk appetite;
 - Ensuring risks are owned and managed within service areas;
 - Embedding the updating and reviewing of operational risks into the Resource Management process;
 - Standardising the approach to managing risks within transformational programmes/projects by utilising Pentana, the Council's electron performance management system;
 - Adding a date field to the 'target risk' profile;
8. The changes also reflect the outcomes of an informal discussion with Audit Committee during the review of the Risk Management approach. Specifically the addition of a date field to the target risk profile and the further embedding of risk management at an operational level.
9. To ensure managers follow a consistent approach when identifying and managing risks, bitesize training sessions will be delivered as part of the service planning process for 2019/20.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

10.

Outcomes	Implications
<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future; Better access to good fulfilling work</p>	<p>The embedding of robust risk management arrangements within</p>

<p>Doncaster businesses are supported to flourish Inward Investment</p>	<p>the Council will contribute to the effective delivery of all the Council's key priorities</p>
<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time; The town centres are the beating heart of Doncaster More people can live in a good quality, affordable home Healthy and Vibrant Communities through Physical Activity and Sport Everyone takes responsibility for keeping Doncaster Clean Building on our cultural, artistic and sporting heritage</p>	
<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling; Every child has life-changing learning experiences within and beyond school Many more great teachers work in Doncaster Schools that are good or better Learning in Doncaster prepares young people for the world of work</p>	
<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents; Children have the best start in life Vulnerable families and individuals have support from someone they trust Older people can live well and independently in their own homes</p>	
<p>Connected Council: A modern, efficient and flexible workforce Modern, accessible customer interactions Operating within our resources and delivering value for money A co-ordinated, whole person, whole life focus on the needs and aspirations of residents Building community resilience and self-reliance by connecting community assets and strengths Working with our partners and residents to provide effective leadership and governance</p>	

RISKS AND ASSUMPTIONS

11. Consideration of the effective development and operation of risk management within the Council is an important governance and performance management process which helps reduce risks that could prevent or delay delivery of objectives.
12. Reviewing the Council's approach to risk management is a matter of good management and good governance. Failure to carry out basic management and governance processes could lead to a risk that our policies and systems are not fit for purpose and lead to a risk to the credibility of the council.

LEGAL IMPLICATIONS [Officer Initials SRF Date 15/10/2018]

13. There is no specific requirement for a local authority to have a Risk Management strategy but it is considered good practice to do so. Further legal advice is available to deal with arising risks on a project by project basis.

FINANCIAL IMPLICATIONS [Officer Initials AT Date 15/10/2018]

14. There are no direct financial implications arising from this report's recommendations. Should any specific initiatives or actions be required in response to the identification and management of risks, any cost implications will be considered at that time.

HUMAN RESOURCES IMPLICATIONS [Officer Initials RH Date 15/10/18]

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

TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 15/10/2018]

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

HEALTH IMPLICATIONS [Officer Initials RS Date 15/10/2018]

17. Good governance and risk management is crucial to improve health and wellbeing. This approach to risk management should contribute to improving health and wellbeing.

EQUALITY IMPLICATIONS [Officer Initials SW Date 09/10/2018]

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

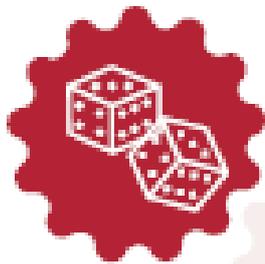
BACKGROUND PAPERS

19. The previous Risk Management Framework and a risk review report from Internal Audit.

REPORT AUTHOR & CONTRIBUTORS

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Debbie Hogg
Director of Corporate Services



Risk Management Strategy

Version	Date	Author	Comments/Modification
1.0	15/10/2018	SW	Review in response to Internal Audit report

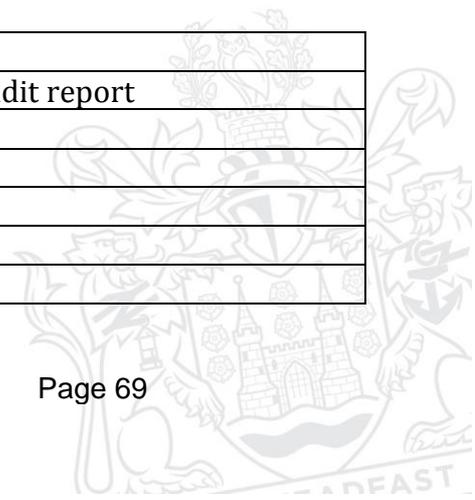


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Introduction

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. We strive to embed risk management within our planning and business processes and into our organisational culture, creating an environment in which we can successfully meet our objectives and achieve continuous improvement in service delivery. Our Risk Management Strategy is designed to provide structure and guidance to support our organisation, and the individuals within it, to take positive risks in an informed way.

This Strategy forms part of a suite of documents, that when combined, make up the Corporate Performance Management Framework.

What is Risk Management?

Risk is an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives.

Risk Management is the process by which we identify, evaluate and manage risks.

Risk Management should be viewed as a positive and enabling process that, if embraced, can help an organisation to achieve positive outcomes from the decisions it makes. All too often, risk management can become a process of identifying the negatives of why a decision, action or opportunity should not be taken; this leads to opportunities not being pursued.

Risk management is not a process of completely avoiding risk, but more a process that, if used effectively, can help The Council to pursue innovative

opportunities with higher levels of risk because exposure to risk is understood and managed down to acceptable levels.

Every organisation manages risk but not always in a way that is visible, repeatable and consistently applied throughout the organisation. A risk management process tries to ensure that the organisation undertakes cost-effective actions to manage and control risk to acceptable levels, through everyone following a well-defined and structured process. The aim of risk management is to enable better decision making, by having the best understanding of the potential problems before they happen and to enable pre-emptive action to be taken.

Risk Management is also an essential part of the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' recommended as good practice for all Local Authorities.

How much risk can we accept?

In order for The Council to achieve its objectives some amount of risk taking is inevitable. By being 'risk aware' The Council can identify and avoid threats and take advantage of opportunities.

Doncaster Council has focused on the Red, Amber, Green status of risks in determining the risk appetite of the organisation. Red risks are considered unacceptable and every effort must be made to reduce the risk to the organisation.

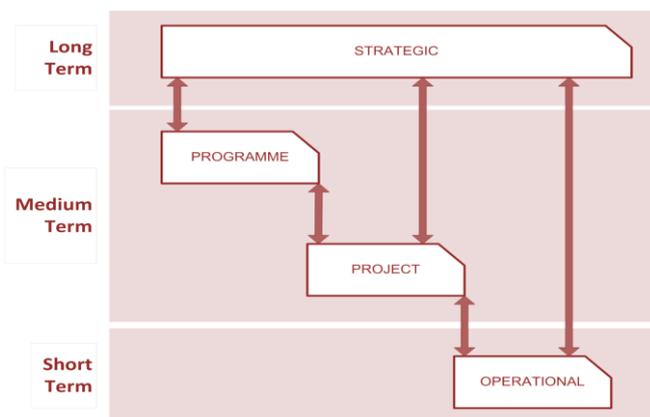
		Impact on objectives					
		<i>slight</i>	<i>moderate</i>	<i>significant</i>	<i>major</i>	<i>critical</i>	
		1	2	3	4	5	
Likelihood	<i>Very Likely</i>	5	L	M	M	H	H
	<i>Likely</i>	4	L	M	M	H	H
	<i>Possible</i>	3	L	M	M	M	M
	<i>Unlikely</i>	2	L	L	M	M	M
	<i>Very unlikely</i>	1	L	L	L	L	L

To ensure a consistent application of the risk appetite all relevant information is recorded on Pentana, The Councils performance management system, and is subject to regular review as part of the 'Resource Management' process

The risk appetite is reviewed periodically or when there are significant changes to the organisation.

When to Implement Risk Management

Risk Management should be most rigorously applied where critical decisions are being made. Decisions about risk will vary depending on whether the risk relates to long, medium or short-term goals. Strategic decisions are primarily concerned with long-term goals, medium-term goals are usually addressed through programmes and projects to bring about business change and short-term goals usually ensure on-going continuity of business services. This approach is shown in the diagram below.



Roles and Responsibilities

Clear roles and responsibilities have been established to ensure the successful implementation of The Councils Risk Management Strategy and ensure Officers and Members are aware of the part they

will play to introduce, embed and own the risk management process.

Chief Executive:

- Ultimate officer responsible for embedding risk management throughout The Council.

Elected Members:

- Receive reports outlining strategic risks;
- Attend awareness training where relevant;
- Adopt the Risk Management Strategy;
- They should also have due regard to the risks facing the authority in determining its policy and ensure a balance between managed risk taking in order to enable improved services and the achievement of objectives and risk control to protect the reputation and assets of the Authority.

Cabinet:

- Consider and approve the Risk Management Strategy;
- Monitor the Strategic Risk Register.

Audit Committee:

- Consider the effectiveness of the risk management arrangements within The Council;
- Seek assurance that action being taken in risk related issues determined by Auditors and Inspectors;
- Be satisfied that the Annual Governance Statement properly reflects the risk environment and actions to improve it;

Directors:

- Monitor performance to ensure the effective management of critical risks and the implementation of the Risk Management Policy and Process Guide, for the quarterly performance reporting process.

Directorate Management Teams:

- Apply the Risk Management Strategy and Process Guide within the service area they manage following the current guidance;
- Identify risks for major projects and contracts;
- Assess & prioritise risks;
- Ensure Pentana is updated in line with the quarterly performance reporting process.

Service Managers:

- Manage risks in their service areas;
- Identify and develop staff competencies in risk management through the staff appraisal process.

Employees

- Assess risks in their service area in association with service managers;
- Recognise and accept responsibility for risk management for self and others.

Corporate Strategy & Performance Unit:

- Develop the Risk Management Strategy (including an annual review);
- Corporate advisor of risk at strategic and operational level;
- Promote a positive culture of risk awareness within the organisation and to all partners;
- Continual development and maintenance of the corporate risk registers;
- Regular reporting of strategic risks;
- Design and implement risk management training;
- Provision of corporate and service based risk management advice and support as required.

Internal Audit

- Challenge established process, risk identification and evaluation and provide assurance to officers and

members, when appropriate, on the effectiveness of controls;

- Feed the results of risk analysis onto its annual audit plan;

Monitoring, Reviewing & Reporting Risks

The Pentana Performance Management System is used to record, monitor and report on all risk registers and progress against all mitigating actions.

Reviewing the progress and mitigating actions against the operational and strategic risk registers is embedded in the quarterly Resource Management process. The Resource Management process informs the contents of reports to Director, Executive Board, Cabinet and Overview and Scrutiny Management Committee. The quarterly Strategic Risk update will also be presented at Audit Committee.

Strategic risks will be monitored at corporate level and operational risks will be monitored and reviewed at directorate level. Risks may be promoted and demoted as part of the quarterly Resource Management process or at any Directors Meeting. This will allow The Council to effectively react to changes in priorities.

Review

The Risk Management Strategy will be reviewed on an annual basis to incorporate lessons learned and to continually improve our risk management arrangements.

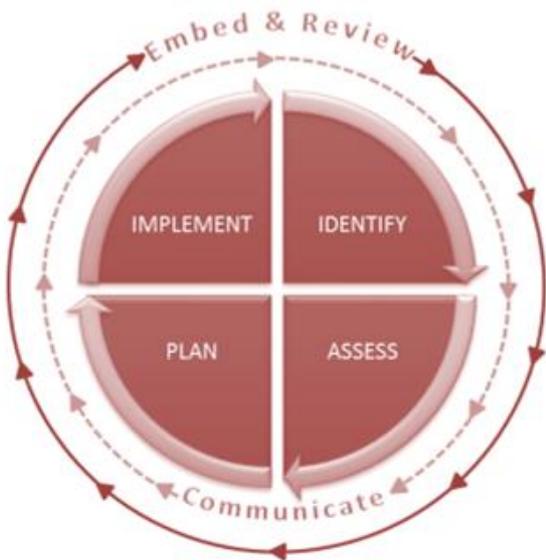
Risk Management Process Guide

This section outlines the detailed process required to introduce and embed risk management. The risk management process is based on good practice and can

be applied at all levels of the organisation and beyond.

The management of risk process is divided into four primary elements:

- Identify
- Assess
- Plan
- Implement



Additionally, the 'Communicate' and 'Review and Embed' activities operate through each stage.



Identify

The primary goal of the 'Identify' step is to identify the risks to The Council that would reduce or remove the likelihood of The Council achieving its objectives, whilst maximising opportunities that could lead to improved performance.

A risk is defined as: *'An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives'*.

An opportunity is defined as *'an uncertain event that could have a favorable impact on objectives or benefits'*.

The starting point to identifying risks and/or opportunities is therefore clarity on what the objectives are. The Council's Priorities and key objectives are identified in the Corporate Plan. Objectives in Projects and/or Partnerships are identified in the initiation documents.

When describing a risk it is good practice to consider 3 key terms, **cause**, **event** and **effect**. The following prompts may be used to ensure risks are effectively identified and described.

As a result of
 (cause)
 There is a threat/opportunity.....
 (event)
 That could lead to
 (effect)

When creating a list of potential risks it is sometimes easier to focus on categories of risks. The categories of risk that have been adopted by Doncaster Council can be viewed in Appendix A.

For effective risk management, it is critical that each risk has an 'owner' who is responsible for dealing with the risk, ensuring that all internal controls are working and that relevant mitigating actions are taken. The role involves regularly monitoring the risk status and adjusting risk ratings accordingly, based on current information and knowledge.

Some risks identified will already have measures in place to control the impact or likelihood of the risk occurring. To be effective these internal controls should be demonstrated by policy, procedure or practice. Controls can be classified in four ways:

- **Directive controls:** these controls are designed to ensure that a particular outcome is achieved. They are

particularly important when it is critical that an undesired event should be avoided. An example of directive controls would be training staff with required skills before allowing them to work unsupervised.

- **Preventive controls:** these controls are designed to limit the possibility of an undesirable outcome being realised. The more important it is that an undesirable outcome should not arise; the more important it becomes to implement appropriate preventive controls. An example of preventive control is separation of duties (e.g. the person who authorises payment of an invoice is separate from the person who ordered the goods, thus preventing one person securing goods at public expense for their own benefit).
- **Detective controls:** These controls are designed to identify occasions when undesirable outcomes have been realised. These types of control, by definition, occur 'after the event'. An example of detective control is an asset check (this might identify assets that have been removed without authorisation).
- **Corrective control:** These controls are designed to correct undesirable outcomes, which have been realised. They provide a route of recourse to achieve some sort of recovery against loss or damage. An example of a corrective control is 'claw back' for staff who have been overpaid.

A key question is whether the existing controls are adequate or whether further controls / solutions are required to effectively manage the risk.



Assess

The primary goal in the 'Assess' step is to understand the effect of the identified threats and opportunities on the activity. In order to decide which risks are most important and merit most attention, there needs to be some way of comparing risks relative to each other. Using a score to rate risks provides a quantitative basis for comparison and can be achieved by assessing the risk along two dimensions:

- The **likelihood** (or probability) that the risk will occur.
- The **impact** (or severity) that the risk will have if it occurs.

The first evaluation should be undertaken on the 'inherent risk' i.e. the risk before any controls have been put in place. This is to ensure that all significant risks are highlighted and assurance provided that these risks are being managed. If you only assess the risk after controls have been put in place, 'residual risk', then you are assuming that the controls will always be there. The inherent and residual risk scores are calculated using the following equation:

Likelihood score x Impact score

The impact of a risk is often considered in terms of the level of severity. Establishing a consistent approach for scoring the risk impact is more complex than likelihood as it will vary by risk category. For consistency a table that outlines elements to consider in terms of their impact from a number of perspectives can be viewed at Appendix B. The criterion against each score are to be used as a guide and is not exhaustive. This table can be personalised by service areas to take account of their own perspectives. When using this approach if more than one perspective

applies choose the column containing the more serious outcome.

Likelihood is often considered in the context of 'what timescale the risk might occur within, or what frequency'. A table that contains descriptions for the risk event with an associated score for each descriptor can be viewed at Appendix C.

A target profile is input onto Pentana. This is to demonstrate where the risk will be managed down to and by what date the target profile is expected to be achieved.

The Council uses the 5 x 5 risk matrix to display its risk profiles. This allows us to align with partner organisations, improve the scope for a flexible risk appetite and distinguish between serious and critical events.

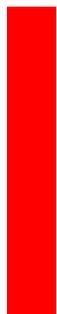
The risk rating corresponds to the traffic light status below.



Risks rated Low – Entered onto Pentana, linked to the relevant actions and reviewed annually.



Risks rated Medium - Entered onto Pentana, linked to the relevant actions, controls and mitigating actions recorded and reviewed quarterly as part of the Resource Management process



Risks rated High– Entered onto Pentana, linked to relevant actions, additional controls and mitigating actions recorded, reviewed quarterly as part of the Resource Management Overview meetings and the Resource Management process



Plan

The primary goal of the 'Plan' step is to prepare specific management responses to the threats and opportunities identified, to remove or reduce these threats, and to maximise the opportunities.

Once the risks have been identified and assessed, appropriate management action needs to be taken. The 'Four Ts' is the generic approach that can be used when planning how to manage a risk or opportunity:

Tolerate: The risk is accepted making limited, if any, efforts to mitigate it or reduce its likelihood/impact. This may be because the cost of mitigation exceeds the consequence of the risk.

Transfer: The risk rating is reduced by transferring the risk to a third party by changing contractual terms. Typically this would mean The Council discontinuing the activity that gives rise to the risk, and sub-contracting/outsourcing that activity to another organisation. Other alternatives include insurance or private finance initiatives.

Treat: Actions will be taken to reduce the risk, possibly by putting in additional controls.

Terminate: The activity that gives rise to the risk will cease, be avoided or altered, thus eliminating the risk.

With the exception of taking a 'tolerate' approach, mitigating actions will need to be developed and monitored in order to effectively manage the risk.

The risk, the risk profile and the mitigating action against each activity are recorded collectively in the form of risk registers.

All corporate risk registers within The Council are recorded on Pentana, and monitored and reviewed in line with this Risk Management Strategy.

Programme and Project risks must be managed in line with this Risk Management Strategy but may contain bespoke elements to meet the needs of the programme/project, for example a tailored impact or likelihood guide or a reporting cycle. This approach compliments the principles in 'Managing Successful Programmes' (MSP).

Risk Registers are structured under the following headings on Pentana:

Operational Risk Register: All risks identified with the delivery of the Service.

Strategic Risk Register: Any risk from the operational risk register that may prevent or delay the delivery of The Council's shared priorities, or that may prevent or delay the delivery of the internal cross-cutting actions needed by The Council to improve performance and underpin the Borough Strategy may be elevated to a Strategic Risk. In addition new or emerging risks may be added directly to the strategic risk register either through the Resource Management process or from the weekly Directors Meeting.

