



Doncaster  
Council

## Agenda

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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, Civic Office, Waterdale, Doncaster DN1 3BU

**Date:** Wednesday, 26th January, 2022

**Time:** 10.00 am

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**Please Note:** Due to current restrictions arising from the Covid-19 pandemic, there will be limited capacity in the public gallery for observers of the meeting. If you would like to attend to observe in person, please contact Governance Services on 01302 737462 / 736723 / 736716 / 736712 to request a place, no later than **12.00 noon on Tuesday, 25th January 2022**. Please note that the pre-booked places will be allocated on a 'first come, first served' basis and once pre-booked capacity has been reached there will be no further public admittance to the meeting. If you do not notify the Governance Services in advance, you may still be able attend the meeting on the day if there are spaces available, however, this cannot be guaranteed. You are therefore strongly encouraged to contact us in advance, if you wish to attend to avoid any disappointment or inconvenience. Anyone attending the meeting must wear a face covering throughout the meeting and when using all communal areas in the Civic Office, including washrooms and lifts, unless they are exempt or experience discomfort. Face coverings can be removed when speaking.

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**Damian Allen**  
**Chief Executive**

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Issued on: Tuesday, 18 January 2022

**Governance Services Officer for this meeting:** Amber Torrington  
01302 737462

**Doncaster Metropolitan Borough Council**  
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## **Items for Discussion:**

	<b>Page No.</b>
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 November 2021.	1 - 4
5. Audit Committee Action Log.	5 - 10
6. Covert Surveillance - Regulation of Investigatory Powers Act 2000 (RIPA) Update.	11 - 14
7. External Quality Assessment of the Council's Internal Audit Service.	15 - 30
8. Internal Audit Progress Report for the period: October 2021 to December 2021.	31 - 52
9. Progress Report on North Bridge Stores Transformation Project.	53 - 64

## **Members of the Audit Committee**

Chair – Councillor Austen White

Vice-Chair – Councillor Glenn Bluff

Councillor Barry Johnson, Sophie Liu and Dave Shaw

**Co-opted Member:** Kathryn Smart

## DONCASTER METROPOLITAN BOROUGH COUNCIL

### AUDIT COMMITTEE

**FRIDAY, 26TH NOVEMBER, 2021**

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE, on FRIDAY, 26TH NOVEMBER, 2021, at 11.30 am.

#### PRESENT:

Chair - Councillor Austen White  
Vice-Chair - Councillor Glenn Bluff

Councillors Barry Johnson, Dave Shaw and Co-opted Member, Kathryn Smart

#### APOLOGIES:

An apology for absence was received from Councillors Sophie Liu.

#### ALSO IN ATTENDANCE:

Debbie Hogg	- Director of Corporate Resources
Rob Isaac	- Financial Planning & Control Manager
Peter Jackson	- Head of Internal Audit
Faye Tyas	- Assistant Director of Finance
Gareth Mills	- Grant Thornton
Perminder Singh	- Grant Thornton

#### 27 Declarations of Interest, if any

There were no declarations made at the meeting.

#### 28 Minutes of the meeting held on 28th October 2021

RESOLVED that the minutes of the meeting held on 28 October, 2021, be approved as true record.

#### 29 Audit committee action log.

The Committee considered the Audit Committee Action Log which updated Members on the actions agreed during previous meetings. This allowed Members to monitor progress against actions and sure satisfactory progress was being made.

The report stated that all actions were progressing and there were four currently outstanding from previous meetings. These included:-

- Breaches and waivers to the Councils Contract Procedure Rules (Homelessness Accommodation and Service Support waiver)
- Breaches and Waivers to the Councils Contract Procedure Rules – Update of waivers
- North Bridge Stores Transformation Project

- Internal Audit Plan 2021 to 2022

Members noted that two were now completed, with the two remaining scheduled for discussion at the January and April meetings of the Committee.

RESOLVED that the Audit Committee note the progress being made against the actions agreed at the previous meetings.

30 Statement of Accounts and Annual Governance Statement 2020/21 - Draft ISA 260 Report to those charged Governance.

The Audit Committee considered a report, which sought approval of the Statement of Accounts and Annual Governance Statement for 2020/21 as attached to the Appendix to the report and the key issues that the Committee should consider before the External Auditor issues their opinion of the financial statements. The Assistant Director of Finance updated the Members with any further key points to note prior to hopefully being signed off in the coming week.

The Chair and the Committee passed on their thanks to all the Teams within Finance who had worked to complete the audit under stressful circumstances.

Grant Thornton presented the ISA 260 report, detailing the key aspects of the external auditors work for the 2020/21 audit of the statement of the accounts. The Engagement Leads, Gareth Mills and Perminder Singh, highlighted the key headlines from the executive summary and outlined the messages and areas to note.

Members noted that the date of the approval of the Statement of Accounts had this year moved to November as a result of the issues nationwide with regard to the Pandemic. It was hoped that in time that this date would move back to its previous September deadline and the external auditors would keep the Authority informed with any relevant information in terms of this.

Following the presentation of the report and the associated updates, Members were invited to discuss the issues presented and put forward any queries to officers on areas on which they needed further clarity. The Committee were rigorous in their questioning, and officers endeavoured to provide them with the information they required in order to alleviate any concerns.

RESOLVED that:-

- 1) The Audit Committee note the draft external audit ISA 260 report;
- 2) Consider the Letter of Representation included in the draft ISA 260 report and endorse for signature by the Chair of the Audit Committee and the Chief Financial Officer;
- 3) The Committee approve the Statement of Accounts 2020/21;
- 4) The Committee approve the Annual Governance Statement 2020/21 for signature by the Mayor and the Chief Executive;
- 5) Delegate authority to the Chief Financial Officer, in consultation with the Chair, to agree any adjustments to the Statement of Accounts 2020/21, following the completion of the audit by Grant Thornton, should any changes

be necessary, prior to signing by the Chief Financial Officer and the Chair of the Audit Committee.

31 Preventing and Detecting Fraud and Error - October 2020 to September 2021.

The Committee considered a report, which summarised the work undertaken by the Council during the period from October 2020 to September 2021 to prevent, detect and investigate fraud and corruption. The report was positive, and outlined that the overall incidence of fraud remained low across the Council and proactive counter fraud activities to prevent and detect had proven successful.

Members noted that the fraud landscape had changed somewhat in the past year, as a result of the Covid-19 Pandemic, and Faye Tyas, Assistant Director Finance and Section 151 Officer gave assurance to Members that in terms of the grants and during the Council had received in relation to funding, this had been used in the proper manner. It was also noted that in the future, there would be further work undertaken to raise fraud awareness and publicise anti-fraud measures to ensure this remained so.

Following consideration of the report, Members were given the opportunity to comment on the information contained within. A query was raised in terms of the total number of incidents of fraud or error detected and why this appeared considerably higher than the number recovered. It was noted that in many of these instances it was error more than fraud and payments in the region of £108 million were made were checked rigorously but mistakes still occurred. In relation to this, it was queried if in fact a breakdown could be provided to identify these differences. Officers endeavoured to break this down further and feed the information into this in future in order that Members could see more clearly, where things were going awry.

The Chair thanked officers for the report and commented that overall, it demonstrated a lot of positive work had been done, and there were some good achievements to note.

RESOLVED that the Audit Committee support the production of the Preventing and Detecting Fraud and Error 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.

CHAIR:\_\_\_\_\_

DATE:\_\_\_\_\_

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## Doncaster Council

### Report

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26<sup>th</sup> January 2022

To the Chair and Members of the AUDIT COMMITTEE

#### AUDIT COMMITTEE ACTIONS LOG

##### 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. The action log includes one action from the 28<sup>th</sup> October 2021 meeting and one action from the 28<sup>th</sup> April 2021 meeting. There are no actions outstanding from earlier meetings. Of these:
  - One is complete and the remaining item is scheduled for completion at the April 2022 meeting of the Audit Committee

##### 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
  - Comment 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.

## OPTIONS CONSIDERED AND RECOMMENDED OPTION

7. 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

8.

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

	<ul style="list-style-type: none"> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	
	<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes.</li> </ul>	
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	<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

9. 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 [SRF 17/01/22]

10. There are no specific legal implications associated with this report. Where necessary appropriate legal advice can be provided in relation to matters listed in the Appendix to this report.

## FINANCIAL IMPLICATIONS [RLI 13/01/22]

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

## HUMAN RESOURCES IMPLICATIONS [SH 15/01/22]

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

## **TECHNOLOGY IMPLICATIONS [PW 12/01/22]**

13. There are no specific technology implications associated with this report.

## **EQUALITY IMPLICATIONS [PRJ 12/01/22]**

14. 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 12/01/22]**

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

## **CONSULTATION**

16. 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**

17. None

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

18. None

## **REPORT AUTHOR & CONTRIBUTORS**

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**Faye Tyas**  
**Assistant Director of Finance**

# APPENDIX 1

## AUDIT COMMITTEE ACTION LOG – 26<sup>th</sup> JANUARY 2022

Follow-up actions from previous meetings:-

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
<b>Meeting 28<sup>th</sup> October 2021</b>			
<b>Breaches and Waivers to the Council's Contract Procedure Rules</b> – The Head of Procurement was requested to provide details in terms of an indication as to what new waivers were coming into the system and what is in the current system for the next reporting period; as to whether waivers had reduced or had continued to increase	Information requested will be provided within the next report at April's Audit Committee meeting.	Holly Wilson	N – scheduled for April 2022 Audit Committee meeting.
<b>Meeting 28<sup>th</sup> April 2021</b>			
<b>Internal Audit Plan – 2021-2022</b> - The External Auditor and the Head of Internal Audit will meet to discuss what was considered as good practice elsewhere regarding qualitative reporting and also any possible use of Grant Thornton's "Inflow" software.	<p>Meeting held 21<sup>st</sup> June 2021 and further meeting to be scheduled to develop the reporting principles agreed.</p> <p>The use of "Inflow" was discussed and not felt to be of use for the Internal Audit Team</p> <p>Both regionally and nationally, there is a drive to develop better qualitative indicators. A process will be in place for the mandatory completion of a customer survey after every substantive piece of audit work and the ongoing review of indicators will continue</p>	Peter Jackson	Y – arrangements in place for mandatory customer survey for all substantive pieces of audit work from February 2022

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## Doncaster Council

**Date: 26<sup>th</sup> January 2022**

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

### **COVERT SURVEILLANCE - REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE**

#### **EXECUTIVE SUMMARY**

- 1.1 The Council occasionally has a need to utilise covert methods in the investigation of matters for the purposes of detecting and preventing particular crimes. For several years, this power has been utilised by trading standards in the use of covert recordings for test purchases of illicit and counterfeit products such as alcohol, tobacco and branded goods, or for underage sales. The recording negates the need for a child witness to attend court or enables evidence for a dispute over the sale. On such occasions, the Regulation of Investigatory Powers Act 2000 (RIPA) provides a mechanism to make it lawful for public authorities to use directed (i.e. covert) surveillance and covert human intelligence sources ("CHIS") e.g. undercover officers and informants. The Council has a RIPA Policy and Procedures that govern the use of those powers. In addition, the Home Office issues statutory codes of practice on the use of RIPA powers that must be complied with, including requiring elected members to have oversight of the use of RIPA powers and to agree the RIPA Policy/Procedures on an annual basis.
- 1.2 At its meeting held on 27th July 2010, the Audit Committee agreed it should receive reports reviewing the Council's use of RIPA. These reports are brought on a six monthly basis due to the Council's limited use of the RIPA powers. A yearly report and a six monthly update report are brought each year; this is the six monthly update report.