Programme & Project Register: All risks associated with the delivery of high level programmes and projects.

Fraud Risk Register: The Fraud Risk Register is a specific register dedicated to the assessment, monitoring and treatment of the risks relating to fraud and corruption. It is an integral part of the Risk Management strategy designed to focus attention on minimising the damage caused by fraud and corruption

and on upholding The Council's principles of zero tolerance to fraudulent and corrupt activity. The fraud risk register will be used by both management and Internal Audit Services to focus anti-fraud and corruption resources and training on raising the awareness of fraud and corruption and its associated effects.



Implement

The primary goal of the 'Implement' step is to ensure that the planned risk management actions are implemented and monitored as to their effectiveness, and corrective action is taken where responses do not match expectations.

Pentana is used to record, monitor and report on all corporate risk registers and progress against all mitigating actions.

- Operational risks will be reviewed at directorate level as part of the Resource Management process.
- Strategic risks will initially be reviewed as part of the Resource Management process and then as part of the Resource Management Overview meeting. These risks will then be reported to Executive Board, Cabinet and Audit Committee.
- Fraud Risk will be regularly reviewed and reported upon by The Council's Internal Audit function.
- Programme and Project risks will be directly managed within the governance of the programme or project. If the programme or project is part of The Councils transformation approach these will also be reviewed as part of the Resource management process



Communicate

'Communicate' is not a distinct step in the management of risk process, it is an activity that is carried out throughout the whole process. Doncaster Council's exposure to risk is never static: effective communication is key to the identification of new threats and opportunities, or changes in existing risks.

The implementation of risk management is dependent on participation, and participation, in turn, is dependent on communication. It is important for managers to engage with staff across The Council to ensure that:

- Everyone understands The Council's Risk Management Strategy in a way that is appropriate to their role. If this is not achieved, effective and consistent embedding of risk management will not be realised and risk priorities may not be addressed;
- Everyone understands the benefits of effective risk management and the potential implications if it is not done or is done badly;
- Each level of management actively seeks and receives appropriate and regular assurance about the management of risk within their control. Effective communication provides assurance that risk is being managed within the expressed risk appetite and that risks exceeding tolerance levels are being escalated;
- There is no misunderstanding over the respective risk priorities within and across business perspectives. This will help management to avoid being diverted from the most significant risks and will enable appropriate levels of control to be applied;

- Any organisation providing outsourcing services has adequate risk management skills and processes. Gaining assurance that a partner organisation has implemented adequate risk management for itself will avoid dependence on a third party that may fail to deliver in an acceptable way, or may not deliver at all.

Embed & Review

How an organisation manages its risks demonstrates a part of that organisation's core values and improves stakeholder's confidence in the organisation's ability to cope and manage its risks.

Doncaster Council needs to ensure that risk management has been integrated successfully, has the necessary support, is addressed in an appropriate way and is successful. Key indicators that demonstrate that the management of risk culture had been embedded are:

- The understanding of risk management policies and the benefits by all staff;
- The existence and operation of a transparent and repeatable risk management framework;
- The support by the organisational culture of well thought-through risk taking innovation;
- The close linking of management of risk with the achievement of objectives;
- The explicit assessment and management of the risks associated with working with partners;
- The active monitoring and regular review of risks;
- The reporting of risks to management in a timely manner (together with sufficient information to enable risk treatment to be developed) and the

escalation of risks within appropriate timescales if they develop.



Corporate Governance

Good governance is about getting things right first time. It is about demonstrating legitimate leadership, respecting the democratic process, making proper and timely decisions, managing risk and allocating resources for valid reasons.

Good governance principles should be instilled in everything that we do at every level of the organisation. It is embedded in a number of key policies and procedures maintained and published by The Council. Compliance with these policies and procedures is the key to instilling good governance throughout Doncaster Council and the Risk Management Strategy, as part of the Performance Management Framework, has been identified as a key governance document.

APPENDIX A

Categories of Risk

- **Equipment** – this extends to the equipment utilised for the operation and conduct of The Council.
- **Financial** – e.g. budgetary requirements.
- **Fraud** – this relates to the assessment, monitoring and treatment of risks relating to fraud and corruption. There is the potential for fraud to occur within each of the categories. Therefore, the risk of the occurrence of fraud should be considered when identifying risks within each category.
- **Legal/compliance** – this category includes compliance with legal requirements such as legislation, regulations, standards, codes of practice and contractual requirements.
- **Organisational** – this relates to the internal requirements of The Council, extending to the cultural, structural and people issues associated with its effective operation.
- **Reputation** – this entails the threat to the reputation of The Council due to the conduct of the entity as a whole, the viability of the product or service, or the conduct of employees or other individuals associated with The Council.
- **Safety** – this category includes the safety of everyone associated with the authority from individual safety, to workplace safety, public safety and to the safety and appropriateness of products and services delivered by The Council.
- **Security** – this includes the overall security of council premises, assets and people and extends to security of information, intellectual property and technology.
- **Service Delivery** – this relates to the delivery of services, including the quality and appropriateness of service provided, or the manner in which the service is delivered, including customer interaction.
- **Stakeholder Management** – this category relates to the management of stakeholders, and includes identifying, establishing and maintaining an appropriate relationship. This includes both internal and external stakeholders.
- **Strategic** – this includes the planning, scoping and resourcing requirements of the establishment.
- **Technology** – this includes the implementation, management, maintenance and upgrades associated with technology.

APPENDIX B

Impact Table

IMPACT	PERSPECTIVE							
	Personal safety	Property damage	Failure to provide statutory service	Financial loss	Disruption in service (days)	Privacy infringement	Community	Embarrassment
1 = Slight				<£10k	None			
2 = Moderate	Minor injury	Minor damage to 1 property	Litigation, claim or fine £2k to £50k	£10k to £100k	1	Isolated personal detail comprised	Impact on an individual or small group	Contained within service
3 = significant	Major injury to an individual	Significant damage to small building or minor damage to several	Litigation, claim or fine £50k to £250k	£100k to £500k	2-3	Several persons details revealed	Impact on a local community	Local public or press interested
4 = Major	Major injury to several people or death of an individual	Major damage to critical building or serious damage to several properties	Litigation, claim or fine £250k to £1m or custodial sentence imposed	£500k to £1m	4-14	Several persons details comprised	Impact on several communities	National public or press interested
5 = Critical	Death of several people	Total loss of critical building	Multiple civil or criminal actions. Litigation, claim or fine above £1m	>£1m	>14	All personal details revealed / comprised	Impact on whole of the borough	Officer(s) and/or members forced to resign

APPENDIX C

Likelihood Table

Score	Descriptor	Description
5	Very likely	I would not be at all surprised if this happened within the next few months.
4	Likely	I think this could occur sometimes in the coming year or so.
3	Possible	I think this could maybe occur at some point, but not necessarily in the immediate future.
2	Unlikely	I would be mildly surprised if this occurred, but cannot entirely rule out the possibility.
1	Very unlikely	I would be very surprised to see this happen, but cannot entirely rule out the possibility.

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Doncaster Council

Report

Date: 25th October 2018

To the Chair and Members of the
AUDIT COMMITTEE

BREACHES AND WAIVERS TO THE COUNCIL'S FINANCIAL AND CONTRACT PROCEDURE RULES

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		No

EXECUTIVE SUMMARY

1. This Report provides Members with details of all the waivers and breaches to the Financial Procedure Rules (FPR's) and the Contract Procedure Rules (CPR's) for the period **28th February 2018** to the **31st August 2018**.
2. The table below summarises the number of new waivers and breaches recorded for each Directorate since the last audit report presented in **April 2018**. The details of each waiver and breach are summarised in the appendices to this report.

Period 28th February 2018 to the 31st August 2018	Breaches	Waivers
Adults, Health & Wellbeing	0	7
Learning & Opportunities: Children & Young People	0	3
Corporate Resources	0	6
Regeneration & Environment	3	5
GRAND TOTAL	3	21

EXEMPT REPORT

3. This report is not exempt.

RECOMMENDATIONS

4. To note the information and actions contained in this report regarding waivers and breaches in relation to the FPR's and CPR's.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. There are no specific implications within this report with regards to waivers or breaches.

BACKGROUND

6. The Chief Financial Officer (CFO) monitors compliance with the CPR's and FPR's via an update from the Finance and Strategic Procurement Teams, detailing any reported waivers of the CPR's and FPR's and instances of breach.

CONTRACT PROCEDURE RULES (CPR'S)

7. The Council's CPR's state the following thresholds where commensurate competition should be undertaken by officers to ensure that value for money is being achieved:-
 - **Up to £5,000** - use of an in-house supplier, Council wide contract, framework agreement or direct award where possible to a Doncaster based organisation.
 - **Between £5,000 and £25,000** – use of an in-house supplier, Council wide contract, framework agreement or obtain three verbal quotes one of which must be from a Doncaster based organisation (a record of quotes is to be maintained);
 - **Between £25,000 and £181,302** use of an in-house supplier, Council wide contract, framework agreement or obtain three written quotes one of which must be from a Doncaster based organisation where the above is not available;
 - **Over £181,302** use of an In-house supplier, Council wide contract, framework Agreement or carry out a formal tender process.
8. Whilst the EU thresholds are set within the legislation and, therefore, cannot be waived, it is recognised that from time to discretionary thresholds within CPR's may be a barrier to the delivery of the service and, therefore, Council officers can request that the CPR's are waived in specific instances via a CPR waiver report, which is approved by the Chief Financial Officer in accordance with the following permissible exemptions.

- a. the goods, services or works are proprietary in nature (i.e. where only one supplier can supply the product or services);
- b. the contract is for goods, services or works that are required in circumstances of extreme urgency;
- c. the circumstances of the proposed procurement are covered by legislative exemptions (whether under EU or UK. law);
- d. there are other circumstances that are genuinely exceptional

Breaches to CPR's

9. Breaches arise from either the aggregation of spend with one supplier going over pre-prescribed limits, a complete absence of any identifiable contract, a failure to comply with requirements to obtain adequate competition or an extension of contract beyond its agreed term or lifetime.
10. It is therefore important that steps are taken to ensure breaches are identified, investigated and plans quickly put in place to rectify the position. A summary report is produced for each breach and detail actions required to be taken, including where necessary the decommissioning of contracts.
11. There has been **three** new breaches to CPR's reported for this period as detailed in Appendix 1.

Update to Breaches previously reported

12. **Appendix 1** shows new, existing and resolved breaches for this period.
13. In **April 2018**, there was **one** new breach of the CPR's reported to Audit Committee as well as updates on **eight** existing unresolved breaches and **eight** resolved breaches.

Waivers to CPR's

14. **Twenty-one** waivers to CPR's have been approved this period (see Appendix 2 for the detail of each waiver) compared to **twenty-one** in April 2018.
15. The waivers detailed in this report have been reviewed and agreed either by the Chief Financial Officer & Assistant Director - Finance, or the Assistant Director of Legal and Democratic Services (for waivers linked to the Finance Department).

REVIEW OF PROCUREMENT ARRANGEMENTS ABOVE £5,000

16. The Strategic Procurement Team (SPT) continues to work closely with all Directorates to improve procurement practices and provide assurance that arrangements are robust and compliant with the CPR's. Where waivers and breaches are identified, they are recorded and appropriate procurement plans and actions agreed and developed if/where appropriate.

17.A SPT Service Review has recently taken place to ensure the service provided was meeting the organisational needs of the Council. This has resulted in a restructure to better align the team with the Directorates they serve. This will enable the team to better meet demand for the procurement service, ensure a robust and improved approach to governance and compliance and promote better procurement practices.

BREACHES OF FINANCIAL PROCEDURE RULES

18. There are no reportable breaches to the Financial Procedure Rules (FPR's) between the **28th February 2018** and the **31st August 2018**.

OPTIONS CONSIDERED

19. Every waiver is examined and where appropriate challenged for alternative options prior to approval.

REASONS FOR RECOMMENDED OPTION

20. It is important that the Council's Contract Procedure Rules (CPR's) and Financial Procedure Rules (FPR's) are adhered to and 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

21.

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>The CPR's state that quotations should be sought from at least one Doncaster based company. This is to encourage local spend where possible. SPT work closely with Business Doncaster to support events and local spend initiatives.</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home 	<p>Effective procurement governance ensures best value is achieved from the budgets available.</p>

	<ul style="list-style-type: none"> • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>Social value is considered in contracting activity. This would, partly, promote the use of apprenticeships and volunteering opportunities.</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own home 	<p>Effective procurement ensures that 'fit for purpose' contracts are procured with a high emphasis on quality service delivery.</p>
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>Effective procurement ensures best value, effective partnership working and robust specifications to attain the best from the markets.</p>

RISKS AND ASSUMPTIONS

22. Contractual arrangements with suppliers and breaches to the CPR's expose the Council to reputational, financial, legal and commercial risks. Compliance monitoring of the CPR's along with the implementation of plans and actions to remedy breaches seek to counter these risks.

LEGAL IMPLICATIONS [Officer Initials...NJD... Date.....27/09/18.....]

23. There are no specific legal implications arising from this report. Legal advice has been provided on the individual contracts and waivers detailed within the report and continued legal support will be provided the Service areas in relation to these matters.

FINANCIAL IMPLICATIONS [Officer Initials...AT..... Date...02/10/18.....]

24. There are no specific financial implications attached to this report. Each individual breach and waiver will consider the specific implications for that action. It is important to note that breaches to Contract Procedure Rules risk the Council overspending as checks for sufficient budget being available is not guaranteed to take place.

HUMAN RESOURCES IMPLICATIONS [Officer Initials KG Date 02/10/18.....]

25. There are no specific HR implications to this document.

TECHNOLOGY IMPLICATIONS [Officer Initials... PW Date 28/09/18.....]

26. There are no direct technology implications in relation to this report. Corporate Procurement continues to consult with Digital & ICT in relation to CPR waivers involving the procurement of technology to ensure that these have been considered by the ICT Governance Board (TGB), where applicable.

HEALTH IMPLICATIONS [Officer Initials... VJDate ...02/10/18.....]

27. There is no direct health implication of this report. The health implications will need to be addressed within each individual contract area identified in the breaches and waivers.

EQUALITY IMPLICATIONS [Officer Initials HW Date 21/09/18]

28. There are no direct equality implications associated with this report and a Due Regards Statement (DRS) is not required.

CONSULTATION

29. There has been consultation with the various directorates and applicable officers. All implication authors from the various departments have been consulted with as per the above.

BACKGROUND PAPERS

30. None.

REPORT AUTHOR & CONTRIBUTORS

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Steve Mawson
Chief Financial Officer
& Assistant Director of Finance

BREACHES

Appendix 1 details the:

- **New** CPR breaches that have been identified between the **28th February 2018** and the **31st August 2018**;
- **Unresolved** breaches, reported to the Audit Committee previously and;
- **Resolved** breaches reported previously

With a brief explanation of the reasons for the breach and their current status:

Directorate	Status New Unresolved Resolved	Date Reported to Audit Committee	Contract Description	Annual Value	Contract End Date	Reason for breach	Proposed action to be / has been taken in relation to the breach	Timescale for resolution
Adults, Health and Wellbeing	Resolved	Apr 18	Agency Head of Support for Adult Social Care	£42,055	30 Mar 18	Difficulties in recruiting to this Head of Service role due to expertise required over a large area of operational practice. It was not possible to recruit using the Reed Framework within the timescales needed to provide operational cover. Recruitment was then sought outside the Framework and a suitable candidate was identified. It was hoped that the provider was able to join the Reed however this was not possible.	Successful recruitment to the post.	30 Mar 18
Adults, Health and Wellbeing	Unresolved	Oct 17	Mental Health Assessments with 38 separate providers.	£270,220	No contract in place	Individual commissioning of small work packages to providers. Holistic spend analysis established aggregated spend and need for corporate contract.	Work commenced with Safeguarding Team. Delays due to resource issues. New timescale 31 Mar 19.	31 Jul 18 Revised 31 Mar 19
Adults, Health and Wellbeing	Resolved	Oct 17	Forest Fuels	£23,973	No contract in place	No contract coverage, a historical arrangement that has been identified through spend analysis.	Contract ended	30 Jun 18
Regeneration and Environment	Unresolved	Oct 17	Digital energy software for energy management functions.	£18,000	No contract in place	Provision of software for energy management functions including consumption data on gas, electricity, water and other fuels. Reporting features enables the Council and schools to meet statutory functions.	Open Tender for a 7 yrs. contract, with a value of c. £126,000. Raised with the manager. Oct 18 note – Original date delayed. Tender documentation is part complete and due to go out to market by the 10/10/18	30 Jun 18 Revised date Jan 2019

Directorate	Status New Unresolved Resolved	Date Reported to Audit Committee	Contract Description	Annual Value	Contract End Date	Reason for breach	Proposed action to be / has been taken in relation to the breach	Timescale for resolution
Adults, Health and Wellbeing	Unresolved		Solar Centre	£746,000	No contract in place	A consultant has been employed, working to the current Assistant Director Adult Social Care and a Plan is now in place, ending in the procurement of new services by Jun 18. This milestone has moved to the 30 May 19.	As per the Solar Centre project plan.	Old 30 Jun 18 Revised 30 May 19
Adults, Health and Wellbeing	Resolved	Apr 17	Sony Music Downloads	£6,000	No contract	Library Ideas which can only be purchased from Sony Music.	Waiver signed to allow soft market test to be undertaken to ensure no other suppliers.	Mar 18
Adults, Health and Wellbeing	Unresolved	Apr 17	YMCA Goodall House	£170,000	Contract expired	Looking to review with the Doncaster Children's Trust.	Review and potentially redesign.	Mar 19
Adults, Health and Wellbeing	Unresolved	Apr 17	SPLS IT System (Trojan)		Contract expired	18 months project to look at alternatives and potentially de-commission. Subject to DIPS Project Board	System reviewed and decommissioned.	Sept 18
Adults, Health and Wellbeing	Unresolved	Apr 17	Sheffield YWCA – Yorkshire Green Gables	£81,000	Contract expired	This work is planned for Year 2 of the Commissioning and Procurement Plan in Adults Commissioning.	Re-commission.	Mar 19
Regeneration and Environment	New	Oct 18	The provision of services from multiple service providers for the removal of various recyclable materials from the network of “brings banks” across the borough.	£35,000	No contract	Historical arrangements with multiple service providers to supply recycling banks [and remove the contents periodically] from a network of ‘bring-sites’ across the borough. The Council pays some of the service providers to remove the contents of the recycling banks based on the volume of materials collected. Majority of these sites are privately owned land they operate under informal arrangements. I.e. there are no leases or contracts in place with the landowner. It has historically been considered inappropriate to seek to consolidate these activities into a service contract due to; supplier capability, complexity to impose terms and conditions onto private land owners, Commodity pricing, Cleansing.	The Council will review whether to cease this provision by the Mar 19.	Mar 19

Directorate	Status New Unresolved Resolved	Date Reported to Audit Committee	Contract Description	Annual Value	Contract End Date	Reason for breach	Proposed action to be / has been taken in relation to the breach	Timescale for resolution
Regeneration and Environment	New	Oct 18	Cleaning Services	£21.1k		Service area assumed purchasing compliance they believed the awarded suppliers are part of the Corporate Framework. Window Cleaning Provider (£11.4k) - . Part of Soft FM Contract/ Client Request for supplier Nilfisk Ltd - £8.7k – Hired on a monthly basis but exceeded time required	Use Corporate Framework in future.	Ended
Regeneration and Environment	New	Oct 18	Website Development	£7693 one off cost. £1,000 per annum website hosting fees.	Nov 22	Approval was given by IGB to commission Impression Digital Ltd to develop a website. Commissioning Impression Digital Ltd was deemed the most cost effective option for website development and was the quickest route to produce the website in order to meet urgent timescales.	As this is proprietary there is no alternative other than to continue paying Impression Digital Ltd for the domain fees of £1,000 up to 2022. Department made aware of a need to gain 3 informal quotes when contracting above £5k.	Ended

WAIVERS

Appendix 2 details the CPR waivers that have been agreed covering the period **28th February 2018 to the 31st August 2018**, together with an explanation of the reasons for the waiver. The proposed action will need to be concluded in advance of the expiry of the waiver end date to prevent the occurrence of a breach (i.e. unless it is proposed that the arrangements will end).