#### **RECOMMENDATIONS**

2. To note that the Council has had one surveillance application authorised under RIPA since the last report to the Audit Committee on the 29<sup>th</sup> July 2021.
3. To note that the Investigatory Powers Commissioner's Office contacted the Chief Executive in November 2021 to discuss arranging an inspection as the last inspection took place on 25<sup>th</sup> March 2019. The date is yet to be

confirmed but copies of our policies, recent authorisations and training details have been provided to the Inspector for his consideration in advance. The outcome of any Inspection will be reported to this Committee.

### **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

5. RIPA policies and procedures ensure that the Council has appropriate arrangements in place to comply with the law relating to RIPA authorisations and Covert Surveillance and that it is properly and lawfully carrying out covert surveillance where it is required.

### **BACKGROUND**

6. RIPA was introduced in response to The Human Rights Act 1998 to ensure that Local Authorities could continue lawfully to carry out Covert Surveillance. The Government also set up the Office of Surveillance Commissioners who regularly inspects Local Authorities. The Office of Surveillance Commissioners has now become part of the Investigatory Powers Commissioner's Office ("IPCO"). The Council has been subjected to six inspections namely in, 2003, 2004, 2009, 2012, 2016 and March 2019.
7. The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 came into force on 1<sup>st</sup> November 2012. This provides that directed surveillance can only be authorised under RIPA where the criminal offence sought to be prevented or detected is punishable by a maximum of at least 6 months imprisonment or would constitute an offence involving sale of tobacco or alcohol to underage children.
8. The Protection of Freedoms Act 2012 also requires Local Authorities to have all their RIPA surveillance authorisations (both directed and Covert Human Intelligence Sources (CHIS)) approved by a Magistrate before they take effect.
9. Trading Standards regularly use directed surveillance for the purpose of their investigations, particularly to undertake test purchasing and subsequent monitoring of suspects and premises to determine methods of sale and supply, frequency of supply, and identity of associates, gathering evidence for enforcement action. One RIPA authorisation was authorised by Magistrates in August 2021 concerning illicit sales at 14 premises. The information obtained will be reviewed and appropriate action taken.

### **OPTIONS CONSIDERED**

10. There are no alternatives considered.

### **REASONS FOR RECOMMENDED OPTION**

11. The update assists in ensuring that the Council has fit for purpose arrangements in place to comply with the law relating to RIPA authorisations, and ensure that it only makes use of those powers where it is necessary and proportionate to do so.

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

12.

	Outcomes	Implications
	Working with our partners we will provide strong leadership and governance.	The work undertaken by the Audit Committee helps to ensure that the systems for RIPA powers used by the Council are overseen ensuring good governance arrangements and compliance with the law and statutory codes of practice.

## RISKS AND ASSUMPTIONS

13. Failing to have a fit for purpose RIPA Policy and Procedures compliant with statutory codes of practice will put the Council at risk of acting unlawfully, having evidence ruled inadmissible in prosecution proceedings, facing complaints to the Investigatory Powers Tribunal and receiving criticism at the next inspection by IPCO. This will cause reputational damage to the organisation

## LEGAL IMPLICATIONS [Officer Initials NC Date: 4/1/22]

14. RIPA provides Local Authorities with the mechanism in which they can lawfully carry out covert surveillance without breaching individuals' human rights under Article 8 of the Human Rights Act 2000. Failure to follow the law and statutory codes of practice in particular cases could lead to any evidence obtained by covert surveillance being the subject of a challenge in subsequent court proceedings, and also would lead to criticism at the next inspection by IPCO.
- The Covert Surveillance and Covert Human Intelligence Source Codes of Practice provide that elected members should consider internal reports on use of RIPA on a regular basis to ensure that the powers are being used consistently with the local authority's policy, and that the policy remains fit for purpose.

## FINANCIAL IMPLICATIONS [Officer PH 20/12/2021]

15. There are no specific implications associated with this report. Any costs to implement the amendments and training will be met from existing budgets.

## HUMAN RESOURCES IMPLICATIONS [Officer Initials RH Date 15/12/21]

16. There are no specific HR implications associated with this report.

## TECHNOLOGY IMPLICATIONS [Officer Initials... PW Date 15/12/21]

17. There are no technology implications associated with this report.

## **HEALTH IMPLICATIONS [Officer Initials RS Date 15/12/2021]**

18. Public Health is in support of this recommendation in order to prevent and / or detect crime and prevent disorder. This recommendation is in the interests of public safety and protection of the health or the public.

## **EQUALITY IMPLICATIONS [Officer Initials NC Date 4/1/22.]**

19. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have 'Due Regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic. There are no specific equality implications arising directly from this report.

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

RIPA: Regulation of Investigatory Powers Act 2000

CHIS: Covert Human Intelligence Source

IPCO: Investigatory Powers Commissioner's Office

## **REPORT AUTHOR & CONTRIBUTORS**

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**Scott Fawcus**  
**Assistant Director**



## Doncaster Council

### Report

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Date: 26<sup>th</sup> January 2022

To the Chair and Members of the AUDIT COMMITTEE

#### EXTERNAL QUALITY ASSESSMENT OF THE COUNCIL'S INTERNAL AUDIT SERVICE

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		No

#### EXECUTIVE SUMMARY

1. The Committee is asked to consider the External Quality Assessment of the Council's Internal Audit Service. It provides the Audit Committee with details of the recent review of the Council's Internal Audit Service conformance with the United Kingdom Public Sector Internal Audit Standards (UKPSIAS). The service provides Internal Audit Services to both Doncaster Council and St Leger Homes of Doncaster and therefore represents the Internal Audit arrangements for both organisations.

#### EXEMPT REPORT

2. The report does not contain exempt information.

#### RECOMMENDATIONS

3. The Committee is asked to note the content of the assessment and approve the action plan.

#### WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. The Council's Internal Audit Service provides audit services to Doncaster Metropolitan Borough Council and St Leger Homes of Doncaster (SLHD). Although presented to Doncaster Council's Audit Committee, this report also provides assurance to the SLHD Board and Audit Committee that the Council's Internal Audit Service is professionally competent to meet their internal audit needs.

The independent assessment of the effectiveness of Internal Audit provides assurance to citizens and the borough that the Internal Audit arrangements contribute effectively to the Council's system of internal control in order to

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manage risks to the required level and helps ensure that resources are being utilised efficiently in providing value for money services.

## **BACKGROUND**

5. PSIAS are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). These are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
6. An external assessment must be conducted at least once every five years. The current assessment represents the second external assessment of Doncaster's Internal Audit Service against these standards, the previous assessment having being undertaken in 2017.
7. The Heads of Internal Audit from four councils within South and West Yorkshire established a 'peer-review' process that is managed and operated by the constituent councils. The assessor is David Webster, the Head of Internal Audit of Rotherham Council and is a qualified CFIIA (Fellow of the Chartered Institute of Internal Auditors UK) and QIAL (Qualified in Internal Audit Leadership, IIA Global) and has over thirty years' experience within internal audit including performing the role of Chief Audit Executive (Head of Internal Audit) within local government for fifteen years.
8. The self-assessment validation comprised a combination of a review of evidence provided by the service; a review of a sample of five completed internal audits; attendance at an Audit Committee meeting; and a series of interviews with key stakeholders, either in person or using MS Teams. A Pulse survey had recently been carried out and this was also utilised as reference material.
9. It is pleasing to report that the assessment has confirmed that Doncaster's Internal Audit arrangements have again received the highest of the three possible ratings within the UKPSIAS standards and Code of Ethics, "Generally Conforms". This means that Doncaster's Internal Audit arrangements regarding its Charter, Policies and Processes are judged to be in conformance with the Standards. This is important as this assessment opinion enables the Doncaster Council & St Leger Homes to have confidence over their internal audit arrangements. It also gives confidence that the annual opinion of the Head of Internal Audit is supported by a professional and competent service and is evidenced based. This assessment supports previous years' self-assessments reported by the Head of Internal Audit which concluded that the service was conforming with the standards.
10. The report additionally notes the following observations identified during the external assessment:
  - (i) It was clear from the interviews with key stakeholders and from the assessment of documentation that the service is valued and makes an active contribution to the improvement of the systems of governance, risk management and internal control. This was borne out by the Pulse survey carried out by the service shortly before this review. The results were overwhelmingly positive, but the service also reviewed the comments to identify any areas of potential improvement.

- (ii) The service is headed by experienced leaders who have a good reputation with stakeholders. Roles and responsibilities are understood and there is regular timely communication of audit assurances, issues and concerns to management and Members.
  - (iii) It is clear that the Core Principles for the Professional Practice of Internal Auditing are embedded in the practices of Doncaster Internal Audit and that it is a competent and professional service that conforms to all ten elements of the Core Principles
  - (iv) It is clear that Doncaster Internal Audit demonstrates integrity, objectivity, confidentiality and competency and have regard to the seven principles of public life as required by PSIAS
11. The Head of Internal Audit has set out his agreed actions in response to the service improvement opportunities action plan. The final action refers to a further plan with nine actions within it. These cover debriefs, customer survey, skills assessment, fraud training, data analytics, procedures, code of ethics, follow-up process and pulse survey actions. Ongoing progress against these actions will be reported to the Audit Committee in the regular internal audit progress updates.

#### OPTIONS CONSIDERED AND RECOMMENDED OPTION

12. There are no specific options to consider within this report as it provides an opportunity for the Committee to review and consider the outcome from the assessment with the UKPSIAS standards.