Directorate and Department	Contract Description	Waiver Value	Waiver Period	Waiver Category	Reason for the Waiver	Condition(s) of the Waiver
				<ol style="list-style-type: none"> 1. Sole Provider/ Niche Market 2. Insufficient Time/ Resources 3. Continuity of Existing Work 4. Emergency Situation 5. Forms Part of a Strategic Plan/ Review 6. Other 		
Corporate Resources Electoral Services	Election Stationary Printing CPR/18/04/0001	£150,000	01/04/18 to 31/05/18	3. Continuity of Existing Work	Contract with Adare for Election Stationary Printing came to an end on the 31 May 17. This contract was subject to contract procedure rule waiver report [CPR/17/04/0007] and gave a commitment that a full procurement process be undertaken. Due to the snap general election the retender process had to be put on hold, however this contract has been re-procured now and started on the 1 Jun 18	The tender process commenced in Apr 18 with an anticipated contract start date of 1 Jun 18.
Corporate Resources ICT Page 93	6 months Extension of Support and Maintenance for Multi-Functional Devices (MFD) from Konica Minolta Ltd CPR/18/04/0006	£92,319	01/07/18 to 31/12/18 With option to extend for 3 months	2. Insufficient Time/ Resources	Contract with Konica that expired at the end of Jun 18. Due to the timescales of the retender process, a new contract was not in place before the existing contract expired. The waiver is to ensure continued support and maintenance of the MFD's and enables an implementation plan for new devices to be deployed and the identification of cost efficiencies.	A retender process to obtain a new supplier and contract has been commenced

Directorate and Department	Contract Description	Waiver Value	Waiver Period	Waiver Category	Reason for the Waiver	Condition(s) of the Waiver
				<ol style="list-style-type: none"> 1. Sole Provider/ Niche Market 2. Insufficient Time/ Resources 3. Continuity of Existing Work 4. Emergency Situation 5. Forms Part of a Strategic Plan/ Review 6. Other 		
Corporate Resources HROD	Job Evaluation System CPR/18/05/0006	£25,700	27/08/18 to 26/08/20	1. Sole Provider/ Niche Market	The current contract for the provision of the GLPC Job Evaluation System was awarded to Northgate Arinso for 5 years. They are the sole provider of this system. Job Profiling roll out during 18/19 but there is a need for us to have this Job Evaluation system as the Council are bound by using the GLPC job evaluation scheme as part of the negotiations / consultation that took place a few years ago around implementing the scheme for our workforce.	The re-procurement or decommission of the Job Evaluation system once Job Profiling embedded throughout the organisation.
Corporate Resources Finance	HB Subsidy Assurance Process CPR/18/07/0007	£24,000	01/09/18 to 31/08/19	5. Forms Part of a Strategic Plan/ Review	An audit review of grant claims and returns is required. This work is completed by our external auditors charging a fee which was previously set by Public Sector Audit Appointments. KPMG our previous auditors used to complete this work but from 2018/19 our external auditors will be Grant Thornton.	The delivery of the services cannot be delivered by or obtained in any other way other than through direct engagement with the external provider Grant Thornton.
Corporate Resources	Sparc Enterprise server including Solaris 10 CPR/18/08/0002	£39,042	05/09/18 to 03/03/20	3. Continuity of Existing Work	Direct award to the incumbent supplier Esteem. Esteem have provided an excellent service under the existing contract requirement for this service for a further 18 months, so moving away would be detrimental to the service given the relative short period required.	Replace the support system within the full DIPS solution within an indicative timescales of 18 months
Corporate Resources	Commercial viability assessment CPR/18/08/009	£13,000	15.08.18 to 31.03.19	4. Emergency Situation	The Council have an existing contract with LINK and this will be an additional service under the same contract. Need to access LINK quickly which is required for the timescale to support the Markets procurement timescales.	One off project

Directorate and Department	Contract Description	Waiver Value	Waiver Period	Waiver Category 1. Sole Provider/ Niche Market 2. Insufficient Time/ Resources 3. Continuity of Existing Work 4. Emergency Situation 5. Forms Part of a Strategic Plan/ Review 6. Other	Reason for the Waiver	Condition(s) of the Waiver
Adults, Health and Wellbeing Commissioning	Harrogate Court Extra Care Scheme	£70,600	01/04/18 to 31/03/20	3. Continuity of Existing Work	The service has the potential to cost the Council more if another provider provided this service. The landlord can claim an element of the staffing costs from Housing Benefit as intensive housing management in addition to the eligible service charge. Currently, the Housing Benefit eligible service charge for 18/19 is £42.76 per flat per week. Any provider other than the landlord would not be able to do this. Other costs such as TUPE and overheads would also be added to the contract cost if the landlord did not supply. Two years has been recommended in light of 2020 being when the government will produce guidance on how Extra Care and Sheltered Housing will be defined and funded.	To ensure this service is reviewed by 2020.
Adults, Health and Wellbeing Commissioning	Day Centres - 7 day week day care provision – 3 Static Centres	£430,000	30/06/18 to 30/06/19	3. Continuity of Existing Work	This contract is in scope for the wider 'Day Services Review'. The project group is looking at future requirements around day services for people in Doncaster. This contract is aligned to the review. To contract for a 12 month period is unlikely to be attractive to potential bidders given set up costs; the full lease and repair arrangement for the day centres; likely TUPE implications and the short contract period.	Ensure the service is reviewed and commissioned before the 30 Jun 19.
Adults, Health and Wellbeing Commissioning	Riverside Homelessness Accommodation and Support	£52,466	29/04/18 to 28/04/19	3. Continuity of Existing Work	Due to an increase in the number of rough sleepers and the numbers of people begging in the town centre the contract was varied in Apr 17 for 12 months in order to enhance the outreach element of the contract by way of funding 2 x additional full time Outreach Support Workers. This has enabled the provision of a greater street presence and further supports the work around rough sleeping, begging, homelessness and complex lives.	Contract variation will end.

Directorate and Department	Contract Description	Waiver Value	Waiver Period	Waiver Category <ul style="list-style-type: none"> 1. Sole Provider/ Niche Market 2. Insufficient Time/ Resources 3. Continuity of Existing Work 4. Emergency Situation 5. Forms Part of a Strategic Plan/ Review 6. Other 	Reason for the Waiver	Condition(s) of the Waiver
Adults, Health and Wellbeing Commissioning	Milton Court	£29,348	8/07/18 to 7/09/18	3. Continuity of Existing Work	The current contract is due to expire on 7 July 18. An options paper was presented to the Adults Directorate Leadership Team (DLT) and DLT approved the option to end the contract. Two months is required to work with the provider on the exit strategy to develop a community based accommodation and support model as part of the commissioned Mental Health Floating Support.	Contract will be de-commissioned by the 7 Sept 18
Adults, Health and Wellbeing Public Health	Systems Mapping	£13,350	01/07/18 to 01/09/18	1. Sole Provider/ Niche Market	Sports England have provided the funding and advised that we utilise the methodology developed by Cavill Associates, whom this waiver relates. The unique nature of this work and Cavill Associates are the leading authority. Cavill Associates have already developed the methodology so there would be no need to undertake pre work therefore reducing time and cost.	One off contract award, not on-going. Will end 1 Sept 18
Adults, Health and Wellbeing Safeguarding Team	Safeguarding Adults Review Independent Author	£9,900	01/09/18 to 31/03/19	1. Sole Provider/ Niche Market	The core duties of a Safeguarding Adults Board are set out in chapter 14 of the Care Act Guidance, issued under s78 Care Act 2014. A SAR request was received by the Board and it is acknowledged that the skills to lead on such a review are niche. A potential independent author has been identified with the specific expertise and skills to lead this review which has been endorsed by the Review and Learning sub group and the DSAB Independent Chair. Waiver due to restraints relating to time pressures and the limited market availability.	One off contract award, not on-going. 31 Mar 19
Adults, Health and Wellbeing Commissioning	Managed Account Service	£33,500	10/07/18 to 09/02/19	3. Continuity of Existing Work	Tender works completed, unable to award. Time required re-tendering (re-designed specification), awarding and mobilising a new provider.	New contract to be in place by 9 Feb 19

Directorate and Department	Contract Description	Waiver Value	Waiver Period	Waiver Category 1. Sole Provider/ Niche Market 2. Insufficient Time/ Resources 3. Continuity of Existing Work 4. Emergency Situation 5. Forms Part of a Strategic Plan/ Review 6. Other	Reason for the Waiver	Condition(s) of the Waiver
Learning Opportunities, Children and Young People	SLA Online – Traded Services Software Governor Module	£9,485	01/03/18 to 28/02/20	3. Continuity of Existing Work	Investigations to establish a suitable solution, including discussions with other Councils, have led to the identification of the SLA online system, provided by Front Line Date Limited (“Front Line”), as the system that will enable delivery of the identified benefits SLA Online Governors Module is currently used by many Local Authorities and is recommended for quality of the product and service that represents value for money given the low cost of the system. Risks of not going out to full tender to purchase the system are low.	Contract end 28 Feb 20
Learning Opportunities, Children and Young People	Provision of Alternative provision for SEND placements	£24,960	03/09/18 to 03/12/18	6. Other	The waiver is applied for to run a pilot project. Funding is to be provided by the High Needs block and has been agreed in principle through the Schools Forum to fund the pilot. This is a specialist service which is not currently available from other providers.	Contract end 3 Dec 18
Learning Opportunities, Children and Young People	Lesson Planning – Music Tool - Charanga Ltd	£9,166	01/09/18 to 31/08/19	1. Sole Provider/ Niche Market	Specific music programme and the only one of its kind – bespoke to music provision and music services. Currently the programme is used in 53 schools and is an essential part of music provision.	Contract end 31 Aug 19
Regeneration and Environment Major Planning	Local Data Company (LDC)	£62,500	09/04/18 to 08/04/22	1. Sole Provider/ Niche Market	LDC is the only provider of this type of service.	Contract end on the 8 Apr 22
Regeneration and Environment	Letting of leisure and restaurant units at Herten Triangle	£100,000	01/01/18 to 31/12/18	3. Continuity of Existing Work	Whilst there may be other such companies who could provide these services it is recognised that Pudney Shuttleworth are in a unique and privileged position due to their existing knowledge and work on this project which, due to their incumbency would not be matched by a new provider who would need to start from scratch. The payments are related to successfully delivering the contract targets.	Contract end on the 31 Dec 18

Directorate and Department	Contract Description	Waiver Value	Waiver Period	Waiver Category 1. Sole Provider/ Niche Market 2. Insufficient Time/ Resources 3. Continuity of Existing Work 4. Emergency Situation 5. Forms Part of a Strategic Plan/ Review 6. Other	Reason for the Waiver	Condition(s) of the Waiver
Regeneration and Environment Facilities Management	Maintenance contracts for Colonnades House	£7,000	01/06/18 to 30/06/19	6. Other	The building has been handed back to the Council by the contractor, pending the resolution of specific defects. A one year contract with original suppliers will allow time for all the inherent defects to be resolved within the defect liability period without 'muddying the waters' with third party contractors. It will also ensure that all the standards required within the warranty period are met.	Contract will be re-procured by the 30 Jun 19
Regeneration and Environment	Framework for the Provision of Transport Related services	£35,000	01/08/18 to 12/04/19	3. Continuity of Existing Work	Existing contract with Pennine View School extended with a view to tendering the contract at a later date in order to give the Council and the School the opportunity to consider any revised guidance arising out of the consultation and to allow a transition period to enable the school to comply with any additional legal requirements.	Re-procured by the 12 Apr 19
Regeneration and Environment Bridges	Stainforth Bridge Parapet Repairs	£50,000	07/08/18 to 28/08/18	5. Emergency Situation	Emergency repairs works due to a road traffic accident.	Contract will end



Doncaster Council

Report

Date: 25th October 2018

To the Chair and Members of the AUDIT COMMITTEE

2017-18 Annual Governance Statement – Progress Update

EXECUTIVE SUMMARY

1. The Council's Annual Governance Statement (AGS) is an annual report which provides a review of governance arrangements for the authority. The 2017-18 Annual Governance Statement was presented to the Audit Committee in July 2018. It identified issues and outlined actions that needed to be dealt with.
2. As in previous years Audit Committee members requested a brief update be provided at a future meeting to outline what progress has been made against the issues identified in the current Annual Governance Statement.
3. Attached to this report is an update on progress made against the improvement issues identified in the 2017-18 Annual Governance Statement (Shown in Appendix A). The majority of issues identified within appendix A have made significant progress and are on track for completion against the target dates. All issues will be reviewed as part of the annual review process and many of them will be considered for removal.

EXEMPT REPORT

4. N/A

RECOMMENDATIONS

5. Audit Committee are asked to note and comment on the content of this briefing paper and Appendix A

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. 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) 2016.

The Annual Governance Statement must demonstrably be a corporate document, corporately owned. The Council's governance arrangements in place during 2017-18 have been reviewed in line with the revised guidance and an Annual Governance Statement has been approved.

8. To ensure that there is good governance and sound system of internal controls in place, an update on the current Annual Governance Statement has been provided to assess current progress.

OPTIONS CONSIDERED

9. Alternative options to the successful approach implemented would require potentially significant re-design in terms of both procedures to be followed and staff involvement.

REASONS FOR RECOMMENDED OPTION

10. The streamlined approach that has been adopted by directorates has worked well for the last few years and continues to meet the requirements of the new guidance.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

11.

	Outcomes	Implications
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place</p>

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 [Officer Initials SRF Date 3/10/18]

13. The Accounts and Audit Regulations (England) 2016 require Local authorities to produce and publish an Annual Governance Statement.

FINANCIAL IMPLICATIONS [Officer Initials AG Date 03/10/18]

14. There are no direct financial implications resulting from this report. The individual elements in the AGS will be subject to specific reporting as required.

HUMAN RESOURCES IMPLICATIONS [Officer Initials KG Date 03/10/18]

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

TECHNOLOGY IMPLICATIONS [Officer Initials TB Date 04/10/18]

16. There are no specific technology implications resulting from this report. Digital & ICT will need to continue to be fully involved and consulted in relation to the review and updating of the main database used by the Alarm Receiving Centre and any future recommendations. As stated in the Annual Governance Statement, the Doncaster Integration Peoples System Programme will involve significant business change and the programme will be tightly led and managed with senior and effective governance throughout. Digital & ICT are fully involved in the technical deliverables as part of the wider plan to achieve General Data Protection Regulation compliance. Digital & ICT are also represented on the Data Quality Working Group who will deliver and monitor an action plan and associated activities to educate and change the culture of the organisation with regard to data and resolve some key data quality issues which will impact on some major priorities for the Council moving forward, as outlined in the Annual Governance Statement.

HEALTH IMPLICATIONS [Officer Initials RS Date 03/10/18]

17. Whilst there are no immediate health implications from the Annual Governance Statement (AGS) effective governance of civil institutions is a key prerequisite for Health and Wellbeing. Decision makers should consider the extent to which the AGS provides this assurance.

EQUALITY IMPLICATIONS [Officer Initials SWr Date 19/09/18]

18. In line with the corporate approach for compliance against the equality act 2011 due regard must be shown across all activity within the council. As the Annual Governance Statement draws together a diverse range of activities at a strategic level a due regard statement is not required. All the individual components that make-up the Annual Governance Statement will require a due regard statement to be completed and reported as and when appropriate.

CONSULTATION

19. N/A

BACKGROUND PAPERS

CIPFA guidance –Delivering Good Governance in local Government Framework - 2016 Edition
Corporate Governance Framework

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Debbie Hogg
Director of Corporate Resources

2017-18 Annual Governance Statement - Progress Update

SECTION 1: Significant Governance Issues Identified in 2017/18

1. Alarm Receiving Centre (ARC)	Completion Date	Responsible Officer(s)
<p>A review of the systems and processes within the Alarm Receiving Centre (ARC) has raised concerns about the efficacy and business continuity of assistive technology.</p> <p>ACTIONS: Internal Audit has conducted a service review of the current process and changes to procedures have been instigated within the ARC suite. Implementation of the audit recommendations is underway</p>	<p>October 2018</p>	<p>Debbie John-Lewis – Assistant Director of Communities</p> <p>Bill Hotchkiss - Head of Service Community Safety</p>
Progress update		
<p>A new system has been procured (it is an upgrade to the existing Piper Network Controller (PNC) system) and its use is being redesigned. Project consultants have been put in place. There remain significant data quality issues which the area is working to resolve and Internal Audit continues providing advice during the new installations (which are expected to be complete by March 2019). All other actions from the action plan are now complete.</p>		

2. General Significant Financial Challenges	Completion Date	Responsible Officer(s)
<p>The Council faces a number of significant financial challenges which if not managed carefully in 2018/19 could potentially lead to an overspend position and a reduction in the level of general reserves, these include:</p> <ul style="list-style-type: none"> • Potential shortfall on the delivery of the savings which are increasingly more challenging to achieve such as the Your Life Doncaster programme which will deliver significant service changes as well as savings. • Managing emerging budget pressures including increasing activity e.g. Direct payments and reducing demand for services e.g. Schools Catering. • Doncaster Children’s Services Trust (DSCT) risk of overspending is identified (at no.?) <p>ACTIONS: The financial position will be closely monitored; including the introduction of monthly monitoring to management teams and Directors. Other specific actions to improve the monitoring of budgets include devolved budgeting, and development of financial management capability in the Council.</p>	<p>Monthly monitoring – August 2018</p> <p>Action plan for improving financial management of managers – June 2018.</p>	<p>Steve Mawson – Chief Financial Officer & Assistant Director of Finance</p>
Progress update		

The major activities completed are the introduction of monthly monitoring (from month 4 July 2018) to get into the routine of regularly reviewing the financial position. The latest monthly financial monitoring report (month 5) has been discussed produced and discussed with management teams.