#### IMPACT ON THE COUNCIL'S KEY OUTCOMES

13.

	Outcomes	Implications
	<p><b>Doncaster Working:</b> 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"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	
	<p><b>Doncaster Living:</b> 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"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> </ul>	

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

## RISKS AND ASSUMPTIONS

14. Internal Audit contributes to and strengthens the effective management of risks in relation the Council's governance and control arrangements.

## **LEGAL IMPLICATIONS [Officer Initials SRF Date 12/01/22 ]**

15. In accordance with S5(1) of The Accounts and Audit Regulations 2015 “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

The work described within this report provides assurance as to the effectiveness of these arrangements

## **FINANCIAL IMPLICATIONS [Officer Initials RLI Date 13/01/22]**

16. There are no financial implications arising from this report.

## **HUMAN RESOURCES IMPLICATIONS [Officer Initials SH Date 12/01/2022]**

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

## **TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 12/01/22]**

18. There are no specific technology implications in relation to this report.

## **HEALTH IMPLICATIONS [Officer Initials RS Date 12/01/22]**

19. Good governance is important for all organisations, and for the council that will contribute to the health and wellbeing of residents and staff. The external quality assessment of the council’s internal audit service provides significant assurance of good governance.

## **EQUALITY IMPLICATIONS [Officer Initials PRJ Date 09/01/22]**

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

## **CONSULTATION**

21. An important aspect of the review involved interviewing key stakeholders including the Chair and Vice Chair of the Audit Committee, the Chief Executive, the Chief Financial Officer and the External Auditors of Doncaster Council. The Director of Corporate Service for St Leger Homes was also interviewed as part of the process.

## **BACKGROUND PAPERS**

22. United Kingdom Public Sector Internal Audit Standards and audit working files.

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

23. UKPSIAS - United Kingdom Public Sector Internal Audit Standards  
SLHD - St Leger Homes of Doncaster  
IIA - Institute of Internal Auditors  
IPPF - International Professional Practices Framework

## **REPORT AUTHOR & CONTRIBUTORS**

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**Faye Tyas**  
**Assistant Director of Finance**

# **External Quality Assessment of Conformance to the Public Sector Internal Audit Standards**

## **Doncaster Metropolitan Borough Council Internal Audit Service**

**December 2021**

David Webster  
Head of Internal Audit  
Rotherham Metropolitan Borough Council

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## **1 Introduction**

- 1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1<sup>st</sup> April 2013, revised in 2016 and 2017). All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, external quality assessments, or a combination of both methods. However, the standards state that an external reviewer must undertake a full assessment or validate the internal audit service's own self-assessment at least once in a five-year period.
- 1.2 The Heads of Internal Audit from four councils within South and West Yorkshire established a 'peer-review' process that is managed and operated by the constituent councils. The peer review process addresses the requirement of an external quality assessment by 'self-assessment with independent external validation', and this report presents the summary findings of the review carried out on behalf of Doncaster Metropolitan Borough Council by the Head of Internal Audit of Rotherham Metropolitan Borough Council.
- 1.3 The assessor is a qualified CFIIA (Fellow of the Chartered Institute of Internal Auditors UK) and QIAL (Qualified in Internal Audit Leadership, IIA Global) and has over thirty years' experience within internal audit including performing the role of Chief Audit Executive (Head of Internal Audit) within local government for fifteen years.
- 1.4 Doncaster Internal Audit has been operating under PSIAS since its launch in 2013 and this is the second external quality assessment that they have commissioned, the previous one being in 2017.

## **2. Background**

- 2.1 Doncaster Internal Audit provides audit services to Doncaster Metropolitan Borough Council and St Leger Homes of Doncaster (SLH). Although presented to Doncaster Council's Audit Committee this report also provides assurance to the SLH Board and Audit Committee that Doncaster Internal Audit is professionally competent to meet their internal audit needs.
- 2.2 The service is managed by the Head of Internal Audit and is made up of 8.41 FTE employees delivering around 1300 productive days, including just under 300 within the fraud plan. In addition, SLH receive 79 audit days. The members of the team are highly experienced within internal audit.
- 2.3 From an operational perspective the Head of Internal Audit reports to the Audit Committee and through the s151 Officer to the Doncaster Leadership Team. These two bodies fulfil the roles of 'senior management' and 'the board' as defined by the PSIAS. He also has direct access to the Council's Chief Executive and Monitoring Officer and the Chair of the Audit Committee. For St Leger Homes the reporting lines are to the Audit Committee and the Director of Corporate Services.

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- 2.4 The service uses Teammate to manage all activities, from overall planning to the completion of individual assignments and the tracking of audit actions. Supervision of assignments takes place at every stage and is recorded in Teammate.

### **3. Validation Process**

- 3.1 The self-assessment validation comprised a combination of a review of evidence provided by the service; a review of a sample of five completed internal audits; attendance at an Audit Committee meeting; and a series of interviews with key stakeholders, either in person or using MS Teams. A Pulse survey had recently been carried out and this was also referred to.
- 3.2 Doncaster Internal Audit provided a comprehensive range of documents that they used as evidence to support the validation of their self-assessment, including the:
- Self-assessment against the standards
  - Annual Report of the HIA
  - Annual Plan
  - Audit Charter
  - Progress and other reports to the Audit Committee
  - Audit procedures
  - Quality Assurance and Improvement Plan
  - A range of documents relating to the team structure and team members
  - Anti-Fraud and Corruption Framework
  - Pulse Survey
  - Scopes and reports for five completed audits
- 3.3 In addition the audit files within Teammate for the five audits were shared online, as were the processes within Teammate for planning, risk assessment and audit action tracking.
- 3.4 The validation process was carried out during October and November 2021. The feedback from all interviewees was positive, which was supported by the results of the Pulse survey.

### **4. Opinion**

- 4.1 The opinion from the review is that the Doncaster Internal Audit Service's self-assessment is accurate and they Generally Conform to the PSIAS.
- 4.2 The guidance gives a scale of three ratings, 'generally conforms,' 'partially conforms' and 'does not conform'. 'Generally Conforms' is the top rating and means that the relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the Standards in all material respects. 'Partially Conforms' means that the activity is making good-faith efforts to comply with the requirements but falls short of achieving some major objectives. This will represent significant opportunities for improvement. 'Does Not Conform' means that the activity is not aware of or is not making good-faith efforts to comply with the Standards, or is failing to achieve many of them. This will have a significant

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impact on the activity's effectiveness and represent significant opportunities for improvement.

- 4.3 This opinion provides assurance to the Audit Committee and SLH and enables them to have confidence in the standard of internal audit provided by the service.
- 4.4 It was clear from the interviews with key stakeholders and from the assessment of documentation that the service is valued and makes an active contribution to the improvement of the systems of governance, risk management and internal control. This was borne out by the Pulse survey carried out by the service shortly before this review. The results were overwhelmingly positive, but the service also reviewed the comments to identify any areas of potential improvement.
- 4.5 The service is headed by experienced leaders who have a good reputation with stakeholders. Roles and responsibilities are understood and there is regular timely communication of audit assurances, issues and concerns to management and Members. Whilst there are suggestions for improvement these do not affect the overall outcome.

## **5. Findings**

### **5.1 Mission Statement and Definition of Internal Audit**

The mission statement and definition of internal audit from the PSIAS are included in the Internal Audit Strategy.

### **5.2 Core Principles for the Professional Practice of Internal Auditing**

It is clear that the Core Principles are embedded in the practices of Doncaster Internal Audit and that it is a competent and professional service that conforms to all ten elements of the Core Principles.

### **5.3 Code of Ethics**

It is clear that Doncaster Internal Audit demonstrates integrity, objectivity, confidentiality and competency and have regard to the seven principles of public life as required by PSIAS. All employees sign a Declaration of Ethical Behaviour every year.

### **5.4 Attribute Standard 1000 – Purpose, Authority and Responsibility**

Doncaster Internal Audit has a Strategy for 2021 to 2024 and an Audit Charter. Together they define the purpose, authority and responsibility of the service in line with the standard. However, some of the required detail was not included so that recommendations have been made to enhance the Charter.

### **5.5 Attribute Standard 1100 – Independence and Objectivity**

The Service reports in its own name and directly to the Audit Committee and s151 Officer. All employees sign a declaration of interest every year. The Head of Internal Audit has direct access to the Mayor, Deputy Mayor, Chief Executive, s151 Officer,

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Chair and Vice-Chair of the Audit Committee. The requirements of the standard are met, but one recommendation has been made to further strengthen the independence of the Head of Internal Audit.

5.6 Attribute Standard 1200 – Proficiency and Due Professional Care

Doncaster Internal Audit has a professional and experienced workforce. The Head of Internal Audit holds a CCAB qualification. The service has staff who are experienced in analysing data and this is used as much as possible. The service does not have a qualified IT auditor but has arranged to use the services of specialist IT auditors from another council. The requirements of the standard are met.

5.7 Attribute Standard 1300 – Quality Assurance and Improvement Programme (QAIP)

The standards require that a QAIP is developed which covers all aspects of the activity and enables conformance with the standards to be evaluated. The service completed a PSIAS Local Government Application Note checklist prior to this review. This resulted in an Action Plan which the service is currently working through. A QAIP is in place and there are good processes within Teammate to monitor the quality of assignments on an ongoing basis. The requirements of the standard are met.

5.8 Performance Standard 2000 – Managing the Internal Audit Activity

Doncaster Internal Audit has supervision and quality assurance processes in place. Processes within Teammate are documented and up to date, however non-IT related procedures have not been reviewed for some time. The service has developed comprehensive planning processes that take into account risks, objectives and governance frameworks; any key issues identified by management; their own risk assessment and the resources available to undertake the audits. From this information they produce a risk-based audit plan that is designed to enhance risk management and governance frameworks and control processes and objectively provide the relevant assurance. The plan is reviewed and approved by senior management and the Audit Committee.

Quarterly relationship management meetings take place with all Directorates to ensure that audit work remains relevant throughout the year. There is a move to agile auditing which will further enhance this. Details of the completed audits and the issues found, together with progress in delivering the plan and performance against Key Performance Indicators are regularly reported to the Audit Committee, with an annual report and opinion at the end of the year. The requirements of the standard are met.

5.9 Performance Standard 2100 – Nature of Work

Doncaster Internal Audit has a systematic and disciplined approach to its activity supported by standardised procedures within Teammate. Internal audit activity evaluates and contributes to the improvement of the organisation's governance, risk management and control framework. Each planned assignment is categorised against one or more of these areas in the annual plan. During this external quality assessment five completed audit assignments were selected for review. They all

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conformed to the standard and the Service's own methodology. The requirements of the standard are met.