The activity is on track and the financial position is being closely monitored. The Council continues to face significant financial challenges and a financial strategy is being developed to manage the position in 2018/19, which will include the use of Minimum Revenue Provision (MRP) budgets. The impact of the 2018/19 financial position on the Medium-term Financial Forecast (MTFF) for 2019/20 is being reviewed in preparation for setting the budget.

3. Doncaster Integrated Peoples System (DIPs)	Completion Date	Responsible Officer(s)
<p>A new critical business information system will be implemented across Children, Education and Adults Services over the next 1-2 years. It will totally change the way these areas operate and the business change required cannot be underestimated.</p> <p>ACTIONS: The programme will be tightly led and managed with senior and effective governance throughout and appropriate preparation. All areas have been asked to provide their best resources to ensure the programme has every chance of succeeding. Staged implementation of the system will take place over the next 2 years.</p>	Ongoing	Julie Grant – Assistant Director of Customers, Digital & ICT
Progress update		
<p>The major activities completed are contract completion, governance fully in place and operating, case management workshops completed and finance workshops in process of completion.</p> <p>The Project Initiation Document and Data Migration Scope document has been written and authorised. Work is underway to extract data from legacy systems, in preparation for the first round of data migration. The Training Strategy and Communications and Engagements Plan documents are in draft version, awaiting a review and authorisation.</p> <p>Work continues at pace to deliver the solution to the ambitious timescales.</p>		

4. General Data Protection Regulation (GDPR)	Completion Date	Responsible Officer(s)
<p>The EU General Data Protection Regulation (GDPR) will come into force on 25 May 2018 and brings significant changes to the law on Data Protection. These changes will be implemented and need to ensure Ensuring compliance with GDPR across the organisation by 25th May deadline and thereafter.</p> <p>ACTIONS: A GDPR implementation plan is in place which is being monitored by the SIRO board. The plan includes a target for all high risk areas to be addressed in time for 25th May deadline.</p>	31st March 2019 (25th May 2018 - high risk areas)	Scott Fawcus – Assistant Director of Legal & Democratic Services
Progress update		

All high risk areas have been addressed such as privacy notices for sensitive data, contract variations for social care, Data Protection Impact Assessments (DPIA's) for new systems and processes, on line or face to face training for all staff, new policies and procedures and completion of an information asset register. A new information governance action plan has been approved by SIRO board and is still on track to be completed by March 2019.

5. Devolved Budgeting In Adults	Completion Date	Responsible Officer(s)
<p>Spend & budget responsibility needs to be as close to decision making as possible to be effectively controlled. The current arrangements in adults allow spending decisions to be taken by front line social work staff (in the community & hospitals) and the budget responsibility is held by the commissioning team. This arrangement can lead to decisions being taken without considering the resource implications and is a weakness in internal control.</p> <p>ACTIONS:</p> <ul style="list-style-type: none"> • Examination of budgetary hierarchy & organisational hierarchy to establish the most appropriate level of budget delegation for each of the commissioned services e.g. residential care, domiciliary care etc. • Examination of the underpinning systems to support the production of monthly management accounts. (Examination/ Methodology and sign-off – End of June 2018) • Determine the methodology for budget allocation • Sign off of the approach with Adults DLT • Effect the necessary changes to financial transaction systems (End of July 2018) • Support & train these new budget holders in financial management processes. (End of August 2018) • Review monitoring arrangements during the 2018/19 	<p>December 2018</p> <p>(See text for approximate timeline)</p>	<p>Debbie Hogg – Director of Corporate Resources</p>
Progress update		
<p>The major activities completed are; examination of budgetary hierarchy & organisational hierarchy to establish the most appropriate level of budget delegation for each of the commissioned services; examination of the underpinning systems to support the production of monthly management account; determine the methodology for budget allocation; sign off of the approach with Adults DLT and effect the necessary changes to financial transaction systems.</p> <p>Team Managers, Heads of Service and Assistant Directors are receiving training, on the system and processes, during September and continue to develop with support from Financial Management. Adult Social Care Managers now have the information and training in the new system to better manage their financial resources. This revised budget delegation will be kept under review and fine-tuned in readiness for the introduction of the new Servelec system.</p>		
6. Management And Stock Control Relating To The Smart Lights Project	Completion Date	Responsible Officer(s)
<p>The Streetlight project seeks to make savings for the Council by replacing the borough's sodium street lighting lamps with more energy efficient LED lamps.</p>	<p>August 2018</p>	<p>Gill Gillies – Assistant Director of Environment</p>

<p>ACTIONS: Phase 1 of the project was completed in March 2017 and phase 2 of the project is estimated to be completed by the end of May 2018. After the end of the first phase, it was noted by the project management board that there were some unexplained variations relating to stock reconciliations. An investigation concluded that there has been over-ordering of lamps due to:-</p> <ul style="list-style-type: none"> • project management issues, • poor communication between the Street Lighting and Stores teams and • a lack of reconciliations between stocks, fitted lamps and orders. • A recovery plan is being produced and will be signed off by the end of July 2018 		
<p>Progress update</p>		
<p>The recovery plan has now been produced with the Director of Regeneration and Environment, the portfolio holder for Highways, Street Scene and Trading Services and the Street Scene and Highways Operations Transformation Board, having all reviewed the plan and signing off the format and content. It is expected that this will be removed from the AGS.</p> <p>The plan will constantly change over time as the balance of lanterns will reduce when they are used on additional maintenance, housing or industrial development or commercial works. A verbal update will be presented at the Audit Committee on 25th October 2018.</p>		

SECTION 2: An update on key improvement areas that were previously identified and remain an issue in 2017-18

7. Direct Payments	Completion Date	Responsible Officer(s)
<p>In 2015/16 there was a high level of overpayments that had been made in paying personal budgets for adult social care. Issues identified included:-</p> <ul style="list-style-type: none"> •High numbers and values of overpayments not being monitored or managed •Weaknesses in the systems to pay, monitor and recover overpayments •Lack of joined up working between the various parties involved in this area. <p>ACTIONS: Improved arrangements have proven effective; the amount of debt relating to Direct Payment overpayment being raised over 12 months has reduced whilst the amount of debt collected has increased. There is now more effective joined up working between all parties and the backlog of annual financial monitoring reviews has been cleared and reviews are now being conducted on a risk basis.</p>	<p>January 2019</p>	<p>Karen Johnson - Assistant Director Adult Social Care and Safeguarding</p> <p>Debbie Crohn – Head of Service</p>

Direct Payment Card accounts are now the preferred method of making a direct payment resulting in reductions in Financial Monitoring administration and more effective debt management. Further improvements are being implemented following a recent audit.		
Progress update		
Solid progress is being made in implementing the actions from the audit with all actions either fully complete or in progress. Key actions and outcome to date include: <ul style="list-style-type: none"> - End to end review of the Direct Payment process - Identification and refresher training for staff on Direct Payments - Embedding of strength based and outcome based assessments and conversations - Increasing the number of service users in receipt of a direct payment enabling service users to have control over care which meets their care needs Whilst some slippage has taken place against the original completion date, this area is on track for consideration to be removed as an Annual Governance Statement item in March 2019.		

8. Learning Disability/Supported Living Reviews	Completion Date	Responsible Officer(s)
<p>An improvement area was identified relating to annual reviews within the Learning Disability Team. There was a risk that some of these reviews may relate to individuals who have not had a financial assessment, are not contributing towards their care and support and have not been considered for Continuing Health Care (CHC) funding.</p> <p>ACTIONS: All of the 316 people identified in supported living had a review of their care and support needs, and where appropriate and required, are now being supported to contribute their disposable income towards their care. A contractor has been appointed to undertake a comprehensive review of all support living age placements in the borough. It is anticipated that all reviews, along with 70 high cost placement reviews will be completed as per contract.</p>	March 2019	<p>Karen Johnson - Assistant Director Adult Social Care and Safeguarding</p> <p>David Eckersley – Head of Service</p>
Progress update		
Whilst some progress has been made by the contractor in carrying out these reviews, there has been slippage in their completion and we are working with the contractor to resolve these issues and the revised completion dates are not yet clear.		

9. DOLS (Deprivation Of Liberty Safeguards) – Best Interest Assessments	Completion Date	Responsible Officer(s)
Internal Audit identified anomalies in relation to payments made for Best Interest assessments, which had arisen due to poor financial and administrative processes. An audit has been completed.	March 2019	Karen Johnson - Assistant

<p>ACTIONS: Recommendations from the audit have been considered and agreed and priorities identified with timescales and review arrangements.</p>		<p>Director Adult Social Care and Safeguarding Griff Jones – Head of Service Safeguarding and Mental Health</p>
<p>Progress update</p>		
<p>Actions around the payment issue have been completed but following a full system review, Internal Audit have identified a number of other actions that need to be addressed. Whilst many of these actions have been implemented, a number of these actions remain and are being worked on by the DOLs team with the support of audit. Outcomes of this work include:</p> <ul style="list-style-type: none"> - the backlog in notifications has been reduced from 900 to none. - Work on orders no longer required has resulted in only 9 orders remaining from 2017/18. <p>The issues resolved centred on Performance Management in the DOLs team. Staff are clear on performance standards and productivity has increased. Whilst some of the actions do have revised timeframes which have been agreed with audit, overall delivery of the outstanding actions should be achieved within the original timescales. This area is on track for consideration to be removed as an Annual Governance Statement item in March 2019.</p>		

10. Adult, Health And Wellbeing - Contract And Commissioning Arrangements	Completion Date	Responsible Officer(s)
<p>There has been a large number and value of ongoing contract breaches and waivers occurring within the Adults, Health and Wellbeing Directorate. Some of this is linked to the strategic and transformation plans for the future provision and commissioning of services. However, some other elements have been in breach for lengthy periods of time and now need to be progressed more quickly.</p> <p>ACTIONS: Action has been taken to increase capacity in the team including recruitment to key posts to support this work. Nonetheless significant commissioning activity continues to be undertaken including the Learning Disability Supported Living Service and other housing related support services. Reports recently taken through Cabinet, 27th March 2018, to establish approval to commence procurement processes.</p>	<p>Ongoing throughout 2018/2019</p>	<p>Denise Bann – Strategic Lead Commissioning</p>
<p>Progress update</p>		
<p>No contract breaches have been identified in the first half of the 2018/19 year. Waivers granted to contract procedure rules have been minimal. The Commissioning and Procurement Plan for 18/19 is on track to re-commission the 30 contracts due to expire in this financial year. The progress reported here reflects</p>		

the aim to have all the contracts recommissioned by the 31st March 2019.

11. Data Quality Arrangements	Completion Date	Responsible Officer(s)
<p>Annual Self Assessments across the council for statutory returns have been completed and policy monitoring and eLearning training continues to be monitored. Directors have supported a proposal for additional resources to accelerate improvements of data quality in areas identified as priority for the organisation.</p> <p>ACTIONS: An Action Plan will be developed for 2018/19 which will be delivered and monitored by the Data Quality Working Group, with particular focus on targeted resources to DIPs development and migration, strengthening data quality in the Performance Management Framework and links to GDPR. The SIRO Board will oversee this work and the membership of the group will be widened to cover the planned areas of improvement.</p>	<p>April 2018 and throughout 2018/19</p>	<p>Lee Tillman – Assistant Director of Strategy & Performance</p>
Progress update		
<p>Following the approval of proposals to accelerate data quality improvement, a recovery plan has been implemented to make resources available to carry out this proposal. The Data Quality Working Group and Strategy and Performance Unit proposed that a short-term task-and-finish group will be created for a six-month focused drive on priority data areas, primarily those being migrated into the DIPS system. An additional sub-team will be created for a fixed 18-month programme aimed at building and embedding a culture of improved data quality across the organisation. These sub-teams will be based in the Strategy and Performance Unit. These posts are due to go for recruitment before the end of October 2018.</p> <p>These actions will resolve both the problem with data quality in existing and historical records, and future data quality problems.</p> <p>The majority of the activity is on track for initiation within the agreed timescale. The recruitment for this activity has the potential to delay the start, depending on our ability to attract suitable candidates.</p>		

12. Income management	Completion Date	Responsible Officer(s)
<p>Internal Audit identified weaknesses regarding compliance with the Council's procedures and for monitoring and collecting debt. The first phase of the Income Management project was successfully completed which included a series of focused reviews of targeted areas that delivered improved internal controls/reconciliations.</p> <p>ACTIONS:</p>	<p>APRIL 2018 and throughout 2018/19</p>	<p>Steve Mawson – Chief Financial Officer & Assistant Director of Finance</p>

The next phase of the Income Management project is to focus on reviewing and updating income management policies and procedures plus delivering further training on income management best practices.		
Progress update		
Progress includes - The Income Management Policy has been drafted and in final stages of refinement.		
The Income Management Working Group has been established and has produced an internal Income Management Guidance (which will replace Income Management Section of Finance Manual) that is ready for sign-off. The Training and Communication plans will be established by Income Management Working Group as the next priority. This area is on track for consideration to be removed as an Annual Governance Statement item in March 2019.		

13. Doncaster Children's Services Trust Overspend	Completion Date	Responsible Officer(s)
<p>Doncaster Children's Services Trust (DCST) outturn position for 2017/18 is an overspend of £4.15m. The projected position continued to increase during 2017/18, from £1.6m at quarter 2. The pressures are mainly due to more children in care (45 more in the Care Ladder) and the cost of more complex cases.</p> <p>ACTIONS: To address these issues:</p> <ul style="list-style-type: none"> • The Budget for 2018/19 has been agreed with DCST via their Medium Term Financial Strategy (MTFS); this re-bases the budget to reflect the current care ladder activity and includes a commitment towards significantly reducing the cost base. • A review of costs and the Medium-term Financial Strategy (MTFS) will be undertaken to fully understand the assumptions to deliver the significant savings in 2018/19 and identification of additional savings for 2019/20 and 2020/21. • Close monthly monitoring of the financial position during 2018/19 through the improved governance arrangements, including the provision of clearer transparent financial information. 	Ongoing during 2018/19 (Review of MTFS to be completed by end of June)	Steve Mawson – Chief Financial Officer & Assistant Director of Finance
Progress update		
The major activities completed are the close monitoring of the financial position during 2018/19 to understand the forecast overspends projected of £6m. The monitoring reports have been improved to enable clearer financial information to be provided.		
The Council will be progressing a Cabinet decision in October to approve a contract variation of £6m for the additional demand in 2018/19. The financial position will be		

closely monitoring during the remainder of the financial year.

The next activity is to understand the impact of the 2018/19 position on the 2019/20 budget, which will be completed in early November 2018. This will involve reviewing the annual cost of any in-year changes, options for cost reduction and any further cost demand pressures for 2019/20.



Doncaster Council

Report

Date: 25th October 2018

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

INTERNAL AUDIT REPORT FOR THE PERIOD: JULY TO SEPTEMBER 2018

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		No

EXECUTIVE SUMMARY

1. The report attached at **Appendix 1** updates the Audit Committee on the work done by Internal Audit for the period July to September 2018, and shows this in the context of the audit plan for the year. The report includes details on the implementation of internal audit recommendations and the Internal Audit Teams performance information.
2. The attached report is in four sections:
 - Section 1. The Audit Plan / Revisions to the Plan
 - Section 2. Audit Work Undertaken During the Period
 - Section 3. Implementation of Audit Recommendations
 - Section 4. Internal Audit Performance
3. A summary of the main points from each of the sections is provided in the following paragraphs:

Section 1: The Audit Plan / Revisions to the Plan

4. Section 1 of the attached update report shows that 6 new jobs that have been added to the plan or have substantially increased in scope due to anomalies identified. The changes are in response to emerging risks and concerns.
5. Some planned work has been removed from the plan to help accommodate this. Current progress in delivering the audit plan is commented in more detail within Section 2 of this report.

Section 2: Audit Work Undertaken During the Period

6. Internal Audit continues to experience a high level of unplanned work, either in response to requests from management or contingency work identified by Internal Audit. This work is important as it helps to address weaknesses and potential errors and/or irregularities, and Internal Audit's support is generally highly regarded in these circumstances.
7. Details of the work being carried out in this area are included in Section 2 of this report.
8. The audit work done continues to confirm the Council generally has appropriate controls in place and that the controls are operating effectively. More details are provided in paragraph 2.4 and Appendix A of the attached report.

Section 3: Progress on the implementation of audit recommendations

9. There are now 12 overdue major recommendations; these all fall within Adults, Health and Wellbeing. This is a decrease from the number outstanding reported last period of 16 (also, all within Adults). Although originally agreed timescales have not been fully met for some recommendations, there has been significant progress made overall, implementing other major and lower level recommendations.
10. The current high level of outstanding actions result in the majority from audits completed at the beginning of this year and their implementation is being systematically worked through by the Directorate.
11. The current number of audit recommendations outstanding overall is down to 99, (154 July 2018) although 84 (114 July 2018) of these have revised implementation dates that were beyond their original agreed implementation date. This is a good improvement from the position reported in July and demonstrates the commitment by management to press this issue. Further information is set out in Section 3 of the report.

Section 4: Performance Information

12. Performance on four out of the service's six key performance indicators are above target and are currently below target on the other two as summarised below.
13. The percentage of planned audit work completed is still slightly below target. This is due to several factors including:-
 - High levels of responsive work experienced by the team in the first quarter
 - Higher levels of sickness than budgeted for
 - Higher levels of training than budgeted for
 - A greater concentration on Corporate Support
 - A higher degree of follow up work than budgeted for, the majority tasking place in the Adults Health and Wellbeing

14. There is an expectation that that this small under-delivery can be recovered in future quarters but this is dependent on the level of responsive work required to be undertaken by the team. Should this become a problem, then additional resources will be put into the team in line with existing assurances to the Audit Committee and past actions by the Chief Financial Officer. -
15. The percentage of jobs completed within 110% of the time allowed is slightly below target. Results relating to major recommendations and customer satisfaction remain very positive, with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above.
16. Issuing draft reports within 15 days of fieldwork completion is exceeding target as is issuing final reports within 5 days of client feedback on the draft report.

RECOMMENDATIONS

17. **The Audit Committee is asked:**
 - **To note the changes to the original audit plan**
 - **To note the internal audit work completed in the period**
 - **To note progress made by officers in implementing previous audit recommendations**
 - **To note information relating to Internal Audit's performance in the period.**

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

18. Effective Internal Audit arrangements add value to the Council in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough.