#### 5.10 Performance Standard 2200 – Engagement Planning

Job briefs are prepared for each audit assignment, reviewed and agreed with the client. Planning ensures that resource allocation matches the nature, complexity and time constraints for each audit. The service has built up a store of audit programmes over the years. This is used when the same area is being audited, having been reviewed and updated as necessary. After the completion of the audit the store is updated with any new information. The requirements of the standard are met.

#### 5.11 Performance Standard 2300 – Performing the Engagement

Work programmes are completed within Teammate. All aspects of the assignment are subject to supervision, review and quality assurance, and conclusions are based on appropriate analyses and evaluation. Some of the service procedures not related to Teammate had not been updated for some time. The requirements of the standard are met.

#### 5.12 Performance Standard 2400 – Communicating Results

The communication of the results of audit assignments is in accordance with the standards. Findings are communicated to the client during the review and the report is issued in draft form for final agreement. Progress Reports and the Annual Report to the Audit Committee also conformed to the standards. The requirements of the standard are met.

#### 5.13 Performance Standard 2500 – Monitoring Progress

There is a comprehensive tracking and follow up process in place, the objective of which is to ensure the implementation of agreed actions. There have been issues in one area but the service has reviewed the risk and assessed it as satisfactory, whilst they continue to monitor progress. The requirements of the standard are met.

#### 5.14 Performance Standard 2600 – Communicating the Acceptance of Risk

The service has appropriate processes in place to deal with communicating and challenging the acceptance of risks. There have been no instances where management has accepted a level of risk that may be unacceptable to the organisation. The requirements of the standard are met.

## **6 Acknowledgement**

I would like to thank all involved for their assistance during this review, in particular those in the audit team who provided me with information and explanations, and those listed below as interviewees.

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## **7 Interviewees**

Cllr Austen White, Chair of the Audit Committee

Cllr Glenn Bluff, Vice Chair of the Audit Committee

Damian Allen, Chief Executive

Faye Tyas, Assistant Director Finance and s151 Officer

Julie Crook, Director of Corporate Services, St. Leger Homes

Gareth Mills, Grant Thornton

Perminder Sethi, Grant Thornton

## 1. Action Plan

Ref	Finding	Recommendation	Management Response / Action	Timescale
1	<p>The service has an Audit Charter which specifies the mission, roles and objectives of Internal Audit, along with their independence, authority and responsibilities. But it does not include detailed information on the following, in line with :</p> <ul style="list-style-type: none"> <li>- Internal Audit's position within the organisation</li> <li>- Establishing the HIA's functional reporting relationship with the board</li> <li>- The accountability, reporting line and relationship between the HIA and those to whom he reports</li> <li>- Establishing the responsibility of the board and the role of the statutory officers with regards to internal audit</li> <li>- Including arrangements for avoiding conflicts of interest if internal audit or the HIA undertake non-audit activities</li> <li>- Recognising the mandatory nature of the PSIAS</li> </ul>	It is recommended that the Charter be amended to explicitly include this information.	The Charter will be amended to explicitly include this information.	31/01/2022
2 Page 28	There are no concerns about the independence of the Head of Internal Audit, However, his performance review is not referred to the Chief Executive or Chair of the Audit Committee, in accordance with the public sector interpretation within PSIAS.	The independence of the Head of Internal Audit can be further safeguarded by the review of his Performance and Development Review by the Chief Executive, and the provision of feedback from the Chair of the Audit Committee.	The independence of the Head of Internal Audit will be further safeguarded by the review of his 2021 Performance and Development Review by the Chief Executive, and the provision of feedback from the Chair of the Audit Committee	31/01/2022

Ref	Finding	Recommendation	Management Response / Action	Timescale
			and this practice will continue for subsequent years	
3	Most departmental procedures relate to the use of Teammate and are due to be updated after a new version of the software is received. The non-IT procedures have not been reviewed and updated since 2017.	The procedures should be reviewed and brought up to date along with the changes to Teammate procedures.	The procedures will be reviewed and brought up to date along with the changes to Teammate procedures.	Anticipated 31/12/2022 although this is dependent upon the procurement process and outcomes
4	The self-assessment carried out prior to this EQA resulted in an Action Plan with nine actions.	The completion of the actions should be reported to the Audit Committee as part of reporting on the QAIP.	The completion of the actions will be reported to the Audit Committee as part of reporting on the QAIP which will be within the Annual Report of the Head of Internal Audit	30/04/2022

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## Doncaster Council

### Report

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Date: 26<sup>th</sup> January 2022

To the Chair and Members of the AUDIT COMMITTEE

INTERNAL AUDIT REPORT FOR THE PERIOD: October 2021 to December 2021

#### EXECUTIVE SUMMARY

1. The report attached at **Appendix 1** updates the Audit Committee on the work undertaken by Internal Audit for the period of October to December 2021.
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 Management Actions arising from 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. The original plan was approved at the April Audit Committee and has been continually reviewed throughout the year in accordance with our agile approach to auditing.

#### Section 2: Audit Work Undertaken During the Period

5. During the period October to December, the majority of our work continued to be on our routine and planned audits as well as resource intensive, ongoing, responsive work, both Covid and non-Covid related. Operationally and as previously reported, the majority of the teams work is still being delivered virtually which carries both positive and negative implications.

### **Section 3: Progress on the implementation of Management Actions arising from Internal Audit recommendations**

6. This has continued to be a high priority area of work and we have worked extensively with management in this area. Management have implemented a number of actions, which we have been able to agree as fully implemented. Where this has not yet been possible, we have continued working with management in agreeing appropriate revised timescales and any mitigations that might be put in place before full implementation. We have also agreed prioritisation of actions where possible i.e. with a view to mitigating higher risks at the earliest opportunity. Some revised dates have had to be extended to reflect the ongoing Covid-19 situation and other work prioritisations. Accordingly, this report records the current status in respect of outstanding and / or overdue actions.
7. There are 3 high risk level overdue management actions i.e. actions that had passed their original agreed implementation dates which are all with Trading Standards and Food Safety. All these 3 (as reported for previous period) high risk management actions have revised implementation dates agreed by the Assistant Director who has confirmed that service pressures due to Covid response prioritisation are being faced nationally and the implementation of audit recommendations will inevitably be impacted upon. Details of these, including the revised implementation dates, are recorded at Appendix B.
8. The total number of overdue medium and low risk level management actions was 28 (34 reported for previous period). Revised implementation dates have been agreed for these actions requiring a further extension of time. The majority of these fall within the Economy & Environment (27) directorate and of these, 21 are with Trading Standards and Food Safety.
9. A further factor regarding the low number of overdue actions is that there continue to be fewer service type reviews being done which generate generally larger numbers of findings. Instead a higher than traditional volume of internal audit work has been on more assurance based audits and investigative work. Having undertaken a thorough review of the risk in this area, we have assessed the situation as highly satisfactory corporately but with the isolated problematic area of Trading Standards and Food Safety. We will continue to tightly monitor and manage this area.

### **Section 4: Performance Information**

10. The Service has recently undergone an External Quality Assessment in the form of a Peer Review by Rotherham Council's Head of Internal Audit against the United Kingdom Public Sector Internal Audit Standards. The outcome of this is being reported in full in a separate report to this Audit Committee. The assessment has confirmed that Doncaster's Internal Audit arrangements have again received the highest of the three possible ratings within the UKPSIAS standards and Code of Ethics, "Generally Conforms". This means that Doncaster's Internal Audit arrangements regarding its Charter, Policies and Processes are judged to be in conformance with the Standards.

11. Key operational indicators over the timeliness of the issue of draft and final reports, agreement of recommendations and customer satisfaction all remain very positive.
12. The plan for the remainder of the Financial Year has been assessed and the Head of Internal Audit considers that sufficient work will be delivered to be able to support his opinion on the Council's risk, governance and control arrangements. Any changes to this situation will be alerted to members of the Audit Committee before its next meeting in April where the Annual report of the Head of Internal Audit will be considered.
13. The Audit Committee of November 2021 approved the final version of the Annual Governance Statement (AGS) 2020/21. There is nothing further to update members of the Audit Committee on around progress over any of the ongoing significant governance issues within that statement.
14. The work delivered by the audit team provides a source of intelligence for the Annual Governance Statement. The work delivered in the year to date, has not identified any new areas of concern that should be considered for inclusion in the Annual Governance Statement for 2021/22. Additionally, work for the year to date has not identified any reason to result in a negative or limited annual opinion over the council's risk, governance and control arrangements.

## **RECOMMENDATIONS**

15. The Audit Committee is asked to note:
  - the position of the internal audit plan
  - the internal audit work completed in the period
  - the position with regards the implementation of management actions arising from Internal Audit recommendations
  - the current position regarding the ability to deliver the annual opinion over the councils risk, governance and control arrangements

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

16. 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**

17. 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**

18. Not applicable – for information only

## REASONS FOR RECOMMENDED OPTION

19. Not applicable – for information only

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

20. 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
<b>Doncaster Working:</b> 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; <ul style="list-style-type: none"><li>• Better access to good fulfilling work</li><li>• Doncaster businesses are supported to flourish</li><li>• Inward Investment</li></ul>	
<b>Doncaster Living:</b> Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time; <ul style="list-style-type: none"><li>• The town centres are the beating heart of Doncaster</li><li>• More people can live in a good quality, affordable home</li><li>• Healthy and Vibrant Communities through Physical Activity and Sport</li><li>• Everyone takes responsibility for keeping Doncaster Clean</li><li>• Building on our cultural, artistic and sporting heritage</li></ul>	
<b>Doncaster Learning:</b> Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling; <ul style="list-style-type: none"><li>• Every child has life-changing learning experiences within and beyond school</li><li>• Many more great teachers work in Doncaster Schools that are good or better</li><li>• Learning in Doncaster prepares young people for the world of work</li></ul>	

<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes.</li> </ul>	
<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	<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

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

## LEGAL IMPLICATIONS [SRF 14/01/22]

22. 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.

Legal advice can be provided on individual items on the work plan as required.

## FINANCIAL IMPLICATIONS [RLI 13/01/22]

23. There are no specific financial implications associated with this report. Internal Audit's budget forms part of the monthly monitoring process and is not reporting any significant issues.