BACKGROUND

19. This report provides the Audit Committee with information on the outcomes from internal audit work and allows the Committee to discharge its responsibility for monitoring Internal Audit activity.

OPTIONS CONSIDERED

20. Not applicable - for information only

REASONS FOR RECOMMENDED OPTION

21. Not applicable - for information only

IMPACT ON THE COUNCIL'S KEY OUTCOMES

22. 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.

Outcomes	Implications
<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	
<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	
<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes. 	
<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions 	<p>Effective oversight through the Audit Committee adds value to the Council operations in managing its risks and</p>

<ul style="list-style-type: none"> • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>achieving its key priorities of improving services provided to the citizens of the borough</p> <p>The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.</p>
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RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS [HP11/10/18]

24. 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 [VJB 16/10/18]

25. There are no immediate financial implications associated with this report. In 17/18 additional resources were secured to pay for additional resources to help deliver the audit plan and if this should need to be repeated for 18/19, funding will be identified from existing budgets within Finance.

HUMAN RESOURCE IMPLICATIONS [KG 12/10/18]

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

TECHNOLOGY IMPLICATIONS [PW 15/01018]

27. There are no specific technology implications associated with this report. Work is progressing to procure an upgrade to the latest version of the PNC system for the Alarm Receiving Centre (ARC). ICT receive a monthly leavers report from HR and will ensure that details are passed to the eSystems team to remove Liquid Logic access, where applicable. The overdue recommendation relating to Contract Monitoring Review – Supported Living is being addressed as part of the implementation of the Doncaster Integrated People Solution (DIPS), as outlined in Appendix B. Specific technology implications in relation to Deprivation of Liberty Safeguards and Direct Payments and Personalised Budgets have been provided in separate reports to Audit Committee.

EQUALITY IMPLICATIONS [PJ 11/10/18]

28. We are aware of the Council's obligations under the Public Sector Equalities Duties and whilst there are no identified equal opportunity issues within this report; all of the reports covered by the document will have taken into account any relevant equality implications.

HEALTH IMPLICATIONS [RS 11/10/18]

29. Good governance is important for healthy organisations and for healthy populations. Specific health implications should be addressed through individual audits and action plans.

CONSULTATION

30. There is consultation with managers at the outset, throughout and at the conclusion of individual audits in order to ensure that the work undertaken and findings are relevant to the risks identified and are accurate. Regular meetings are held with Senior Management to ensure there is effective and relevant Internal Audit coverage provided.

BACKGROUND PAPERS

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

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Peter Jackson
Head of Internal Audit

Appendices Attached

Appendix 1 - Internal Audit Progress Report to September 2018



**Doncaster
Council**

Appendix 1

Doncaster Council

Internal Audit Progress Report

July to September 2018

Section 1: Revisions to the Audit Plan

- 1.1. The 2018/19 Audit Plan was approved by the Audit Committee on 5th April 2018. As the audit year progresses, the plan is reviewed to take into account new and emerging risks and any responsive work arising. In the first half of 2018/19 the service has received and responded to a number of responsive work requests and identified several contingent pieces of work (see section 2). These, alongside significant ongoing work within the Adults Health and Wellbeing directorate, have required a review of the plan alongside a review of available resources. Significant amendments to the plan, this quarter, are set out below.
- 1.2. The following jobs have been added to the plan, or significantly increased in scope:
 - National Fraud Initiative – Business Rates Pilot
 - Waste and Recycling Follow Up
 - School Governors Support Service
 - Fraud Insurance Policy review
 - Music Service Payments
 - Income Management Project Support
- 1.3. The following jobs have been deleted from the plan (these will be considered for inclusion in future years plans):
 - A school audit
 - Joint Commissioning Arrangements – CCG
 - Community Adult Learning Disability Team (CALDT) – Process and Governance Review
 - Adult Contact Team – Process and Governance Review

Section 2: Audit Work Undertaken During the Period

Internal Audit Opinion

- 2.1 Internal Audit provides an opinion on the control environment for all systems, services or functions which are subject to planned audit review. The opinions given are taken into account when forming our overall annual opinion on the adequacy and satisfactory operation of the Council's governance, risk management and internal control arrangements at the end of the year.
- 2.2 A "*substantial*" opinion is given where there are no/low levels of concern. A "*partial*" opinion is given where there are issues of concern that need to be addressed but represent a reasonable level of assurance. A "*limited*" opinion is given in any area under examination where one or more concerns of a 'fundamental' nature are identified. A "*no assurance*" opinion is given where the area under review is considered to be fundamentally exposed to critical risks,

although 'no assurance' opinions are rare.

Summary of Findings from Audit Reviews

2.3 Summary conclusions on all significant audit work July to September 2018 are set out in **Appendix A**.

Responsive Audit Work and Investigations

2.4 In addition to our planned assurance work, we also investigate allegations of fraud, corruption or other irregularity and/or error, and respond to requests for assistance from services and functions in the Council. A summary of the significant pieces of work that have been completed or are ongoing is provided below:

Audit Area	Update
Bereavement Services, Stocks and Sales	<p>During previous investigation work it was identified that there are weak controls in this area. This piece of work will ensure that income and stock, in this area are correctly accounted for and adequately protected.</p> <p>This work is at reporting stage</p>
Music Service IR35 Payments	<p>A review of payments being made to individuals through the creditors system (P2P) from routine matches obtained from the National Fraud Initiative (NFI).</p> <p>Internal Audit work is complete and Human Resources are now providing ongoing support.</p>
Social Care Provider	<p>This was a potential significant issue regarding cost of social care incurred either directly by the Council or through Direct Payments.</p> <p>There was no available evidence on which to proceed with any further investigation and discussions with the Police have shown that case has now been closed as none of the authorities involved have any evidence to support the allegations made.</p> <p>Action has been taken to reassess all care needs and care actually provided and paid for. No concerns have arisen from this work and no further action is to be undertaken.</p>
Review of ARC Practices	<p>A review of systems and processes within the Alarm Recording Centre (ARC) has raised concerns about the efficacy and business</p>

Audit Area	Update
	<p>continuity of assistive technology.</p> <p>A new system has been procured and is being installed. Ongoing support is being provided to the appointed Project consultants.</p>
School Governors Support Service	Support and information was provided to management in assessing clerking arrangements to help support a service review of this function
Liquid Logic Access	Assistance from Internal Audit regarding a potential issue with access to the Liquid Logic Children's system and the Early Help module, revealed access rights were not being systematically amended / cancelled when staff leave the authority or change posts.
Doncaster East Internal Drainage Board (DEIDB)	Support is being provided to the Board in finalising a governance review of a major project. Independent consultants have been engaged to support this review and their findings are being assessed by the Board.

Section 3: Implementation of Audit Recommendations

- 3.1 Following the completion of audit work, improvement plans are produced in consultation with service management containing details of actions and dates agreed by management for their implementation. Final reports, incorporating agreed improvement plans, are then formally issued to the appropriate Director, Assistant Director and Head of Service.
- 3.2 Internal Audit subsequently seeks assurance that agreed actions arising from audit work have actually been implemented. This involves contacting the officer allocated to complete the action to obtain evidence that agreed actions have been implemented or, where they have not, that appropriate progress is being made. Where fundamental weaknesses in internal control arrangements have been identified, more detailed follow up work is undertaken.
- 3.3 Any major recommendations that are not implemented in line with agreed timescales are reported as part of the Council's Resource Management processes (previously called the Quarterly Finance and Performance Challenge) and consequently monitored through that process. Major recommendations outstanding are also reported routinely by Internal Audit to the Audit Committee. Additionally, Assistant Directors are provided each month with details of all actions outstanding in their area and these are then reviewed with Internal Audit and the Director and their management teams each quarter.

- 3.4 A summary of overdue major recommendations is provided in **Appendix B**. The number of both major and lower level recommendations that are currently overdue for completion is distributed as follows:

Directorate	Overdue major recommendations 8 October 2018	Overdue lower level rec's 8 October 2018
Adults, Health and Wellbeing	12	46
Regeneration & Environment	0	6
Corporate Resources	0	8
Learning & Opportunities (Children & Young People)	0	6
Council Wide	0	6
TOTAL	12	72

- 3.5 The majority of the Adults, Health and Wellbeing overdue major recommendations listed above are in respect of the audits of the Deprivation of Liberties Safeguards and Direct Payments / Personalised Budgets and are not included in detail within Appendix B but further information is detailed below.

Deprivation of Liberties Safeguards - 5 overdue major recommendations

Solid progress is being made in implementing the actions that arose from the Internal Audit Review of the DoLS processes which resulted in a “No Assurance” opinion. 5 major actions have been implemented in the period as well as a number of lower rated actions. There has been some slippage in the 5 outstanding major actions but steps to rectify the situation are in hand and no extended timescales are considered to cause a fundamental problem for the service. A detailed positive report has been provided to the October Audit Committee on this area.

Direct Payments / Personalised Budgets Follow Up – 5 overdue major recommendations

The newly appointed permanent Head of Service in post has now reassessed priorities in this area and the outstanding audit actions which she has inherited. The actions have been included within a project plan and definitive target dates and responsible officers and resources have been allocated to ensure that these targets will be met. A significant amount of work has been undertaken in the quarter enabling the completion of 2 further major rated outstanding recommendations. All remaining actions are in progress with clear plans in place for their completion. A detailed positive report has been provided to the October Audit Committee on this area.

- 3.6 Both the number of major and lower level recommendations overdue has decreased this period (major recommendations by 4, lower by 26). Internal Audit will continue to rigorously pursuing their implementation with senior management.
- 3.7 The number of audit recommendations currently awaiting implementation is 99 of which 84 have passed their original agreed implementation date. In the main this is due to the high number of recommendations arising from the above noted Deprivation of Liberties Safeguards and Direct Payments audits and the previous Safeguarding Adults Personal Assets Team (SAPAT) audit which all became due at the same time. These 3 audits alone are responsible for 49% of the recommendations currently awaiting implementation. Internal Audit are working closely with these sections to promote the timely implementation of these recommended actions.
- 3.8 In this period, extensive work has been undertaken on implementing long overdue outstanding recommendations. The spread of recommendations still awaiting implementation is shown below:

Directorate	Number of rec's at April 2018	Plus New rec's in year	Less Rec's implemented	Number rec's at 8 th Oct 2018
Adults, Health and Wellbeing	43	+157	-130	70
Regeneration & Environment	15	+9	-18	6
Corporate Resources	35	+13	-40	8
Learning & Opportunities (Children & Young People)	8	+29	-30	7
Council Wide	5	14	-11	8
TOTAL	106	+222	-229	99

- 3.9 Our planning process identified the Adults Health and Wellbeing Directorate to require a greater level of coverage than other directorates as was the case in previous years. This consequently results in more audit recommendations being made for this Directorate.

Section 4: Internal Audit Performance

Performance Indicators

- 4.1 The Audit Committee has previously agreed the key performance indicators that should be reported to it relating to the performance of the Internal Audit service. The indicators are shown below along with current performance for the period July to September 2018:

Performance Indicator	Target	July to Sept 2018	Variance (positive is good)
Percentage of planned audit work completed	50%	43%	-7%
Draft reports issued within 15 days of field work being completed	90%	93%	3%
Final reports issued within 5 days of customer response	90%	100%	100%
% of critical or major recommendations agreed	100%	100%	0%
Percentage of Customer Satisfaction Surveys rated Satisfactory or above	90%	100%	+ 10%
Percentage of jobs completed within 110% of budget	90%	83%	- 7%

- 4.2 The percentage of planned audit work completed is still slightly below target. This is due to several factors including:-
- High levels of responsive work experienced by the team in the first quarter
 - Higher levels of sickness than budgeted for
 - Higher levels of training than budgeted for
 - A greater concentration on Corporate Support
 - A higher degree of follow up work than budgeted for, the majority tasking place in the Adults Health and Wellbeing directorate as detailed in Section 3 above.
- 4.3 There is an expectation that that this small under-delivery can be recovered but this is dependent on the level of responsive work required to be undertaken by the team. Should this become a problem, then additional resources will be put into the team in line with existing assurances to the Audit Committee and past actions by the Chief Financial Officer
- 4.4 Results relating to major recommendations and customer satisfaction remain very positive, with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above.
- 4.5 Issuing draft reports within 15 days of fieldwork completion is at 93% and issuing final reports within 5 days of client feedback on the draft report is at 100% which is good performance in this area
- 4.6 The percentage of jobs completed within 110% of the budget is slightly below target but this is anticipated to improve.

Summary of Planned Audit Work Completed in Period

APPENDIX A

Audit Area	Assurance Objective	Final Report to Mgmt.	Overall Audit Opinion	Summary of Significant Issues
CORPORATE RESOURCES– Nothing to Report				
REGENERATION AND ENVIRONMENT				
Highways – Integrated Block Grant	Grant certification. Confirm expenditure and that it is in keeping with the conditions of the grant.	Completed 07/09/18	No report, grant certification only	None
Homes and Communities Agency Grant (HCA)	Grant certification. Confirm expenditure and that it is in keeping with the conditions of the grant.	Completed 21/09/18	No report, grant certification only	None
Local Financial Transaction Processing – Town Centre and Markets	This review aims to ensure that proper financial transactional processing is being undertaken and that there is compliance to both Financial Procedure Rules and Corporate Procedure Rules.	25/06/18	Substantial Assurance	None

Business Investment Incentive Scheme – Anti Fraud and Financial Admin	To assess anti fraud and financial controls to ensure the risk of financial loss is minimised.	17/09/18	Partial Assurance	Further improvements in transparency to be made by ensuring meeting minutes are taken for all meetings, particularly recording justifications for actions taken / decisions made and the prior declaration of any officers' personal interest in any project to be discussed. Hospitality events accepted to record a detailed justification of reason for acceptance.
Tourist Information – Cash Handling	To ensure all cash collected is adequately recorded, retained securely and banked promptly.	07/09/18	Partial Assurance	Daily reconciliation records of cash takings to cash receipt / till records were not clear and did not show a full reconciliation of income received. Audit trails were poor and a number of errors were identified.
ADULTS AND COMMUNITIES				
Troubled Families Grant	Grant certification. Confirm expenditure and that it is in keeping with the conditions of the grant.	Completed 31/07/18	No report, grant certification only	None

Local Financial Transaction Processing – Museums	This review aims to ensure that proper financial transactional processing is being undertaken and that there is compliance to both Financial Procedure Rules and Corporate Procedure Rules.	10/07/18	Substantial Assurance	None
Adult Family and Community Learning & Apprenticeships	Advice and consultancy support following the identification that both the Apprenticeship cohort and the Education and Training had fallen below the threshold for the required minimum standard, creating a risk of grant clawback.	Completed 12/09/18	No report, advice and support only	None
Thorne Library – Cash Handling	To ensure all cash collected is adequately recorded, retained securely and banked promptly.	10/09/18	Substantial Assurance	None
Deprivation of Liberties, Follow Up	Assurance that weaknesses in process previously identified have now been addressed effectively.	To Audit Committee 25/10/18	N/a. Follow Up Work only	Whilst there are still some actions remaining and there is ongoing work for the team, it is felt that sufficient improvement has been made to remove this area from the “critical list”.
Direct Payments Follow Up	Assurance that weaknesses in process previously identified have now been addressed effectively.	To Audit Committee 25/10/18	N/a. Follow Up Work only	Whilst there are still some actions remaining and there is ongoing work for the team, substantial improvements have been made in this area

LEARNING AND OPPORTUNITIES:CYP				
Adult Family and Community Learning & Apprenticeships	Advice and consultancy support following the identification that both the Apprenticeship cohort and the Education and Training had fallen below the threshold for the required minimum standard, creating a risk of grant clawback.	Completed 12/09/18	No report, advice and support only	None
COUNCIL WIDE				
Ethical Governance – Support to Governance Group	To ensure that the Council overall governance arrangements include an up to date and relevant (to all disciplines) ethical policy / framework supported by key individual policies, procedures and guidance.	24/09/18	N/A	None

Overdue Major Recommendations

APPENDIX B

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
ADULTS AND COMMUNITIES						
Solar Centre	The DMBC / RDaSH contract for the provision of services at the Solar Centre ended March 2013 with a CPR Waiver to extend for 1 year. However, actual service provision is still ongoing which is a breach of CPR's.	Penalties for non compliance with EU Procurement Regulations. Best value is not obtained.	Allocate responsibility; produce a clear project plan with timescales, report to and challenge by each DLT.	30/06/18	30/11/18	Assistant Director responsibility and a Project Lead is in place. A Joint Project Board (Senior Leadership Team and all partners) meets regularly and is responsible for monitoring the project plan and unblocking problems. Slippage against the Project Plan has occurred A revised Implementation Plan is currently being developed.
Contract Monitoring Review - Supported Living	The CareFirst system is not currently capable of being used to record service delivery and associated payment. A project is currently being progressed under the Council's	Changes to client related data may not be updated on a timely basis by both the Council and the CCG. This issue is	As part of the scope of the CareFirst project the intention is to move all elements of care packages onto CareFirst which will include Service Provider payment	31/05/18	31/07/19	A decision was taken in March 2018 that due to a number of issues linked in the main to data quality and the implementation of the DIPs system, that it would not be possible to move the care packages onto CareFirst. The Board agreed that all

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	Digital Transformation Programme, which should address this issue.	reinforced as at the 21st July 2017, circa £2.4M of debt was in the process of being recovered from the CCG, of which circa £1.3M related to Supported Living.	processes. Progression of the project will be closely monitored in order to ensure that project deliverables are met including improved payment processes.			elements of care packages, including the service provider payment process would now be included in the new IT system which was procured in June 2018 with an implementation date of July 2019. Interim arrangements continue to be reviewed
Occupational Therapy Service	The Occupational Therapy Service has previously recognised that their current operational and strategic management arrangements require improvement and have embarked upon a review / re-engineering exercise of the Service in order to identify any	Strategic plans and priorities may not be achieved. Service improvements may not materialise as required	The Acting Head of Service, Adults Safeguarding & Specialist Team will provide assurance that the review of the Occupational Therapy Service will be completed and outline a revised expected timeframe.	30/06/18	31/12/18	There are many improvement actions within this service which are captured within the Rapid Improvement Plan (RIP) for the Occupational Therapy Service. The RIP is subject to strong oversight from the Directorate leadership team. Once substantial progress has been made with the RIP this action will be assessed for completion/downgrading.

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	<p>service improvements. As at the time of the audit the review had not been finalised although an Interim Report dated May 2017 had acknowledged major improvement areas</p>					



Doncaster Council

Report

Date: 25th October, 2018

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

Relevant Cabinet Member(s)	Wards Affected	Key Decision
n/a	n/a	No

PREVENTING AND DETECTING FRAUD AND ERROR – October 2017 to September 2018

EXECUTIVE SUMMARY

1. This attached Report summarises the work done by the Council during the period October 2017 to September 2018 to prevent, detect and investigate fraud and corruption in line with the Government’s *Fighting Fraud and Corruption Locally Strategy*, minimise errors whether caused by fraud or not.