## HUMAN RESOURCE IMPLICATIONS [SH 14/01/22]

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

## TECHNOLOGY IMPLICATIONS [PW 17/01/22]

25. There are no specific technology implications in relation to this report

#### **EQUALITY IMPLICATIONS [PJ 17/01/22]**

26. 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 13/01/22]**

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

#### **CONSULTATION**

28. 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**

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

#### **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

30. None

#### **REPORT AUTHOR & CONTRIBUTORS**

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**Peter Jackson**  
**Head of Internal Audit**



**Doncaster  
Council**

**Doncaster Council**

**Internal Audit Progress Report**

**October to December 2021**

## **Section 1: Revisions to the Audit Plan**

1.1. The 2021/22 Audit Plan was approved by the Audit Committee on 29<sup>th</sup> April 2021. As the audit year progresses, the plan is reviewed to take account of any new and emerging risks and any responsive work arising. Additional work undertaken / added to the plan is resourced by the deletion or deferral of the assessed lowest risk current plan items. Significant changes to the plan for the period are set out below.

1.2. New significant pieces of work added to the work plan in the quarter are:

- Children's Safeguarding Unit
- Homelessness Waiver 2021 Review – requested by Audit Committee
- Adult Social Care Debt Management Arrangements
- Primary School Expenditure Review
- High Value Placement Review

1.3. Items of work removed from the plan are set out below; all these will be reassessed as part of the planning process ongoing for the 2022/23 year

- Recruitment
- Mosaic – Post Implementation Review
- Mosaic – Financial Administration
- Mosaic – Care and Case Flows
- Residential Care Services

1.4. We continue to work with all relevant teams within the Council to ensure our plan for this final quarter of the year remains relevant and this work will also provide information to help shape the Internal Audit Plan for 2022/23. We also continue to check our planning and approach with other Audit Teams in the regions and nationally that are in our working networks. This will ensure that audit resources continue to be targeted to reviewing the highest risks to the Council.

## **Section 2: Audit Work Undertaken During the Period**

2.1 During the period October to December, the majority of our work has been on our routine and planned audits as well as resource intensive, ongoing, responsive work, both Covid and non-Covid related. Operationally and as previously reported, the majority of the teams work is still being delivered virtually which carries both positive and negative implications. The team was part of the Pilot Scheme for the use of the

Civic Office which may bring about some changes to working practices when the current "Work from Home" rules are no longer in force

- 2.2 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.

### **Internal Audit Opinion**

- 2.3 A "*substantial assurance*" opinion is given where there are no or low levels of concern. A "*reasonable assurance*" opinion is given where there are issues of concern that need to be addressed which may put at risk the achievement of objectives in the area audited. A "*limited assurance*" opinion is given in any area under examination where one or more concerns of a 'fundamental' nature are identified or where there are a considerable number of issues of concern arising which need addressing. A '*no assurance*' opinion is given where immediate action is required to address fundamental gaps, weaknesses or non-compliance identified in the area under review, although '*no assurance*' opinions are extremely rare.

### **Summary of Findings from Audit Reviews**

- 2.4 Summary conclusions on all significant audit work completed October to December 2021 and any completed work not previously reported, are set out in **Appendix A**.

### **Audits providing 'limited' assurance opinions**

- 2.5 There was one audit report issued in the period with a limited assurance opinion. This was the Service Management Review that was undertaken by our outsourced IT audit providers.
- 2.6 The objectives of this review were to ensure that Service Management functions operate in line with best practice and that Key Performance Indicators are in place to give management confidence that processes continue to operate reliably.
- 2.7 The areas reviewed were:-
- Change Management (including elements of release and configuration management associated with the management of changes).
  - Incident Management (including elements of the Council's major incident and crisis management processes associated with the management of high priority incidents); and
  - Problem Management.
- 2.8 Processes operated by the Council's Emergency Planning Team were out of scope of this review.
- 2.9 The review of the controls in relation to Change, Incident and Problem management concluded that, whilst acknowledging processes are in place for all three areas, improvements are required to ensure that they operate in a formalised, approved and resilient manner. There was 1 High, 18 Medium and 4 low recommendations made that when implemented will enhance the current control environment.

All recommendations made were accepted by management and three have already been implemented with two being well in advance of their due date. The high level action related to strengthening and clarifying steps in the Incident Management Processes in the event of a cyber-security incident being reported and this is due to be implemented in this final quarter of the 2021/22 year. When these actions are implemented, this area will no longer be in a limited assurance position

### **Responsive Audit Work and Investigations**

- 2.6 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. During this reporting period, we have continued to undertake work in support of the Authority response to the Covid-19 situation, although this continues to be considerably less than the previous periods.

### **Section 3: Implementation of Management Actions arising from 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 agreed management actions that are not implemented in line with agreed timescales are reported as part of the Council's Quarterly Performance Management processes and consequently monitored through that process. 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. Overdue high risk level management actions are reported routinely by Internal Audit to the Audit Committee as are numbers of outstanding lower level management actions.
- 3.4 This has continued to be a high priority area of work and we have worked extensively with management in this area. Management have implemented a number of actions which we have been able to agree as fully implemented. Where this has not yet been possible, we have continued working with management in agreeing appropriate revised timescales and any mitigations that might be put in place before full implementation. We have also agreed prioritisation of actions where possible i.e. with a view to mitigating higher risks at the earliest opportunity. Some revised dates have had to be extended to reflect the ongoing Covid-19 situation and other work prioritisations. Accordingly, this report records the current status in respect of outstanding and / or overdue actions.
- 3.5 There were a total of 31 actions (37 previous period) which were overdue i.e. that have passed their original agreed implementation date. A breakdown of these for

each Directorate is detailed in the table below. All these 31 management actions have had revised dates agreed by their relevant Assistant Directors and we will continue to tightly monitor and report on the achievement of these revised dates.

3.6 The detail of the high level management actions and revised implementation dates is provided in **Appendix B**.

Directorate	Number of high risk level management actions overdue at 31/12/2021					Number of medium / lower risk level management actions overdue at 31/12/2021				
	At 31/12/2020	At 11/4/2021	At 28/6/2021	At 30/09/2021	At 31/12/2021	At 31/12/2020	At 11/4/2021	At 28/6/2021	At 30/09/2021	At 31/12/2021
Adults, Health & Wellbeing (AHWb)	0	0	0	0	0	3	3	2	1	0
Economy & Environment (EE)	4	4	3	3	3	31	31	27	25	27
Corporate Resources (CR)	0	0	0	0	0	12	12	7	8	1
Learning Opportunities, Skills & Culture	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>46</b>	<b>46</b>	<b>36</b>	<b>34</b>	<b>28</b>

3.7 The main area where there has been significant delays is:

#### Trading Standards (Economy & Environment)

The first actions became overdue on 31/12/2019 and all actions were originally due to have been implemented by 30/06/2020. Delays are, in the main, due to the teams resources being needed to support the Covid-19 situation, which is still very much an ongoing issue. In addition to their existing responsibilities and workloads they are responsible for interpreting and enforcing ongoing changes in Covid related legislation and guidance and have a critical role in ensuring the safety of PPE for schools, care homes and all other users of PPE. Revised dates and actions for the major rated actions are set out in Appendix B and any available resource is being prioritised to address these areas. There are currently 24 actions awaiting implementation, of which 3 are high risk, 19 are medium risk and 2 are low risk level actions. Due to the ever developing Covid situation we have agreed further revised extensions with the Assistant Director. Work is ongoing with the Head of Service to provide assurance over the seized goods held in the secure store by carrying out a stock check and reconciling these to underlying records to ensure that all goods are accounted for. We have agreed with service management that this is priority area to be progressed whilst their resources are currently so limited. Ongoing monitoring of their outstanding actions remains a priority and progress will be made where possible. The Assistant Director has confirmed that service pressures due to Covid response prioritisation are being faced nationally and the implementation of audit recommendations will inevitably be impacted upon.

3.8 Any individual high risk level management actions that are not implemented in line with agreed timescales as well as number of lower level actions are reported as part of the Council's quarterly Performance Management Framework, as well as being routinely reported to Audit Committee. Additionally, regular reports are provided to Directorate Management teams and to the relevant Assistant Director who must also authorise any time extensions requested by their managers.

3.9 The spread of all management actions awaiting implementation including those not yet due is shown below:

Directorate	No. of actions at 31/12/2020	No. of actions at 11/04/21	No. of actions at 30/06/2021	No. of actions at 30/09/2021	No. of actions at 31/12/2021
Adults, Health and Wellbeing	3	3	4	1	0
Economy & Environment	35	35	30	28	30
Corporate Resources	26	12	9	9	26
Learning Opportunities, Skills & Culture	0	0	3	0	0
<b>TOTAL</b>	<b>64</b>	<b>50</b>	<b>46</b>	<b>37</b>	<b>56</b>

3.10 The increase in actions awaiting implementation including those not yet due in the table above is not an area of concern as it includes 20 actions from the Service Management audit within Corporate Resources where the implementation dates have not yet been reached. The area of concern is the number of overdue management actions relating to Trading Standards and Food Safety as set out above.

3.11 A further factor regarding the low number of overdue actions is that there continue to be fewer service type reviews being done which generate generally larger numbers of findings. Instead a higher than traditional volume of internal audit work has been on more assurance based audits and investigative work. Having undertaken a thorough review of the risk in this area, we have assessed the situation as highly satisfactory corporately but with the isolated problematic area of Trading Standards and Food Safety.

## 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.
- 4.2 Key indicators are over the timeliness of the issue of draft and final reports and these have all been issue within target timescales.
- 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.

The indicators are shown below along with current performance for the period October to December 2021:

Performance Indicator	Target	October to December 2021	Variance (positive is good)
Draft reports issued within 15 days of field work being completed	90%	100%	+10%
Final reports issued within 5 days of customer response	90%	100%	+10%
% of critical or major recommendations agreed	100%	100%	0%
Percentage of Customer Satisfaction Surveys rated Satisfactory or above	90%	100%	+10%

#### External Quality Assessment

4.9 The Service has recently undergone an External Quality Assessment in the form of a Peer Review by Rotherham Council's Head of Internal Audit against the United Kingdom Public Sector Internal Audit Standards. The outcome of this is being reported in full in a separate report to this Audit Committee. The assessment has confirmed that Doncaster's Internal Audit arrangements have again received the highest of the three possible ratings within the UKPSIAS standards and Code of Ethics, "Generally Conforms".

#### Rolling Audit Opinion over Risk, Governance and Control Arrangements and Annual Governance Statement Items

4.10 The plan for the remainder of the Financial Year has been assessed and the Head of Internal Audit considers that sufficient work will be delivered to be able to provide his opinion on the Council's, risk governance and control arrangements. Any changes to this situation will be alerted to members of the Audit Committee before its next meeting in April where the Annual report of the Head of Internal Audit will be considered.

4.11 The Audit Committee of November 2021 approved the final version of the Annual Governance Statement (AGS) 2020/21. There is nothing further to update members of the Audit Committee on around progress over any of the ongoing significant governance issues within that statement.

4.12 The work delivered by the audit team provides a source of intelligence for the Annual Governance Statement (AGS). The work delivered in the year to date, has not identified any new areas of concern that should be considered for inclusion in the Annual Governance Statement for 2021/22. Additionally, work for the year to date has not identified any reason to result in a negative or limited annual opinion over the council's risk, governance and control arrangements.

# Planned Audit Work Completed in Period / Not Previously Reported

## APPENDIX A

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
<b>LEARNING AND OPPORTUNITIES: CHILDREN &amp; YOUNG PEOPLE</b>				
<b>CORPORATE RESOURCES</b>				
Bus Service Operators Grant (December Claim)	Confirm expenditure and that it is in keeping with the conditions of the grant statement as true and fair as stipulated by the grant.	December 2021	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Corporate Information Governance	<p>This review looked at the central information governance arrangements that are in place to ensure they are robust in preventing issues arising and in identifying and dealing with issues that do arise.</p> <p>The review did not cover a technical examination of computer or network security or any other ICT technical processes. Nor did it examine any processes which are in place /undertaken directly or wholly within Service Areas.</p>	November 2021	Substantial Assurance	2 High risk actions were raised within this audit and as previously reported to the Audit Committee relating to CCTV accreditation under Adults, Health and Wellbeing. These were fully addressed by the time the audit was completed. No other significant issues were raised.
Procure to Pay (Buyers)	Confirm the operational risks and operational processes were effectively managed within the Civic based buyer team and the North Bridge based buyers team to ensure	November 2021	Reasonable Assurance	There were no significant issues raised

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
	goods and services were procured correctly.			
Accounts Payable	This high level audit assessment aims to establish if there have been any fundamental changes to the Accounts Payable control environment since the last audit review.	January 2022	Substantial Assurance	There were no significant issues raised.
Service Management Review (undertaken by outsourced IT audit providers)	Ensure that Service Management functions operate in line with best practice (as defined in Information Technology Infrastructure Library (ITIL) V4) and that Key Performance Indicators are in place to give management confidence that the processes continue to operate reliably.	November 2021	Limited Assurance	1 high risk action was raised stating that the Incident Management Process does not include specific steps to be taken in the event of a cyber-security incident being reported.
Ward Based Budgets	To review was to give the Head of Internal Audit and Section 151 Officer assurance that there are appropriate processes in place to ensure the monies awarded by the Council as part of the Ward Based Budget Scheme had been spent in accordance with the Grant Agreement.	November 2021	Reasonable Assurance	There were no significant issues raised.

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
<b>ECONOMY AND ENVIRONMENT</b>				
Local Area Delivery Grant (Phase 1a)	To ensure that expenditure was made in accordance with the grant conditions	N/A	Not Applicable – Grant Claim verification.	Grant signed, no issues raised.
Suez Supplier Relief and Support	An audit review to confirm and give assurance over the process of calculating the value of the relief, the checks and controls over the calculation and the evidence supporting the additional work required.	January 2022	Substantial Assurance. From the audit work undertaken, the reasons for the additional payments being made appear to be soundly based. The method of calculating the payments were also found to be reasonable and evolved as the pandemic progressed. There were sufficient checks carried out by management to confirm the continued increase in tonnage and ensure that additional payments were made in line with the agreed methodology. The Waste and Recycling team dealt with this issue in a controlled and well managed way given the challenging circumstances they are operating in. We made only minor verbal recommendations and were able to provide substantial assurance over the arrangements to make additional payments to the waste and refuse	There were no significant issues raised.

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
			contractor under supplier relief during the Covid-19 pandemic.	
<b>ADULTS HEALTH &amp; WELLBEING</b>				
Homelessness Waiver	To conduct a further review of the Homelessness Accommodation and Support Service Waiver to ensure a waiver was justified and that it had been correctly made and authorised	November 2021	Waiver justified and appropriate authorisation followed	There were no issues raised.
Troubled Families Grant - (September to December Claims)	Confirm expenditure and that it meets the conditions of the grant allowing Doncaster Council sign off.	N/A	Not Applicable – Grant Claim verification.	Grant signed, no issues raised.

# Overdue High Risk Management Actions arising from Audit Recommendations

## APPENDIX B

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
<b>ECONOMY AND ENVIRONMENT</b>						
Trading Standards and Food and Animal Safety RE Team Structure	<p>The Food and Animal Health team consists of 11 staff (2 vacant posts currently) all directly reporting to the Food and Animal Health Manager.</p> <p>The Trading Standards team consists of 22 staff all directly reporting to the Trading Standards Manager.</p> <p>These structures do not follow the HR Structure Review Policy and Procedure in terms of spans of control and are considered to be excessive.</p>	<p>Appropriate spans of control do not exist therefore the Managers are unable to support all staff adequately.</p> <p>The quality of work cannot be effectively reviewed with such minimal levels of supervisory time.</p>	The Food and Animal Health and Trading Standards team structures will be reviewed to ensure appropriate spans of control exist to ensure Managers are able to fully support the staff within the teams.	31/12/19	<p>31/03/21</p> <p>30/06/21</p> <p>30/09/21</p> <p>31/03/22</p>	The Trading Standards & Licensing structure has been revised to reduce the number of direct reports to the manager from 22 to 12 and this has been in effect for the past 6 months. Food Safety, Animal Health and Health and Safety direct reports remains at 15 and this has been the case for the past 6 years. Structure of Food Safety, Animal Health and H&S is under review – recruitment is underway for both permanent staff and consultants , although shortage of competent officers in the market place proving problematic. Vacancies have increased since initial audit. Once establishment populated move toward reducing spans can be completed

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
Trading Standards and Food and Animal Safety  Lone Working	<p>To ensure the welfare of staff when working alone, food staff have recently been reminded by email of the lone worker scheme. This scheme requires staff to ring in with their pin number to register onto the system as lone working. However, not everyone in the food team are registered and utilising the Lone Worker System.</p> <p>Given threats against staff and the nature of the work undertaken this is essential and its use should be enforced.</p>	Staff may be in danger when working alone as no one knows their location or whether they should be expected back (and are therefore missing).	<p>Management will ensure that all food staff are registered on the lone worker scheme.</p> <p>Management will check that staff are utilising the system and further remind staff of the importance of using the lone worker scheme and the process to follow.</p>	31/03/20	<del>31/03/21</del> <del>31/08/21</del> 31/03/22	All officers are now on the lone working system and they use this when working alone – however this is rare given the ongoing Covid compliance issues. Most visits are in pairs until the return to business as usual when risk assessments will again be reviewed. Corporate security fob system will be implemented when finalised.

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
Trading Standards and Food and Animal Safety  28 day deadline	<p>All inspections should be completed within 28 days of their inspection due date. However, this target is never met and it is understood this situation is not unique to Doncaster and is common amongst other local authorities.</p> <p>The team however, do work in priority order and, therefore, higher risk premises will be inspected prior to the lower risk premises.</p> <p>Testing revealed that there are a number of inspections in the higher risk categories that are overdue. All Category A and B overdue inspections have now been</p>	Inspections not being completed in time resulting in criticism from the Food Standards Agency.	<p>Inspections will be allocated in plenty of time in order for staff to be able to plan their work to be able to complete inspections within the 28 day deadline of their due date.</p> <p>Priority will be given to any inspections becoming due (in particular higher risk categories) to ensure they are completed as soon as possible to their due date.</p> <p>Spot checks will be carried out to confirm that inspections are being allocated promptly to ensure deadlines are being met.</p>	30/04/20	<del>31/03/21</del> <del>30/06/21</del> <del>30/09/21</del> To be assessed 30/11/21	Impact of Covid has meant the Food Standards Agency have now issued a Local Authority Recovery Plan for the period 1st July 2021 to 2023/2024. The guidance and advice aim to ensure that during the period of recovery from the impact of COVID-19, local authority resources are targeted where they add greatest value in providing safeguards for public health and consumer protection in relation to food. It also aims to safeguard the credibility of the Food Hygiene Rating Scheme (FHRS). The department has secured some funding to identify businesses that have registered over the last year and who are still trading. This project which ends 30th September will enable the back log of inspections of new businesses to be reduced and enable focus on high risk new businesses, to ensure inspection within 28 days.

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	allocated to officers. It is noted that the Food and Animal Health team currently have 2 vacant posts and that this will have an impact on this work.		Performance reports that show this information will be circulated at team meetings.			

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## Doncaster Council

### Report

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Date: 26<sup>th</sup> January 2022

To the Chair and Members of the

#### AUDIT COMMITTEE

#### PROGRESS REPORT ON NORTH BRIDGE STORES TRANSFORMATION PROJECT

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		No

#### EXECUTIVE SUMMARY

1. This report provides members a quarterly progress update on North Bridge Stores operational activities instigated following the Stores Management Review in response to the internal audit carried out in 2019 and their involvement in the Personal Protective Equipment (PPE) stocktaking in 2020.
2. This is the third update on the activities that have commenced. The original assessment of the Stores function has identified work that is required in many cross-functional operational links which lead into and work to compliment the Stores function and this work is currently in progress. The work undertaken is Director led and the successful delivery of the project has senior management support and commitment.

#### EXEMPT REPORT

3. There are no exemptions in this report.

#### RECOMMENDATIONS

4. Audit Committee are asked to note the updates to the report and support the outlined approach.

#### WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. An efficient and effective Stores function will allow the Council to be able to support services to the people of Doncaster through our customer facing stores function in a timely way and at the best quality and price.

Full adherence to audit standards will provide financial protection and a stable and accurate stock management process.

## **BACKGROUND**

6. There has been historic and cultural non-compliance to agreed operating procedures for several years, despite previous internal audits and agreed management actions that have not either been implemented or maintained when put in place.

The general operating processes of the Stores changed in early 2020 due to the pandemic and focus was necessarily aligned to the processing of Personal Protective Equipment that was required across the Borough. As a result of this and also due to other mitigating factors (such as the floods) there has been impact upon the day to day processes.

The service offered by Stores was identified as falling short of the necessary standards. This shortfall encompasses operating processes, product/supplier pricing and management, stock control, stock management/storage and invoice processing.

The lack of thorough stock control and systems management is compounded by the suitability of the physical buildings used for Stores – many of which are in a poor state of repair and also the work streams currently been carried out by the Stores team – some of which do not fall within the scope of the operating procedures and is due, in part to historical decisions.