2. The report shows that the overall incidence of fraud remains very low in general terms, taking into account the scale of the Council’s activities. Proactive counter fraud activities to prevent and detect fraud and error early continue to be a big focus in the Council’s strategy, and the results of the proactive activity now surpass the results of reactive, referral based investigative work.

3. Fraud and error highlighted in the report include:
 - 1120 Council Tax Single Persons Discounts cancelled **£280,500**

 - 8 prosecutions, 19 cautions / warnings and 11 pending cases relating to blue badge fraud. ----

 - Housing Benefit – the reinstatement of recovery proceedings for 176 historic benefit overpayment cases after further information was obtained on the claimant. **£27,331**

4. Additionally, proactive checks by the Council have prevented (or recovered) duplicate invoice payments of £478,977.

EXEMPT REPORT

5. This report is not exempt.

RECOMMENDATIONS

6. The Audit Committee is asked to support the production of the Fraud Response Report and agree to appropriate publicity being produced to highlight the outcomes from the Council's anti-fraud activity and to act as a deterrent to fraud.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. Fraud and corrupt activity divert scarce resources away from Council services. The cost the tax payer money that could have been used for the benefit of local citizens. Maintaining a strong counter fraud stance helps to minimise fraud losses and deter fraudulent activity

BACKGROUND

8. The production of an annual fraud response report, which details the work done to counter fraud and corruption, is in line with good practice recommended by CIPFA. Doncaster Council aims to foster a zero tolerance approach to fraud and seeks to educate staff on identifying fraudulent behaviour, educate managers to assess the risks of fraud in their areas and to detect and investigate fraud where it is identified. The Council's commitment to combatting fraud and corruption is contained in the Anti-Fraud and Corruption Framework which is approved by the Audit Committee.

OPTIONS CONSIDERED

9. Not applicable

REASON FOR RECOMMENDED OPTION

10. Not applicable

IMPACT ON THE COUNCIL'S KEY OUTCOMES

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none">• Better access to good fulfilling work• Doncaster businesses are supported to flourish• Inward Investment	No implications.

	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<p>Fraud and error reduces the money available to the public purse and, therefore, has an impact on the Council's ability to provide services and develop Doncaster for its citizens.</p> <p>Blue badge fraud has a direct negative impact on the available parking spaces in the town centre for individuals with reduced mobility.</p>
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>No implications</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	<p>No implications.</p>
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money 	<p>Error and fraud against the Council directly affect the public purse by reducing the amount of monies available to the Council to provide services and improvements for Doncaster citizens.</p>

	<ul style="list-style-type: none"> • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	
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RISKS AND ASSUMPTIONS

11. Failure to address fraud and corruption risks causes:-

- reputational damage to the Council from fraud and corrupt practices;
- diverts scarce resources away from priority services to the detriment of our citizens.

LEGAL IMPLICATIONS [Officer Initials...HMP..... Date...4.10.18.....]

12. The Council is obliged to minimise the loss of resources resulting from fraud and corruption. It is also obliged to publish the data in this report under the requirements of the Transparency Agenda. This information will be published on the Council's website.

FINANCIAL IMPLICATIONS [Officer Initials AT Date 03/10/2018, revised 15/10/18]

13. The costs of the publicity to highlight anti-fraud work of the Council will be met from existing budgets and so will not put further pressure on the Council's budgets.
14. Failure to minimise and effectively deter and combat fraud and corruption detracts from Council funds and therefore Council service delivery at a time of increased budgetary pressure and service demands, as the examples highlighted below reflect.
15. The cancellation of Single Person's Discount of £281k has meant the Council Tax element of the Collection Fund is estimated to increase and will provide an on-going benefit to the Council. The Council is seeking to recover £27k from over-paid housing benefit which if recovered will provide a one-off benefit to the Council. £478k of payments were prevented from being incorrectly paid or have been recovered, which would have otherwise have put further pressure on the Council's revenue budget.

HUMAN RESOURCE IMPLICATIONS [Officer Initials...KG..... Date...10/10/18.]

16. Whilst there are no resource implications directly caused by this report, there are implications for Human Resources where employees undertake fraud, (or are alleged to have undertaken). In these cases, Human Resources are involved in all investigations to ensure that these are conducted properly, and appropriate and timely action is taken against the employee.

TECHNOLOGY IMPLICATIONS [Officer Initials...TB Date...03/10/18]

17. There are no technological implications as per the attached.

HEALTH IMPLICATIONS [Officer Initials...RS..... Date.....02/10/2018.....]

18. There are no direct health implications in this report. Effective audit and governance should contribute to improved health and wellbeing by maximising the effectiveness of public spending. Preventing and detecting fraud and error is a contributor to good governance.

EQUALITY IMPLICATIONS [Officer Initials NFW - Date02/10/18]

19. Every citizen in Doncaster is affected by fraud both as a result of fraud committed against them and fraud committed against the Council. Whilst every citizen is affected, fraudsters generally target citizens with protected characteristics such as the young, the elderly, those with mental health issues or those with learning disabilities. Similarly, reductions in the Council's spending power as a result of fraud and error reduce monies available to support Doncaster Citizens. Whilst every citizen is again affected by this, groups with protected characteristics are the most vulnerable to these affects as they access a higher proportion of Council services.

CONSULTATION

20. None

BACKGROUND PAPERS

21. The Council's Anti-Fraud and Corruption Framework (available on the Council's website and approved by the Audit Committee).

REPORT AUTHOR & CONTRIBUTORS

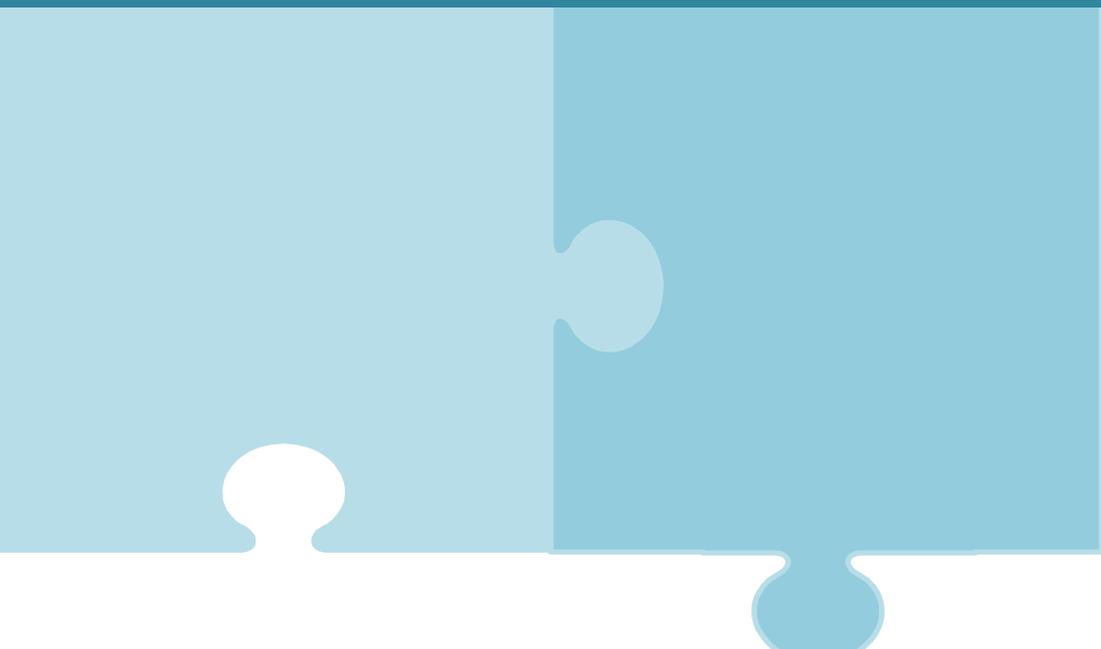
Nicola Frost-Wilson, Internal Audit Manager,
Tel 01302 862931 E-mail – Nicola.Frost-Wilson@Doncaster.gov.uk

Appendices

Appendix 1 – Preventing and Detecting Fraud and Error – October 2017 to September 2018

Steve Mawson
Chief Financial Officer and
Assistant Director of Finance

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Doncaster Council

Preventing and Detecting Fraud and Error Report

October 2017 to September 2018

Introduction – The Overall Picture



Doncaster Council is committed to protecting the public purse and preventing (and detecting) fraud and corruption against public monies.

The nature of the Council is constantly changing. This means that the Council's approach to counter fraud work is constantly under review. New initiatives (both internal and external) are continually sought and we actively participate in pilot exercises where appropriate.

The investigation of fraud within the Council is not centralised and is carried out by Internal Audit Services mainly but additional investigative work is undertaken within Parking Enforcement in respect of Blue Badge fraud and within Revenues and Benefits in respect of Council Tax and occasionally Business Rates.

This report documents the Council's activities in respect of fraud prevention, detection and pursuit and reports on both proactive counter fraud work and responsive investigative work. Our strategy in this respect is documented in the Council's Anti-Fraud and Corruption Framework which is available on the Council's internet site at <http://www.doncaster.gov.uk/>. Our strategy is aligned to the Government's Fighting Fraud Locally 2016-2019 strategy (shown visually below).



Information within this report is required to be published under the Government's Transparency Agenda.

The Overall Picture

The Council remains exposed to fraud risks but is consciously aware of them and their effects and takes proactive steps to prevent and detect fraud across the Council.

The overall level of fraud experienced by the Council remains very low for a council of this size and proactive detection and data matching is helping to further mitigate any such risks. Because each of our activities is different, consolidating everything into one set of figures is not appropriate. Instead, KEY STATISTICS boxes against all activities give information on the success (and context) of each of our activities individually.

The remainder of this report documents our counter fraud and investigative activities for the period October 2017 to September 2018.

Counter Fraud Activity – Acknowledge

The shape and activities of the Council are constantly changing to keep pace with the changes in economy, society and political environmental within the UK. These changes represent risk both in terms of business risks and in fraud risks that must be taken into account to effectively tackle fraud and corruption.



Roles and Responsibilities

- *The Council has a duty to protect the public purse in all of its activities.*
- *The Council's Anti-Fraud and Corruption Framework outlines the roles and responsibilities across the Council in fraud matters.*
- *Internal Audit remains a key player in the investigation, prevention and detection of fraud.*
- *It remains the responsibility of managers throughout the Council to implement robust controls that prevent and detect fraud where it occurs.*

- *The Council has a Fraud Risk Register that is in use that is currently maintained by Internal Audit. This is a very comprehensive list of fraud risks containing 30 different fraud risks.*
- *Overall risks are being re-reviewed across the organisation during quarters 3 and 4 of 2018/19.*
- *New and emerging fraud risks are added to the register and risk assessed as they are uncovered locally and across the sector.*



Fraud Risks

Money Laundering



- *The Council has updated its Money Laundering Policy which was approved at Audit Committee in July 2018.*
- *Training for these updated arrangements has been designed as electronic e-learning training and is due for roll out in October 2018.*
- *Staff involved in the collection of income, property sales, treasury management, financial management and other similar fields will complete the new training.*

Counter Fraud Activity– Prevent and Detect

The Council aims to prevent fraud through robust internal controls and governance arrangements controlling how the Council is run. These arrangements are the subject of audit reviews and are reported regularly to the Audit Committee.

Detection, however, comes in the forms of many different initiatives.



The National Fraud Initiative

The Council actively participates in the NFI annually run by the Cabinet Office. It matches the data of over 1300 public and private sector bodies in order to identify data conflicts and anomalies that could be fraud or error for investigation. This is a significant piece of work for the council.

NFI matches are released annually although the data checks run follow a 2 year cycle.

The previous cycle for the 2016/17 financial year has now come to an end and was reported in the 2017 Preventing and Detecting Fraud and Error report. In 2017/18, only Council Tax based reports were released.

The Council has alternative methods for detecting Council Tax fraud and error. Whilst the Council participates in the match nationally (as is the requirement), results are sample checked to ensure that the issues identified by the NFI were being detected by our internal works. Due to this, the results shown here show no fraud or error detected. Any such detections will instead appear under the heading “Council Tax Single Person Discount Reviews”.

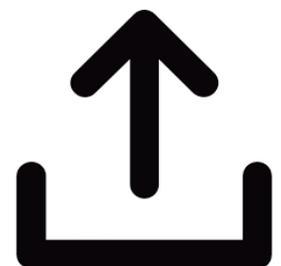
Key Statistics

Reports Released	2
Total Matches Released	4867
Completed Matches	0
Review Not Needed	4867
Matches to Review	0
Number Resulting In Issues	0

The 2018/19 NFI Exercise

The 2018/19 NFI exercise starts in October 2018. Data collections are being made for the following data sets:

- Blue Badge parking permits
- Creditor payment information
- Housing tenant information and housing waiting list information
- Market trader information
- Personal budget recipient information
- Pensions and payroll information
- Right to buy information
- License information (taxis and personal alcohol licenses)
- Private supported residential care home information.



Information on the National Fraud Initiative is available on the Council’s website at www.doncaster.gov.uk or by searching the www.gov.uk website for the full information on the initiative, data used and how it is operated.

Counter Fraud Activity– Prevent and Detect



Blue Badge Fraud

Blue badge fraud occurs where individuals misuse use a blue badge (issued to someone with reduced mobility). This can include the use of badges by family or friends where the disabled person is not present or the use of badges where the individual the badge was issued to is now deceased.

Blue badge fraud reduces the Council's parking revenue and takes up valuable spaces for less mobile and / or elderly persons.

Operations are currently planned for the remainder of this year to detect further cases and act as a deterrent to other badge holders / badge users.

Key Statistics

Result		Fine including awarded court costs
Caution	7	
Written Warning	12	
Prosecuted	8	£3043
Ongoing cases	11	Not yet available

Housing Benefit Overpayments

Housing benefit overpayments occur for a variety of reasons for example through error or fraud by the claimant, error or fraud by the landlord or the agent, a change to entitlement that is not reported or delays in reporting changes to circumstances for the claimant. Most overpayments happen because there has been a change in the claimant's circumstances that was not communicated to the Council or was communicated late. Housing benefit fraud happens when these changes are deliberately not reported.

Regardless of the cause, the Council pursues all eligible housing benefit overpayments. (This is any amount which has been paid to which there was no entitlement).

Regardless of the cause, the Council pursues all eligible housing benefit overpayments. (This is any amount which has been paid to which there was no entitlement).

In April 2018, the Department for Work and Pensions implemented the Housing Benefit Debt Service (HBDS) project. The service provides local authorities with a solution that allows access to real time employment and income information to help with the recovery of Housing Benefit debt via Direct Earning Attachments (DEAs – this is where a specified proportion of the earnings income of the debtor is paid to the Council to repay the debt). The new service also has the ability to locate debtors who have changed address since the debt was created.



Key Statistics

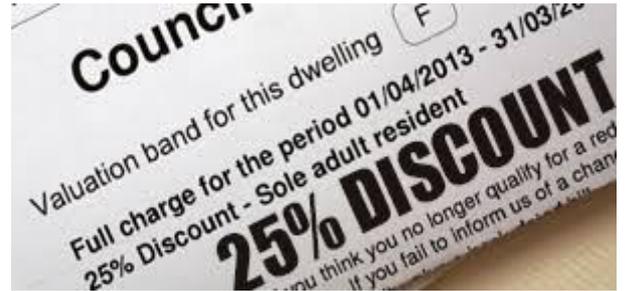
Records Requested	1082
Direct Earning Attachments	390
New Invoices Produced	176
Value	£27,331

Large amounts of debt, some dormant for many years, are now back in recovery nationally due to local authorities now having the access to real time employment and income information allowing recovery through these Direct Earning Attachments. Doncaster Council is actively participating in this project and has reinstated debt for recovery to the value of £27,331.

Counter Fraud Activity– Prevent and Detect

Single Persons Discount Reviews

The Council carries out a 12 month rolling review of single occupier discounts in a bid to ensure only those entitled receive a discount. This is done with a view to reviewing the discounts in place and identifying and correcting fraud or error within the Council Tax base.



The rolling review targets the borough by postcode issuing review letters to each of the claiming households. These letters prompt individuals to notify us of changes in circumstance that may otherwise have been missed. Where individuals do not respond to the review letter within the specified timescale, discounts are cancelled.

Single Person Discount is currently applied to around 30,000 non benefit households in the Doncaster area with an average cost (based on a Band A property) of £250 per claiming household (for a full year).

In the 12 months ended September 2018, 1120 single persons discount cancellations have been effected. This represents a cancellation of 5.3% of the accounts reviewed.

This is estimated to bring in £280k of additional income to the Council (this is estimated based on the cancelled discount of a Band A property remaining cancelled for 1 year).

Key Statistics

**October 2017 to
September 2018**

Households reviewed	21,033
Cancelled discounts	1,120
Estimated value of cancellations	£280,500

Local Authority and DWP Joint Fraud Investigations

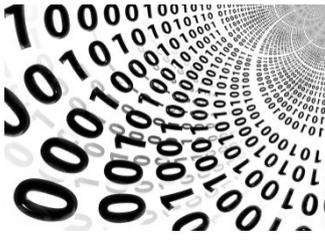
Since the implementation of SFIS (the Single Fraud Investigation Service) all Social Security benefit fraud has been investigated by the Department of Work and Pensions (DWP).

Council Tax Reduction Scheme fraud (CTRS) is not a social security benefit and is, therefore, not considered in any criminal investigation by SFIS. However, there is a high degree of correlation between those committing social security benefit fraud and those also committing council tax reduction scheme fraud. Joint working between councils and the DWP enables those committing both types of fraud to be dealt with under 1 combined investigation.

After a successful pilot stage of joint investigations, it is now proposed to roll out joint working throughout local government. Doncaster have signed up to this initiative and should commence joint investigations by May, 2019.



Counter Fraud Activity– Prevent and Detect



Internal Data Matching Initiatives

Doncaster Council holds lots of information in lots of different information systems. This information can be analysed and cross matched in order to detect fraud and error. 2 different initiatives have been undertaken during the year. These are highlighted here.

Creditor Invoice Matching

The Council runs software on a daily basis against invoices paid (or due for payment) to prevent and detect any possible fraudulent (or more likely duplicated) invoices. These results are worked through by the Council's Accounts Payable team and payments cancelled or recovered as appropriate.

The statistics included here include preventions / recoveries from the Council, St Leger Homes and the Doncaster Children's Trust. This is due to the fact that all of these partners use the same system to prevent, detect and record fraud and duplications.