The Stores function, based at North Bridge is a long-established operation. In late 2017, a new ordering and stock control system was introduced which was not successfully embedded into the daily operating processes with current day to day custom and practice is not fully aligned to the requirements of the new system.

To address the issues identified by Internal Audit a Stores Management Review was proposed to ensure longer lasting/sustainable improvements for the Stores function moving forward. This management review was implemented in May 2021.

The review has identified the key issues that are driving the shortfalls and a plan is now executed to correct the issues and operate Stores by the correct operating processes by the end of December 2021, with a further review period to assess wider service area impacts to take place until the end of March 2022. The review is also looking at the interactions of other service areas and processes that are involved with the entire Stores process, either as a customer or a stakeholder.

## **7. PROCESS GOVERNANCE**

Given the previous history with lack of improvement a more focussed approach has been established to drive the delivery and provide assurance of the improvement project. Delivery of the North Bridge Stores review is overseen by a Transformation Board (as shown below) which monitors progress monthly against the activities identified from the Internal Audit review and subsequent Stakeholder Management monthly meetings. The Transformation Board is accountable to the Director of Economy & Environment for management reporting and service improvement and Audit Committee as part of the 2021/22 Audit Committee Work Programme.

Transformation Board meets monthly and representatives include:

- Assistant Director – Economy and Development
- Head of Service – Property
- Head of Service – Internal Audit
- Strategy and Performance Improvement Manager
- HR & OD Officer
- Other Heads of Service from SMM's by exception

Stakeholder Management meetings operate to both identify and address improvement activities, whether they fall within the Stores service or with the Stakeholder and to embed good practice and service improvement between the stakeholder and the Stores service.

The monthly Stakeholder Management meetings involve key stakeholders from:

- Procurement
- Transactional Processing
- Highways
- Metro Clean
- Professional Buildings Maintenance
- Street scene
- HR

## 8. **ACTIVITY**

Since May 2021 considerable activity has been carried out to look into the feedback given by the internal auditors.

The Stores Transformation Project has identified key stakeholders within all of the work areas that impact, support or use the Stores function so that these issues can be fully investigated to allow a comprehensive understanding of the reasons why and the actions required to fix on a permanent basis.

This work includes stakeholders from across many functions in the Council. Stakeholders for Stores are customers from within the service areas that purchase goods via Stores and also staff that work within the associated areas such as Procurement, Transactional Processing and Finance who will manage the supplier contracts and the prices charged by the external suppliers from whom Stores purchase the items on behalf of the Council.

The information gathered and feedback collated enabled the launch of an initial six-month plan which to run from July 2021 until December 2021 to bring operational concerns up to an acceptable standard.

The timetable for the original launch of the works agreed was partially delayed as a result of the incumbent Stores Supervisor leaving the employment of the Council and the temporary replacement Stores Supervisor was in position (1<sup>st</sup> October 2021).

This resulted in the initial six-month summary having agreed revised dates to run from October 2021-March 2022.

Since this change we have seen a rapid acceleration of objectives being achieved and this is reflected in the updates below.

There are many strands being worked on concurrently and these will pull together the overall success of the Stores operation and this is supported by a detailed project plan that includes tasks and responsibilities across all stakeholder groups.

The initial six-month summary highlights the following key activities which will be undertaken:

- Thorough clean, tidy and organisation of the physical Stores buildings to make best use of available space
- Labelling and identification of all stocks and locations
- Storage of all similar/related products in close proximity to ensure all stocks are available and are utilized
- Review of all supplier contracts and pricing/invoice agreements to ensure that we pay the agreed price and that invoice mis-matches are reduced to only the disputed lines and instances of supplier payments being delayed will be reduced
- Review of the product/supplier catalogue and products stocked to ensure all regular purchases are held within Stores to prevent teams purchasing directly themselves and paying a potentially higher price
- Review and agreement of operating procedures with training provided to bring all staff up to the required standards so that effective monitoring and management of the adherence to these procedures can be carried out
- Communication to the wider customer base to advise them on how the Stores function should and will operate - this will include emailing of processes and procedures being sent to all users to explain how the ordering process works
- Review of the processes used to manage non-stock items, including the implementation of a specific storage area and communication made to teams that purchase non-stock items to ensure the process is understood
- Full stocktake to be carried out at the end of September with detailed investigation of all variances before commencing a full adherence to all processes operation from the start of October.
- Monitoring and follow-up activity for all issues that arise after the stocktake to embed a culture of adherence. (Between October and the end of December feedback will be provided to managers for any teams or individuals who do not operate to the new procedures)

## 9. PROGRESS UPDATE (OCTOBER –DECEMBER 2021)

Since the previous Audit Committee, and following on from improvements and actions completed in the period up to the Audit Committee reporting in October 2021, three key milestones were identified to be completed by the end of January. These are:

### Stores Stock Count

A second full stock count has been completed (7<sup>th</sup> January 2022) and the results summary is attached. The stock take shows considerable improvement in stock variances and a significantly improved awareness of causes of issues being identified.

Stores Stock Take Analysis - December 2021

	Actual Items Counted with Variance	Actual Items Counted (with Variance Previous)	System Expected Count	System Expected Count (Previous)	Total Variance (Stock Items) Net +/-	Total Variance (Stock Items) Net +/- (Previous)	Total Net Variance at Cost Price (£)	Total Net Variance at Cost Price (£) (Previous)
Positive Stock Adjustments (Added to stock file)	80,558	51,798	48,249	32,593	32,309	19,205	27,810	103,721
Negative Stock Adjustments (Removed from stock file)	31,478	57,964	33,567	66,249	(2,089)	(8,285)	(8,982)	(51,175)
<b>Total Stores Stock Adjustments</b>	<b>49,080</b>	<b>(6,166)</b>	<b>14,682</b>	<b>(33,656)</b>	<b>30,220</b>	<b>10,920</b>	<b>18,828</b>	<b>52,546</b>

<b>Total Stock Product Lines Held in Stores</b>	<b>2,552</b>	<b>2,546</b>	<b>6</b>	
<b>Total Cost (£) of all stock held in Stores</b>	<b>886,539</b>	<b>821,576</b>	<b>64,963</b>	<b>7.9</b> % Increase in total stock held
<b>Number of product lines with a negative</b>	<b>325</b>	<b>363</b>	<b>(38)</b>	Lines with a negative adjustment are 12.7% of stock held (previously 14.2%)
<b>Number of product lines with a positive</b>	<b>309</b>	<b>396</b>	<b>(87)</b>	Lines with a positive adjustment are 12.1% of stock held (previously 15.5%)
<b>Total Product lines with a variance</b>	<b>634</b>	<b>759</b>	<b>(125)</b>	<b>Total lines with a variance have dropped by (125) - a reduction of 16.5%</b>

#### Detailed Summary:

Stores held 886,539 stock items as of December 2021, an increase of 64,963 from October.

There were 31,478 stock items with a negative variance to the system and 80,558 stock items with a positive variance to the system

Within the variances, compared to the system 2,089 stock items were negative and not available and 32,309 stock items were found and added onto the stock file

The net position of all shorts and overs was a positive addition of 30,220 stock items and at cost the shortages were £8,982 and the overs were £27,810

**The net impact at cost of the stocktake held in December 2021 was a positive addition of £18,828**

(Compared to a positive adjustment of £52,546 in October 2021)

### Summary & Analysis:

- Total gross value of variances = £27,810 (overs) + £8,982 (shorts) = £36,792.
- As a percentage of stock value = £36,792 / £886,539 = 4.15% - (Previous stock take = 18.8%)
- Net value of variances = £18,828 / £886,539 = 2.12% - (Previous stock take = 6.4%)
- There were no unexplained stock variances for any desirable items which have benefitted from increased security processes since October 2021.
- Stores have identified all items with a +/- variance to the system and these will be thoroughly investigated.
- The top ten variance lines have already been investigated and corrected.
- Product groups that had the most errors (at £ cost) will receive a new calendar of rotating cyclical monthly stock counts commencing in late January.
- 36 lines (5.7%) had a positive variance of over £100 for the total stock holding.
- 17 lines had a negative variance of over £100 for the total stock holding.

Another full end of year stock take will take place at the end of March 2022 with results to be reported.

## Standard Operating Procedures

Full Standard Operating Procedures were issued when the current process was launched at the end of 2017, although these were not fully implemented by the operational team. As a consequence, many on-going custom and practices were outside of the SOP guidance. This was recognised in the 2021 report and prioritised for positive change.

As a result of this, all Standard Operating Procedures were reviewed between October-December 2021 with key stakeholders, to ensure the most efficient practices could be implemented into the Stores function. Revised and approved SOP's will be subject to full re-implementation during January 2022.

On-going work plans for the first quarter of 2021 are being agreed and are to be implemented from late January to April 2022 to improve processes that will support the Standard Operating Procedures.

Following the delivery and implementation of the Standard Operating Procedures a full suite of Key Performance Indicators (KPI's) will be developed and implemented as part of this programme during the period February to March 2022, in alignment with the original programme timetable, to provide both a baseline and a best practice operating standard for ongoing review and embedding as business as usual.

The KPI's will be reported monthly once all operating procedures are identified and confirmed.

## Stores Users Survey

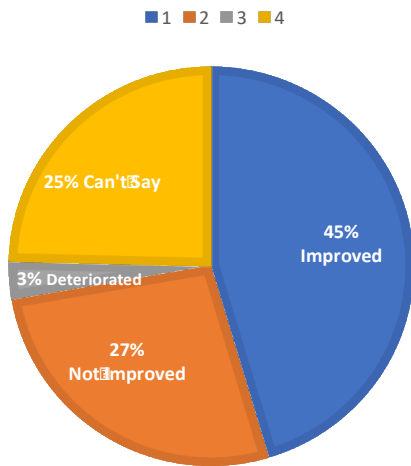
A questionnaire was sent to key users of Stores to ascertain current opinion and user experience. The results of the survey are attached. Overall, the survey reveals that users have seen an improvement in the Stores operation, whilst we still have further anticipated improvements to make, which will form the basis of our plans for the first quarter of this year.

Stores Survey (December 2021)  
Analysis of Responses

Responses	10
%Rate	83%

Question		%Results			
		Improved	Not Improved	Deteriorated	Can't Say
1	I have seen improvements in the Stores operation	80	20		
2	The products in Stores are what I need	40	30		30
3	Deliveries from Stores are punctual	20	20	40	30
4	The service I receive from Stores is what I expect	60	30		10
5	The ordering process is easy to use	20	40	20	30
6	Stores staff are helpful	60	40		
7	I am contacted when my order is ready for collection	40	30	20	20
8	Products are as per the specification	40	40		20
9	Product pack sizes are suited to my needs	40	30		30
10	There are products which I feel we should stock but do not	50	30		20
11	Invoices and pricing are easy to understand	30	20		50
12	Suppliers of products are reputable	50			50
13	I will use Stores for the products and supplies I need if they are available	50	20		30

## RESPONSE TYPES MIX

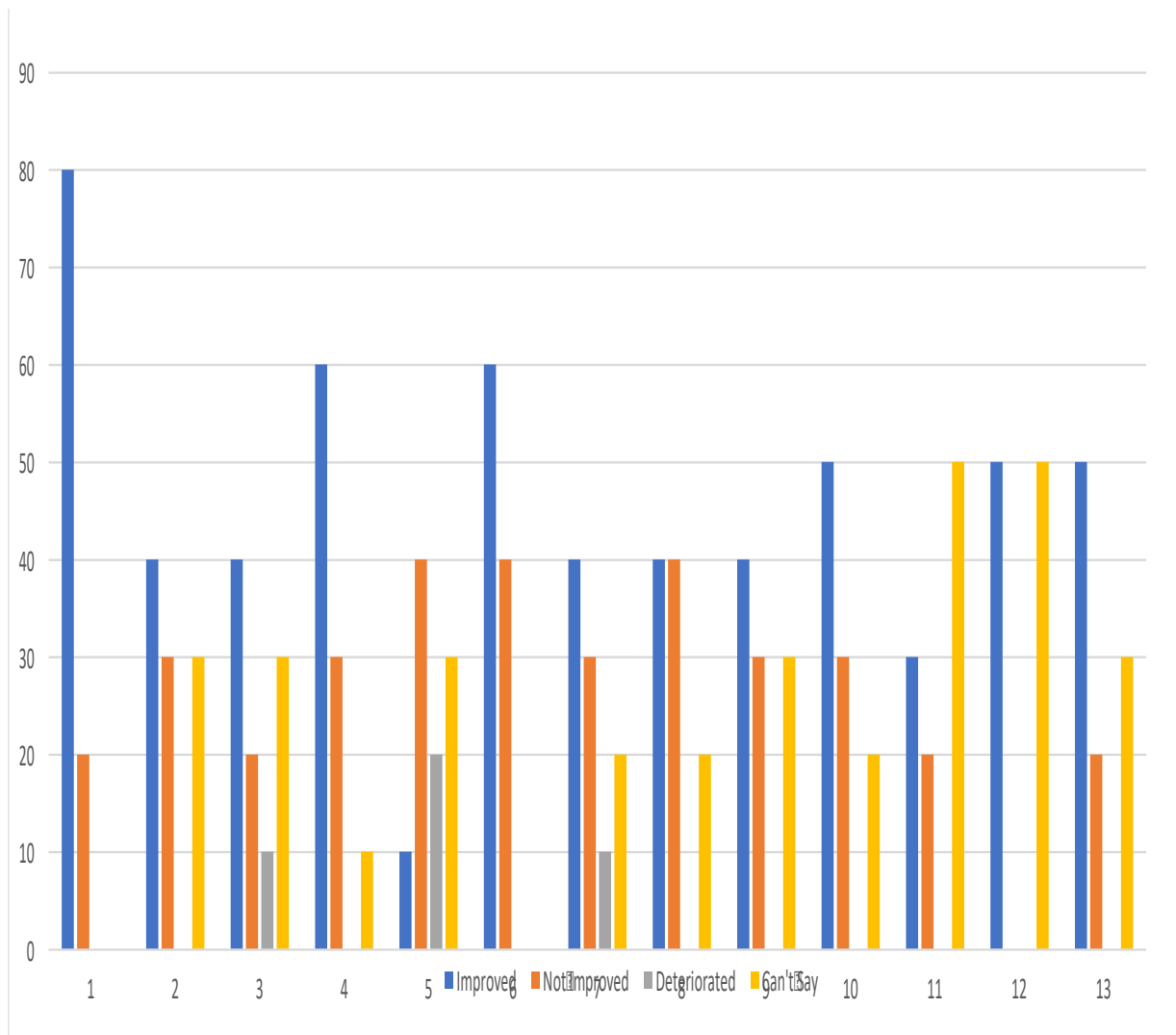


There were 10 survey responses from the 13 surveys originally requested (83% response)

45% of the responses indicated that improvements had been made since October

27% of the responses indicated that there were no obvious improvements – and this feedback will be built into plans for Q1 2022

## Stores Survey Results Chart:



The survey encouraged individual feedback to supplement the responses. Some of the key comments included:

All of the survey feedback will be discussed with the Stores team to ensure that comments are investigated and if necessary operational changes will be made.

*"New management seems to be making a difference"*

*"Usually I receive a good service, sometimes not so good"*

*"Staff can be moody sometimes. Usually the staff serving are helpful though"*

*"I am never contacted about my orders - goods can be left on the shelf for days"*

*"Siclops process is poor, product description is poor, amount of product to order is poor"*

*"There have been a number of positive improvements in stores recently including a willingness to work collaboratively".*

*"We use a 3 month order process, which generally works well, so we are only contacted if there is an issue".*

### **Summary and Next steps:**

Overall, the first three months of the initial six-month phase have been impacted by the resignation of the Stores Supervisor which has meant that the first three-month phase was actually October-December 2021. The temporary Supervisor has embraced the challenge with enthusiasm and total commitment and visible improvements have been made.

Significant physical layout and organisational tasks have been undertaken by the new Supervisor and notable key relationships have been re-established which will further enhance the reputation of Stores throughout the Council.

At the date of reporting, activities planned for implementation by the end of the initial three-month review period (Oct-Dec) have all progressed well and have been completed within the parameters agreed by the Stores Board.

Next steps in the second three-month implementation period include:

- An full end of year stock take in March 2022
- Cyclical stock takes of specific holding categories to commence from the end of January 2022
- Implementation of Standard Operating Procedures
- Continue cyclical refresher staff training as a business as usual activity following updates in the October to December implementation period.
- Complete the physical reorganisation of Stores including clearing redundant stock lines and consolidation of stock in category areas.
- Development of Key Performance Indicators
- Embedding Stakeholder Management Meetings as a business as usual activity

Full recruitment for a permanent Stores Supervisor is proposed in the first quarter of 2022 to cement the improvements as part of business as usual in the proper and efficient operation of the Stores function.

## 10. RISKS & ASSUMPTIONS

Risks associated with 'do nothing' or 'unsuccessful project' scenario:

Risk/issue	Outcome	Likelihood
Contracts with suppliers out of date	No agreements in place for stock Accounts could be placed 'on hold' and the supply chain could be compromised  Reputation of the Council could be damaged	High
Pricing charged by suppliers is not checked	Council pays a higher price for stock than expected	High
Stocks held are not matched to customer needs	Stocks held become obsolete. Internal customers purchase stock from outside Stores	High
Physical storage areas not organised and clean	Stock is damaged, not counted, misplaced or stolen	Medium
Staff not fully trained on IT systems	Council does not benefit from processes and reporting functions that are available to make Stores more efficient	High
Operating Procedures not used	Impacts on all of the above and prevents accountability	High
Regular communications between Stores and internal customers	Lack of communications means that minor issues become significant problems	Medium

If the Stores function does not function effectively, residents of the borough would be impacted because many of our internal services (such as Highways, Streetscene, etc.) use materials purchased and supplied to them by Stores. If they are unable to obtain such material in a timely manner, then this will impact on the borough. This was highlighted during a recent Covid alert which resulted in Stores being closed for a day.

Failure to manage contractors and pricing of materials being bought into Stores will risk additional costs to the Council.

## **11. LEGAL IMPLICATIONS**

There are no specific legal implications arising from this report. Legal advice can be provided in relation to any matters raised by the Committee.

**[Officer Initials - SRF Date 17.01.22]**

## **12. FINANCIAL IMPLICATIONS**

The financial implications of this report are not quantifiable, failure to implement the audit actions could result in:

- Customers being under/over charged resulting in fluctuations within the stores budget.
- Council not receiving the correct price/best value from suppliers.
- Stock being written off due to obsolescence or damage.
- Stock Control Account value being under/overstated.
- The service revenue position being adversely affected.

The financial impact of full stock takes should be reviewed to identify any impact on the service budget for 21/22.

The report also questions the suitability of the stores building and identifies the building is in need of repair. The nature, value and urgency of the works should be considered and if additional resources are required these should be requested through either the revenue or capital budget setting process. If there is an intention to undertake capital works the scheme should be outlined and included on the Council's pipeline of capital schemes for consideration.

**[Officer Initials LS Date 18/01/22]**

## **13. HUMAN RESOURCES IMPLICATIONS**

There are no direct HR Implications in relation to this report, but continuation of consultation with HR via the board transformation meetings will still be required. If in future staff are affected or additional specialist resources are required, then further consultation will need to take place with HR.

**[Officer Initials AA Date 17/01/2022]**

## **14. TECHNOLOGY IMPLICATIONS**

There are no specific technology implications in relation to this progress report

**[Officer Initials - PW Date 17/01/22]**

**15. HEALTH IMPLICATIONS**

The safe and effective operating of Stores is important to protecting the health and wellbeing of the workforce. The pandemic and the need for an effective process to manage Personal Protective Equipment (PPE) is a case in point. The activities identified in this report should improve the performance of the service area. Committee members will want to ensure that these activities do not widen or cause any inequalities.

**[Officer Initials – RS Date 17/01/2022]**

**16. EQUALITY IMPLICATIONS**

In line with the corporate approach for compliance against the Equality Act 2011 due regard must be shown across all activity within the Council. After considering the equality implication for the Stores Transformation Project none have been identified so a full due regard assessment was not required.

**[Officer Initials - IK Date 17/01/22]**

**17. CONSULTATION**

The project has consulted a broad group of stakeholders to ensure that feedback is as wide ranging as possible. The Board was implemented in May 2021 to oversee the decisions. The Board includes Assistant Director and Head of Service level individuals and this meets monthly. To support this, there are fortnightly or monthly stakeholder meetings that include representatives from Procurement, Transactional Processing, Finance and also key service areas including Streetscene, PBM, Highways and Metro Clean in addition to the Stores Supervisor.

**GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

The following acronyms and abbreviations are used above:

- SMMM's – Stakeholder Management Meetings
- SOP – Standard operating procedures
- IT – Electronic support systems
- PPE – Personal protective equipment
- KPI's – Key Performance Indicators

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