Key Statistics

	<u>No of Invoices</u>	<u>£</u>
Prevented payments	72	£356,771
Recovered Overpayments	12	£122,206

Payroll to Creditors Matching

Internal Audit run data comparisons on a monthly basis between Payroll and Creditors data in order to detect employees who are incorrectly remunerated through the creditors system or conflicts of interest that are improperly managed and could expose the Council to fraud.

Conflicts of interest occur when the activities of the employee conflict with the activities of the Council or service area. Not all matches will reveal an actual conflict of interest, but where they exist, these can be exploited to the detriment of the Council. It should also be noted that other payments are also routed through the creditors system which occasionally match to employees. These are payments such as direct care payments and are excluded from our investigations.

Key Statistics

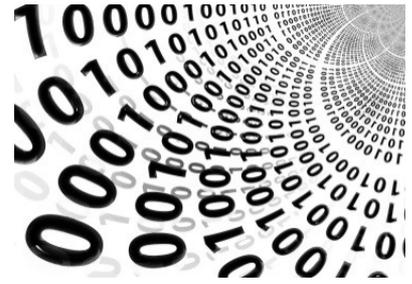
Matches to be reviewed	1046
Under review / investigation	31
Completed Reviews (Oct 17-Sept 18)	<u>717</u>
<u>Of Which:-</u>	
Other Payment - No issue	104
Match correct but no actual conflict detected	602
Conflict of Interest (Now Resolved)	<u>11</u>
	<u>717</u>

Resulting matches are investigated and acted on as appropriate.

Housing Tenancy to Council Tax Matching

An exercise was undertaken in July 2017 to match information on housing tenancies to council tax data by Internal Audit Services.

The match attempted to identify discrepancies between the systems worthy of further investigation such as where the Council Tax payer is not listed as a housing tenant (or other person listed as at the address as per St Leger Homes who manage Doncaster Council's housing stock) or where there is a joint tenancy in place where there is a single persons discount in place.



Key Statistics

Total Number of Properties Matched	<u>20073</u>
No of Mis-Matches	2325
No of Matching Records (or excluded records such as emergency temporary housing properties)	17748
<hr/>	
Results	
Referred for Council Tax investigation	87

These matches have now been investigated and where necessary data quality issues have been corrected.

As a direct result of the work, 87 cases were referred for further investigation to determine whether frauds were taking place and correct any Council Tax Reduction entitlement. The results of these further investigations are not yet available.

Counter Fraud Activity– Pursue

The Council aims take action against any fraud that it detects during any of its activities.

The pursuit of individuals responsible for fraud is on 3 main levels.

- 1) Internal pursuit through the disciplinary policy ;
- 2) Civil recovery of any losses; and
- 3) Criminal action where possible through the Police and Courts.



The cases listed here give as much detail as possible under the Data Protection Act. Where a case is ongoing, any information that could prejudice the case has been withheld.

Internal Audit Services has worked on the following cases in the 12 months to the end of September 2018. Values have been quoted where it is appropriate to do so.

Social Care Supplier

The Council received a whistleblow from an external individual reporting potential overcharges being made by a care company for care paid for by Doncaster Council. This whistleblow affected other local authorities and an investigation was launched by the Police. All care payments to the alleged supplier were investigated, however, no evidence of fraud / overcharging was detected and the case was eventually closed by the Police.

Fraudulent Invoices

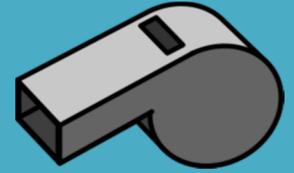
The Council, like any other large organisation, is constantly the target for fraud. Supplier payments are often considered a lucrative and easy target. As a result, fraudsters often target supplier payment systems in their frauds. These range from fake / false invoices submitted in order to illicit payments for goods and services that were never received (or from fake / non-existing suppliers), to attempts to get organisations to change the bank details held against a supplier in order to re-direct legitimate payments to the fraudsters.

The Council has received both types of attempted frauds this year and managed to successfully stop / avoid all but 1 of the attempts made. However, during April / May 2018, the Council fell foul to a bank details change request (known as bank mandate fraud) and changed the bank details on one supplier to that of a fraudster. This resulted in the payment for 9 relatively small invoices, being diverted to the fraudsters (a total loss of £6,531).

A detailed review of procedures was undertaken and the procedures were reinforced to prevent any further exposures. Whilst this issue was reported to Action Fraud, the Council was unable to recover the monies lost.

Raising Concerns

Concerns about fraud and corruption against the Council are always accepted. This section gives details on how these concerns can be referred in for investigation.



If you have any concerns, please report your suspicions as quickly as possible together with all relevant details. Council would prefer you not to provide information anonymously as any subsequent investigation could be compromised if we cannot contact you to help gain a full understanding of the issues. However, we will still consider anonymous information that is received. All reported suspicions will be dealt with sensitively and confidentially.

Blue Badge Fraud Concerns



Blue Badge misuse can be reported on line on the Doncaster Council website at

<http://www.doncaster.gov.uk/report-it>

Benefits Fraud Concerns



Suspected benefits fraud can be reported on line on the Doncaster Council website at

<http://www.doncaster.gov.uk/report-it>



OR

By telephoning the National Benefits Fraud Hotline on 0800 854 440

Other Fraud Concerns

Other concerns can be reported to using any of the methods outlined in the Whistleblowing Policy or by:



Writing to : -

The Head of Internal Audit, Internal Audit Services,
Civic Office, Waterdale, Doncaster, DN1 3BU

Please mark the envelope "CONFIDENTIAL — TO BE OPENED BY THE ADDRESSEE ONLY".



By telephoning the Council's Fraud Hotline on 01302 862931



Doncaster Council

Report

Date: 25th October, 2018

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

EXTERNAL AUDITOR (KPMG) ANNUAL AUDIT LETTER 2017/18

EXECUTIVE SUMMARY

1. The External Auditor Annual Audit Letter for 2017/18 has been issued by KPMG and is attached at Appendix A. The Annual Audit Letter signifies the formal sign off of the audit to the Audit Committee. In signing-off the audit, the letter confirms the external auditor: -
 - a. issued an unqualified opinion on the Council's core financial statements and associated disclosure notes included in the Council's 2017/18 Statement of Accounts;
 - b. concluded that the Council made appropriate arrangements to secure financial resilience and economy, efficiency and effectiveness in the use of its resources; and
 - c. issued an audit certificate to demonstrate that the full requirements of both the Audit Commission's Code of Audit Practice and the Audit Commission Act 1998 have been discharged for the year.

EXEMPT REPORT

2. Not applicable.

RECOMMENDATIONS

3. It is recommended that the Audit Committee: -
 - a. Note the contents of the Annual Audit Letter.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. An unqualified audit opinion on the Council's financial statements and a good Value for Money (VfM) conclusion resulting from the annual audit process indicates that there is excellent internal control in place safeguarding Council resources.

BACKGROUND

5. The Council's 2017/18 accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and the appropriate accounting codes of practice. They were approved by the Council's responsible financial officer and published on the Council's website on the 31st May. This was in line with the statutory deadline of 31st May.
6. The draft accounts were presented to this Committee for information on 21st June 2018 and the audited accounts were presented to this committee on 26th July 2018.
7. The 2017/18 Statement of Accounts received an unqualified audit opinion on 31st July 2018 with the audit certificate being issued on 31st August 2018. This means that KPMG have concluded that the financial statements give a true and fair view of the financial position of the Council and of its expenditure and income for the year
8. There were two adjusted audit differences regarding audit fees and a valuation. The external audit fees note 32 was a presentational amendment to correct the classification of pooling capital receipts work. A revaluation for a school used 2012 figures for Modern Equivalent Asset (MEA) valuation basis. When updated to use 2017 MEA values, a difference of £896,000 was identified. These were adjusted for. All properties valued on MEA basis by the valuer who made the error were checked and no further errors were identified.
9. KPMG did not raise any high priority recommendations – there were two recommendations this year: both Medium priority. One of the recommendations is the same issue as highlighted in the 2016/17 report regarding Universal Housing password controls. The other recommendation relates to the contract with Link Asset Services for Treasury consultancy services.
10. KPMG issued the Council with an unqualified VfM conclusion stating that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

OPTIONS CONSIDERED

11. Not applicable.

REASONS FOR RECOMMENDED OPTION

12. The Council is subject to statutory external audit and performance evaluation by KPMG and must prepare annual accounts.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

13. These are detailed in the table below: -

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>The audited Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p> <p>An unqualified audit opinion from KPMG on the financial statements and supporting disclosure notes, together with an unqualified VfM conclusion assists with the positive reputation of the Council and ensures that strong governance is in place.</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life 	

	<p>focus on the needs and aspirations of residents</p> <ul style="list-style-type: none"> • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	
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RISKS AND ASSUMPTIONS

14. The Annual Audit Letter is reporting on the management of risks by the Council. It is important that effective action is taken in response to any matters raised by KPMG following their audit so as to assure the Committee about effective risk management across the Council. Consideration of this letter from KPMG is a risk management activity.

LEGAL IMPLICATIONS [Officer Initials...SRF...Date...12.09.18]

15. The Council is subject to statutory external audit and performance evaluation by KPMG who have issued an audit certificate to demonstrate that the full requirements of both the Audit Commission's Code of Audit Practice and the Audit Commission Act 1998 have been discharged for the year.

FINANCIAL IMPLICATIONS [Officer Initials...RI...Date...12.09.18]

16. The final fee for the 2017/18 audit was £164,844; for grant certification was £25,035 and for other work was £9,000. This was in accordance with the planned fee.

HUMAN RESOURCES IMPLICATIONS [Officer Initials...RH...Date...26.09.18]

17. There are no specific Human Resources implications related to the contents of this report.

TECHNOLOGY IMPLICATIONS [Officer Initials...PW...Date...17.09.18]

18. As outlined above, KPMG have highlighted issues in both the 2016/17 and 2017/18 reports regarding Universal Housing password controls. This is considered to be low risk as the solution cannot be accessed without logging into the Council network, where good controls are in place. A procurement exercise is also currently underway for a new Integrated Housing Management Solution, the password controls for which will meet the requirements of IT security policies.

HEALTH IMPLICATIONS [Officer Initials...RS...Date...14.09.18]

19. There are no direct health implications in this report. Effective audit and governance should contribute to improved health and wellbeing by maximising the effectiveness of public spending.

EQUALITY IMPLICATIONS

20. This report has no specific equality implications.

CONSULTATION

21. This report has no significant consultation implications.

BACKGROUND PAPERS

22. Following background papers: -

- Statement of Accounts 2017/18 published on the Council website: - <http://www.doncaster.gov.uk/services/the-council-democracy/statement-of-accounts>
- Annual Governance Statement 2017/18
- ISA 260 Report 2017/18

REPORT AUTHOR & CONTRIBUTORS

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**Steve Mawson
Chief Financial Officer
& Assistant Director – Finance**

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Annual Audit Letter 2017/18

**Doncaster
Metropolitan Borough
Council**

—

August 2018

A group of business professionals in a meeting, looking at documents. The image is a close-up, slightly blurred, showing several people in business attire. A woman with dark hair is on the left, looking down. A man with grey hair is in the center, also looking down. A woman with dark hair is on the right, looking down. They are all wearing suits and ties. The background is out of focus.

Section one

Summary for Audit Committee

Summary for Audit Committee

This Annual Audit Letter summarises the outcome from our audit work at Doncaster Metropolitan Borough Council ("the Authority") in relation to the 2017-18 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 31 July 2018. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include the consolidated financial statements for Authority's Group, which consists of the Authority itself and St Leger Homes of Doncaster Ltd.

Financial statements audit

Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £11 million which equates to around 1.5 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

We report to the Audit Committee any misstatements of lesser amounts, other than those that are "clearly trivial", to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £0.55 million for the Authority.

We have identified two audit adjustments with a total value of £0.899 million relating to the revaluation of one school and the classification of the audit fee for pooling capital receipts. The pooling capital receipts adjustment had no impact on the primary statements. The revaluation adjustment resulted in a net increase of £44,700 in the reported deficit on provision of services and a net decrease of £44,700 in the general fund and Housing Revenue Account balance. We also have two unadjusted audit differences with a total value of £8.3 million, in relation pension assets and the treatment of an academy within the Council's asset register.

Our audit work was designed to specifically address the following significant risks:

- **Management Override of Controls** – In line with our audit methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual. There are no matters arising from our work that we need to bring to your attention;
- **Valuation of PPE** – Whilst the Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle, the Code requires that all land and buildings be held at fair value. As part of our work, we have reviewed the approach and assumptions adopted by the in-house and District valuers. Overall we found the valuation methodology and assumptions to be reasonable;
- **Pensions Liabilities** – The valuation of the Authority's net pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We reviewed the processes in place to ensure accuracy of data provided to the Actuary and considered the assumptions used in determining the valuation. We noted that, consistent with many pension funds given the faster close process of Local Government accounts, the actuaries have used estimated investment rates of returns for the last one month of 2017/18, which our work has considered and the difference in actual and estimated investment rates of return has not had a material impact on the value of the pension fund assets and therefore net liability. Consequently, we have raised an uncorrected audit difference of £5.7m in relation to pension assets.

continued overleaf...

Summary for Audit Committee (cont.)

- **Pensions Liabilities (cont.)** – Overall we found the assumptions used by the actuary to be reasonable. In addition as the Council paid some future pension contributions in advance during the financial year, we have confirmed these back to supporting evidence and confirmed the accounting treatment is appropriate;
- **Overstatement of fixed asset values in the balance sheet** – During 2015/16 and 2016/17, when revaluations had been undertaken for componentised assets by the Council’s valuers, the Council had posted the revalued amount all to the building category – rather than splitting this across the building, mechanical and external component values/categories. This has resulted in the assets being overstated by the existing component value. The Council have brought the previous pre-revaluation values for the mechanical and external categories forward to reflect the value that they have historically been held in the asset register. This has resulted in a misstatement of asset values held on the Balance Sheet of approximately £33.5m. This has no impact upon Council Tax and is merely a capital accounting adjustment that will flow through the capital accounts. We have reviewed the council response to the identified overstatement to understand the proposed treatment of the assets in the current and previous years. We have assessed whether we consider the proposed response to be adequate. We have ensured that the correct accounting treatment is made and disclosures comply with the code, including whether the prior period adjustment is correct.

Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

Whole of Government Accounts

We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority’s pack was consistent with the audited financial statements.

Value for Money conclusion

We issued an unqualified conclusion on the Authority’s arrangements to secure value for money (VFM conclusion) for 2017-18 on 31 July 2018. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources. To arrive at our conclusion we looked at the Authority’s arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

Section one:

Summary for Audit Committee (cont.)

Value for Money risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified the following significant matters:

- **Children's Services Trust Overspend** – We noted that the Finance & Performance Improvement Report for Q2 showed a year end forecast overspend of circa £3.0m, of which £1.1m related to the Children's Services Trust. There is a risk that there is insufficient governance of the contract with the independent provider (Children's Services Trust) to verify that the payments deliver value for money. We held conversations with a number of individuals across the organisation including those directly involved in quality, performance and financial management of the contract with the Children's Services Trust. We also reviewed relevant minutes and reporting to both Council and the Audit Committee as well as reviewing and assessing minutes and actions from performance meetings. We noted that there was a clear plan in place for the Children's Trust to take on more of the risk of service moving forwards as they become more established as an entity. We noted that the final outturn position for the Trust was a £4.1m overspend. We also noted observations (evidenced through minute reviews of performance meetings) that the level of information and collaboration being provided by the Trust was improving enabling clearer decisions to be made with regards to resource deployment;
- **Adult Social Care Contracting** – The Transformation of Adults, Health and Wellbeing is a key area of development for the Council in 2017/18. There are a number of expired contracts with adult social care providers which are overdue for renewal by up to 3 years in some cases. We have reviewed the Commissioning Plan introduced during 2017/18 for the Adults, Health and Wellbeing directorate as well as the budgetary reporting and the breaches and waivers reporting that has been presented to Audit Committee. We are encouraged by the Council's ongoing plans to redesign services and to ensure that commissioning of new contracts takes place in a structured, but timely, manner. This recognises that some contracts may continue to operate in breach in the shorter term, however we have been able to see that where this is the case there is a clear rationale in terms of ensuring a sustainable service is delivered into the future. We are therefore satisfied that, given the service redesign plans in place and the values of contract breaches the Council is able to demonstrate that sustainable resource deployment has taken place.

High priority recommendations

We raised no high priority recommendations as a result of our 2017-18 work.

Section one:

Summary for Audit Committee (cont.)

Certificate

We issued our certificate on 31 August 2018. The certificate confirms that we have concluded the audit for 2017-18 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

Audit fee

Our fee for 2017-18 was £164,844, excluding VAT (2017: £164,844). Further detail is contained in Appendix 2.

Exercising of audit powers

We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about.

We have not identified any matters that would require us to issue a public interest report.



Appendices



Appendix 1:

Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter. These reports can be accessed via the Audit Committee pages on the Authority's website at www.doncaster.gov.uk.

Certification of Grants and Returns

This report summarised the outcome of our certification work on the Authority's 2016-17 grants and returns.

External Audit Plan

The External Audit Plan set out our approach to the audit of the Authority's financial statements, including those of the Group, and to support the VFM conclusion.

Interim Audit Report

The Interim Audit Report summarised the results from the preliminary stages of our audit, including the identification of a new significant risk.

Report to Those Charged with Governance

The Report to Those Charged with Governance summarised the results of our audit work for 2017-18 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

Auditor's Report

The Auditor's Report included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

Annual Audit Letter

This Annual Audit Letter provides a summary of the results of our audit for 2017-18.

2018

January

February

March

April

May

June

July

August

September

October

Appendix 2:

Audit fees

This appendix provides information on our final fees for the 2017-18 audit.

External audit

Our final fee for the 2017-18 audit of the Authority was £164,844, which is in line with the planned fee.

Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The planned fee for this work is £25,035 and the final fee will be confirmed through our reporting on the outcome of that work in January 2019.

We charged £9,000 for additional audit-related services for the certification of the Pooling Capital Receipt return, NCTL Teaching Bursary return and Teachers Pension's Agency return which are outside of Public Sector Audit Appointment's certification regime.

Other services

We did not charge any additional fees for other services.

All fees quoted are exclusive of VAT.

External audit fees 2017/18 (£'000)





The key contacts in relation to our audit are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Clare Partridge, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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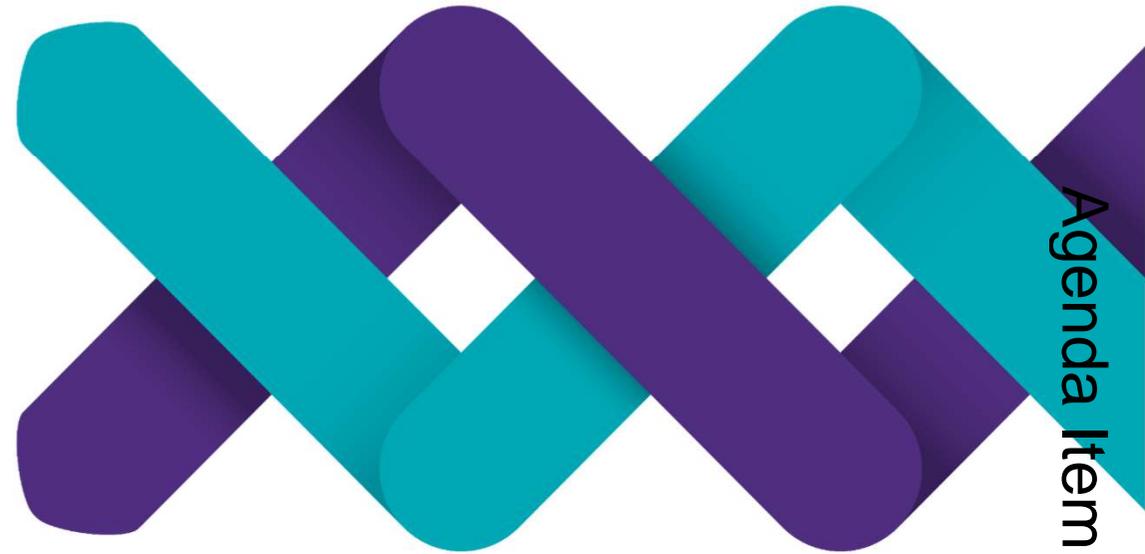
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Audit Progress Report and Sector Update

**Doncaster Metropolitan Borough Council
Year ending 31 March 2019**

3 October 2018



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Introduction



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We are delighted to be appointed as your external auditor and look forward to working with you to ensure you get maximum value from our audit work. We will be pragmatic and actively engage with you throughout the year in an open and transparent manner, ensuring you benefit from our wider insights and observations at all times.

Sarah Howard will be the Engagement Lead for the audit. Sarah has extensive experience of working with Local Government and NHS bodies. Sarah has overall accountability for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.

Perminder Sethi will be the Engagement Senior Manager. Perminder has significant experience of working in public sector audit. Perminder will manage the overall delivery of our audit work during the year.

This paper provides the Audit Committee with an introduction to Grant Thornton and our audit approach, a report on our progress in delivering our responsibilities as your external auditor and a summary of emerging national issues and developments that may be relevant to you.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Sarah or Perminder.

About Grant Thornton



Grant Thornton International Ltd

- One of the world's leading organisations of independent assurance, tax and advisory firms
- Combined turnover of \$4.6 billion
- Over 42,000 people based in over 130 countries.



Grant Thornton UK LLP

- UK member firm of Grant Thornton International Ltd
- Turnover of £534 million
- More than 180 partners, with 4,500 people
- Operates from 26 offices.



What we do

Audit and Assurance

- Audit
- Corporate governance
- Accounting support
- Technical accounting
- Royalty audits
- Cost and Contracts Assurance
- Healthcare Assurance
- Outsourced compliance services

Corporate Finance Services

- Strategic options reviews
- Taxation advice
- Acquisitions advice
- Disposals advice
- Advice on management buyouts, mergers and strategic alliances
- Advice on fund raising
- Capital markets

Recovery and Reorganisation Services

- Control assessment and implementation
- Credit advisory services
- Financial and operational turnarounds
- Liquidity management
- Performance improvement solutions
- Operational assessments
- Runoff
- Supply chain risk management
- Tax recovery
- Tax restructuring

Forensic and Investigation Services

- Expert witness
- Fraud solutions
- Forensic technology solutions
- Insurance claims solutions
- Internet intelligence tools
- Business Risk Services

Taxation

- Corporate tax
- International tax
- Expatriate tax
- IP and WHT planning
- Incentive arrangements
- Employee share schemes
- VAT and PAYE solutions
- Transfer pricing
- Outsourced compliance services

Transaction Advisory Services

- Due diligence
- Pensions and benefits
- Valuations
- Management assessment
- Operations and post deal services

Government Infrastructure Advisory

- Funding advice
- Financial modelling
- Economic advisory services
- Business growth advice
- Service delivery consultancy
- Procurement support
- General financial advisory services for the public sector

Business Risk Services

- Internal audit
- Corporate governance
- Business process Improvement
- Organisational change management
- Technology risk management

Our work in the Public Sector



Grant Thornton
An instinct for growth™

We are the only leading firm to have grown both our NHS and Local Government audit portfolios over the last two years. This achievement makes us the clear market leader in Local Public Audit.

We are the external auditors to:

- approximately 40% of the Local Government sector
- over 30% of the NHS sector.

We have a dedicated Public Sector Assurance team, including:

- over 300 Local Government and NHS audit specialists
- over 30 Accredited Public Sector Engagement Leads, more than any other firm
- the largest single CIPFA employer in the country.

Locally we have been appointed as the auditors to a number of bodies in Yorkshire, including Rotherham MBC, Leeds City Council, Barnsley MBC, Kirklees MBC, Ryedale District Council, South Yorkshire Police, West Yorkshire Police and North York Moors National Park Authority.

Our audit approach at a glance

Smooth transition

- We have extensive experience of transitioning into new clients and will do this at minimum disruption to you.
- We will quickly look to build good working relationships with your team.



Audit planning

- We will meet with key management to identify financial statement and value for money risks.
- We will provide a prepared by client listing and agree a timetable for the audit.



Audit Plan

- Confirms financial statement and value for money risk areas.
- Sets out our audit scope and our responses to assessed risks.
- Formal communication with the Audit Committee.

Interim audit

- We will review key systems and controls.
- We will carry out early work on areas of audit risk.
- We will liaise with Internal Audit, review outputs and assess impact on our work.



Final accounts audit – June to July 2019

- Focused on risk areas.
- IDEA interrogation software utilised to provide efficiency and insight.
- Audit issues and potential adjustments, discussed and cleared with you as they arise.



Audit clearance meeting – July 2019

- Discuss audit issues with management.
- Agree treatment of any unadjusted differences.
- Practical recommendations on systems and controls.

Audit Findings (ISA260) Report – July 2019

- Sets out key audit and accounting issues and how these have been resolved.
- Provides comments on systems and controls, and review of accounting policies; conclusions and judgements.
- Includes the value for money conclusion.



Completion – July 2019

- Finalise audit by 31 July 2019 deadline.
- Obtain Letter of Representation
- Issue opinion covering financial statements and our value for money conclusion.



Feedback from you – Summer 2019

- Debrief meeting with senior finance staff.
- Action Plan to address findings.
- On-line satisfaction survey and/or independent client service review.

Progress as at 3 October 2018

Financial Statements Audit

Sarah and Perminder met with Jo Miller and Steve Mawson on 5 June 2018. This was a useful session to get to meet key management and the issues facing the Council. Over the coming weeks we plan to meet other key officers to help our audit planning and understanding of your key issues.

In August 2018 we commenced handover procedures from the predecessor auditor, KPMG. During October 2018, we anticipate reviewing their 2017-18 audit files and meeting with members of the prior year audit team to gain an understanding of the key issues and risks that impacted both the financial statements and value for money audits.

We will commence our audit planning in October 2018 and we will present our Audit Plan to the Audit Committee in the New Year.

Our interim audit is expected to take place in February and March 2019 and our final accounts audit will take place in June and July 2019. Actual timings will be confirmed with the finance team in due course.

Our findings from the year-end audit will be reported to you in the Audit Findings ISA260 Report by 31 July 2019.

In August 2019 we will produce an Annual Audit Letter summarising our work for the 2018-19 year.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We will make our initial risk assessment to determine our approach and report this to you in our Audit Plan in the New Year.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2019.

Other matters

Meetings

We met with the Chief Executive and Chief Financial Officer in June 2018 and will continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events. We will be inviting key finance staff to our annual accounts workshop which is expected to take place early in the New Year.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2018-19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018-19.	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts Audit Plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	January 2019	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Not yet due
Audit Findings (ISA260) Report The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
Auditors Report This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due
Annual Certification Letter This letter reports any matters arising from our certification work.	December 2019	Not yet due

Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

CIPFA consultation – Financial Resilience Index

The Chartered Institute of Public Finance and Accountancy (CIPFA) has consulted on its plans to provide an authoritative measure of local authority financial resilience via a new index. The index, based on publically available information, will provide an assessment of the relative financial health of each English council.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector's views, CIPFA invited all interested parties to respond to questions it has put forward in the consultation by the 24 August.

The decision to develop an index is driven by CIPFA's desire to support the local government sector as it faces a continued financial challenge. The index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure. The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure. The index will also provide a transparent and independent analysis based on a sound evidence base.

The proposed approach draws on CIPFA's evidence of the factors associated with financial stress, including:

- running down reserves
- failure to plan and deliver savings in service provision
- shortening medium-term financial planning horizons.
- gaps in saving plans
- departments having unplanned overspends and/or undelivered savings.

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Conversations with senior practitioners and sector experts have elicited a number of additional potential factors, including:

- the dependency on external central financing
- the proportion of non-discretionary spending – e.g. social care and capital financing - as a proportion of total expenditure
- an adverse (inadequate) judgement by Ofsted on Children's services
- changes in accounting policies (including a change by the council of their minimum revenue provision)
- poor returns on investments
- low level of confidence in financial management.

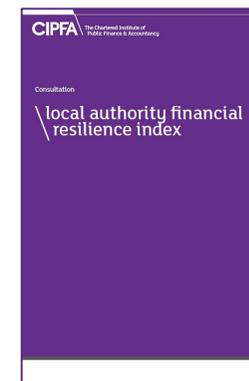
The consultation document proposes scoring six key indicators:

1. The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.
2. The percentage change in reserves, excluding schools and public health, over the past three years.
3. The ratio of government grants to net revenue expenditure.
4. Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.
5. Ofsted overall rating for children's social care.
6. Auditor's VFM judgement.

CIPFA Consultation

Challenge question:

Have members been briefed on the Council's response to the Financial Resilience Index consultation?



MHCLG – Social Housing Green Paper

The Ministry of Housing, Communities and Local Government (MHCLG) published the Social Housing Green Paper, which seeks views on government's new vision for social housing providing safe, secure homes that help people get on with their lives.

With 4 million households living in social housing and projections for this to rise annually, it is crucial that MHCLG tackle the issues facing both residents and landlords in social housing.

The Green Paper aims to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing can be both a stable base that supports people when they need it and also support social mobility. The paper proposes fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it.

To shape this Green Paper, residents across the country were asked for their views on social housing. Almost 1,000 tenants shared their views with ministers at 14 events across the country, and over 7,000 people contributed their opinions, issues and concerns online; sharing their thoughts and ideas about social housing,

The Green Paper outlines five principles which will underpin a new, fairer deal for social housing residents:

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

Consultation on the Green Paper is now underway, which seeks to provide everyone with an opportunity to submit views on proposals for the future of social housing and will run until 6 November 2018.

The Green Paper presents the opportunity to look afresh at the regulatory framework (which was last reviewed nearly eight years ago). Alongside this, MHCLG have published a Call for Evidence which seeks views on how the current regulatory framework is operating and will inform what regulatory changes are required to deliver regulation that is fit for purpose.

The Green Paper acknowledges that to deliver the social homes required, local authorities will need support to build by:

- allowing them to borrow
- exploring new flexibilities over how to spend Right to Buy receipts
- not requiring them to make a payment in respect of their vacant higher value council homes

As a result of concerns raised by residents, MHCLG has decided not to implement at this time the provisions in the Housing and Planning Act to make fixed term tenancies mandatory for local authority tenants.

The Green Paper is available on the MHCLG's website at:

<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>

Social Housing Green Paper Consultation



Challenge question:

What does the Social Housing Green Paper mean for your local authority?



Institute of Fiscal Studies: Impact of ‘Fair Funding Review’

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government’s ‘Fair Funding Review’ is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils’ differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

Accounting for councils’ spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG’s funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of ‘spending needs’ and ‘needs indicators’, and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

Accounting for councils’ revenues

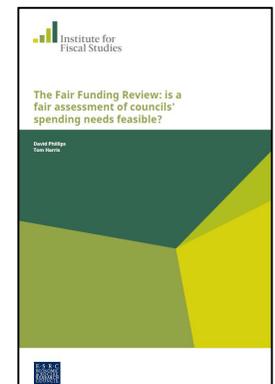
The biggest source of locally-raised revenue for councils is and will continue to be council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.



National Audit Office – The health and social care interface

The NAO has published its latest ‘think piece’ on the barriers that prevent health and social care services working together effectively, examples of joint working in a ‘whole system’ sense and the move towards services centred on the needs of the individual. The report aims to inform the ongoing debate about the future of health and social care in England. It anticipates the upcoming green paper on the future funding of adult social care, and the planned 2019 Spending Review, which will set out the funding needs of both local government and the NHS.

The report discusses 16 challenges to improved joint working. It also highlights some of the work being carried out nationally and locally to overcome these challenges and the progress that has been made. The NAO draw out the risks presented by inherent differences between the health and social care systems and how national and local bodies are managing these.

Financial challenges – include financial pressures, future funding uncertainties, focus on short-term funding issues in the acute sector, the accountability of individual organisations to balance the books, and differing eligibility criteria for access to health and social care services.

Culture and structure – include organisational boundaries impacting on service management and regulation, poor understanding between the NHS and local government of their respective decision-making frameworks, complex governance arrangements hindering decision-making, problems with local leadership holding back improvements or de-stabilising joint working, a lack of co-terminus geographic areas over which health and local government services are planned and delivered, problems with sharing data across health and social care, and difficulties developing person-centred care.

Strategic issues – include differences in national influence and status contributing to social care not being as well represented as the NHS, strategic misalignment of organisations across local systems inhibiting joint local planning, and central government’s unrealistic expectations of the pace at which the required change in working practices can progress..

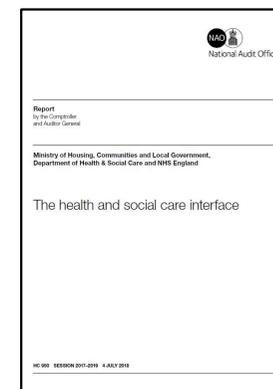
This ‘think piece’ draws on the NAO’s past work and draws on recent research and reviews by other organisations, most notably the Care Quality Commission’s review of health and social care systems in 20 local authority areas, which it carried out between August 2017 and May 2018. The NAO note that there is a lot of good work being done nationally and locally to overcome the barriers to joint working, but often this is not happening at the scale and pace needed.

The report is available to download from the NAO’s website at:
<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

The health and social care interface

Challenge question:

Has the Audit Committee considered the 16 challenges to joint working and what can be done to mitigate these?



The Vibrant Economy Index

a new way to measure success

Our Vibrant Economy Index uses data to provide a robust, independent framework to help everyone understand the challenges and opportunities in their local areas. We want to start a debate about what type of economy we want to build in the UK and spark collaboration between citizens, businesses and place-shapers to make their places thrive.

Places are complex and have an intrinsic impact on the people and businesses within them. Economic growth doesn't influence all of the elements that are important to people's lives – so we shouldn't use GDP to measure success. We set out to create another measure for understanding what makes a place successful.

In total, we look at 324 English local authority areas, taking into account not only economic prosperity but health and happiness, inclusion and equality, environmental resilience, community and dynamism and opportunity. Highlights of the index include:

- Traditional measures of success – gross value added (GVA), average workplace earning and employment do not correlate in any significant way with the other baskets. This is particularly apparent in cities, which despite significant economic strengths are often characterised by substantial deprivation and low aspiration, high numbers of long-term unemployment and high numbers of benefit claimants
- The importance of the relationships between different places and the subsequent role of infrastructure in connecting places and facilitating choice. The reality is that patterns of travel for work, study and leisure don't reflect administrative boundaries. Patterns emerge where prosperous and dynamic areas are surrounded by more inclusive and healthy and happy places, as people choose where they live and travel to work in prosperous areas.

The challenges facing leaders across the public, private and third sector in how to support those places that perform less well. No one organisation can address this on their own. Collaboration is key.

Visit our website (www.granthornton.co.uk) to explore the interactive map, read case studies and opinion pieces, and download our report **Vibrant Economy Index: Building a better economy**.

Vibrant Economy app

To support local collaboration, we have also developed a Vibrant Economy app. It's been designed to help broaden understanding of the elements of a vibrant economy and encourage the sharing of new ideas for – and existing stories of – local vibrancy.

We've developed the app to help people and organisations:

- see how their place performs against the index and the views of others through an interactive quiz
- post ideas and share examples of local activities that make places more vibrant
- access insights from Grant Thornton on a vibrant economy.

We're inviting councils to share it with their employees and the wider community to download. We can provide supporting collateral for internal communications on launch and anonymised reporting of your employees' views to contribute to your thinking and response.

To download the app visit your app store and search 'Vibrant Economy'

- Fill in your details to sign up, and wait for the verification email (check your spam folder if you don't see it)
- Explore the app and take the quiz
- Go to the Vibrant Ideas section to share your picture and story or idea



Supply Chain Insights tool helps support supply chain assurance in public services

Grant Thornton UK LLP has launched a new insights and benchmarking platform to support supply chain assurance and competitor intelligence in public services.

The Supply Chain Insights service is designed for use by financial directors and procurement professionals in the public sector, and market leaders in private sector suppliers to the public sector. It provides users with a detailed picture of contract value and spend with their supply chain members across the public sector. The analysis also provides a robust and granular view on the viability, sustainability, market position and coverage of their key suppliers and competitors.

The platform is built on aggregated data from 96 million invoices and covers £0.5 trillion of spending. The data is supplemented with financial standing data and indicators to give a fully rounded view. The service is supported by a dedicated team of analysts and is available to access directly as an on-line platform.

Phillip Woolley, Partner, Grant Thornton UK LLP, said:

"The fall-out from the recent failure of Carillion has highlighted the urgent need for robust and ongoing supply chain monitoring and assurance. Supply Chain Insights provides a clear picture of your suppliers' activities across the sector, allowing you to understand risks, capacity and track-record. We think it's an indispensable resource in today's supplier market."



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The tool enables you to immediately:

- access over 96 million transactions that are continually added to
- segment invoices by:
 - organisation and category
 - service provider
 - date at a monthly level
- benchmark your spend against your peers
- identify:
 - organisations buying similar services
 - differences in pricing
 - the leading supplier
- see how important each buyer is to a supplier
- benchmark public sector organisations' spend on a consistent basis
- see how much public sector organisations spend with different suppliers

Supply Chain Insights forms part of the Grant Thornton Public Sector Insight Studio portfolio of analytics platforms.

Click on Supply Chain Insights for more information.

Supply Chain Insights

Grant Thornton

Challenge question:

Has the Council considered how our Supply Chain Insight tool can help support your supply chain assurance?



Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>

