

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

**INTERNAL AUDIT REPORT FOR THE PERIOD: JULY 2017 TO OCTOBER 2017**

**EXECUTIVE SUMMARY**

1. The report attached at **Appendix 1** updates the Audit Committee on the work done by Internal Audit for the period July 2017 to October 2017, and shows this in the context of the audit plan for the year. The report includes details on the implementation of internal audit recommendations. It also provides details on performance information, incorporating an update on the section's Quality Assurance Improvement Plan (QAIP) which ensures compliance with the Public Sector Internal Audit Standards.
2. The attached report is in four sections:
  - Section 1. The Audit Plan / Revisions to the Plan
  - Section 2. Audit Work Undertaken During the Period
  - Section 3. Implementation of Audit Recommendations
  - Section 4. Internal Audit Performance
3. A summary of the main points from each of the sections is provided in the following paragraphs:

**Section 1: The Audit Plan / Revisions to the Plan**

4. Four new jobs have been added to the plan and two jobs have been removed as they are no longer required. The changes are in response to emerging risks and concerns. Current progress in delivering the audit plan is commented in more detail within Section 2 of this report.

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

5. Internal Audit has experienced a very high level of responsive work during the first half of this year, in response to requests from management. This work is important as it helps to address weaknesses and potential errors and/or irregularities, and Internal Audit's support is generally highly regarded in these circumstances.
6. There are currently 6 ongoing investigations. Details of the work being carried out are included in the report.

7. The planned audit work done continues to confirm the Council generally has appropriate controls in place and that the controls are operating effectively. More details are provided in paragraph 2.3 and Appendix A of the attached report.

### **Section 3: Progress on the implementation of audit recommendations**

8. There are 4 overdue major recommendations across the Council. The number outstanding has oscillated around this level for over a year, with older recommendations being cleared and new ones being added to the outstanding list. However, at the current time progress is being made on all 4 recommendations and the oldest original implementation date is October 2016. We are satisfied appropriate attention is given by senior management to outstanding major recommendations and their implementation
9. The current number of lower level audit recommendations late and still to be implemented by services is 85. In recent months we have been working with services to prioritise their clearance of these audit recommendations. We have received positive commitment from directorate management teams to doing so, and the number outstanding has reduced from 94 in April. We are pressing for progress to accelerate in the next few months and will report a full up-to-date position to the Audit Committee in February 2018.

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

10. Performance on four out of the service's six key performance indicators is close to or above target and is currently slightly below target on the other two.
11. 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. Final reports issued within 5 days of client feedback on the draft report is 100%. The percentage of jobs completed within 110% of budget is close to the target of 90%, with actual performance running at 88%.
12. Performance on issuing draft reports within 15 days of fieldwork completion is slightly below target mainly due to the development needs of a junior member of staff.
13. Despite the high level of responsive work being experienced by the Service (referred to in Section 2), with the help of additional resources provided by the Assistant Director of Finance and Chief Financial Officer, the service's delivery against the planned audit work is now at 38%, a significant increase on the figure of 15% reported in July 2017. Although the current performance remains slightly behind target at this stage, the improved rate of delivery is expected to continue to the point where sufficient planned work will be achieved to provide an audit opinion at the end of the year on the Council's control, risk and governance arrangements, as required by the Auditing

standards. As Head of Internal Audit I am satisfied with the current position and that appropriate action is being taken to address the progress on planned work.

14. Progress in implementing the actions included in the Service's Quality Assurance Improvement Plan, including recommendations arising from the Peer Review, is very good. Seven out of 11 actions are fully complete and the four remaining actions do not fall due until 31st December 2017. The full current Quality Assurance Improvement Plan is included at Appendix C in the attached report.

## **RECOMMENDATIONS**

15. The Audit Committee is asked:
  - To note the changes to the original audit plan
  - To note the internal audit work completed in the period
  - To note progress made by officers in implementing previous audit recommendations
  - To note information relating to Internal Audit's performance in the period, the arrangements made to manage the demand for responsive work and progress in implementing actions set out in the Quality Assurance Improvement Plan.

## **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 AND RECOMMENDED OPTION**

18. Not applicable - for information only

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

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

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

## **RISKS AND ASSUMPTIONS**

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

## **LEGAL IMPLICATIONS**

21. There is a statutory obligation on the council to provide an adequate and effective internal audit of its accounts and supporting systems of internal control.

## **FINANCIAL IMPLICATIONS**

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

## **HUMAN RESOURCE IMPLICATIONS**

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

## **TECHNOLOGY IMPLICATIONS**

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

## **EQUALITY IMPLICATIONS**

25. 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.

## **CONSULTATION**

26. 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**

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

## **REPORT AUTHOR & CONTRIBUTORS**

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## **Appendices Attached**

Appendix 1 - Internal Audit Progress Report to October 2017

**Doncaster Council**

**Internal Audit Progress Report**

**July to 26 October 2017**

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

- 1.1. The 2017/18 Audit Plan was approved by the Audit Committee on 6<sup>th</sup> April 2017. As the audit year progresses, the plan is reviewed to take into account new and emerging risks and any responsive work arising. So far in 2017/18 the service has received and responded to a high number of responsive work requests (see section 2), which have required a review of the plan alongside a review of available resources. Amendments to the plan are set out below.
- 1.2. It is proposed to add the following jobs to the plan:
  - Deprivation of Liberties – Financial Process Review – The original investigation is complete. This has been added to give advice on the development of proper financial processes for the new care first pathway.
  - Occupational Therapy – This is a responsive review into concerns over previously poor management of the service. This review will cover financial, governance and asset management arrangements.
  - Homes and Communities Agency Grant – Grant added to work plan but was not originally anticipated to be required.
  - Residential and Respite Care Placement Arrangements - This was originally 2 jobs which have been combined. This will be a decision making and financial review.
- 1.3. The following jobs have been removed from the plan:
  - Schools Pre Academisation Deficits – Based on Internal Audit Risk Assessment Planning process this work is no longer required and frees up Internal Audit time to undertake areas added to the Internal Audit Plan.
  - Schools Financial Value Standard Challenge – Based on Internal Audit Risk Assessment Planning process this work is no longer required and frees up Internal Audit time to undertake areas added to the Internal Audit Plan.

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

### **Internal Audit Opinion**

- 2.1 Internal Audit provides an opinion on the control environment for all systems, services or functions which are subject to planned audit review. The opinions given are taken into account when forming our overall annual opinion on the adequacy and satisfactory operation of the Council's governance, risk management and internal control arrangements at the end of the year. A '*limited*' opinion is given in any area under examination where

one or more concerns of a 'fundamental' nature are identified. A '*no assurance*' opinion is given where the area under review is considered to be fundamentally exposed to critical risks, although '*no assurance*' opinions are rare.

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

2.2 Summary conclusions on all significant audit work to 26 October 2017 are set out in **Appendix A**.

### Direct Payments

2.3 In 2016, a Direct Payments Audit resulted in a limited assurance opinion being given due to a large number of high level audit recommendations (14 major, 8 significant, and 3 significant outstanding recommendations from 2014). Following earlier full reports to the Audit Committee on this matter, it was agreed a follow-up audit would be carried out to assess progress being made to improve the arrangements in place and respond to former audit recommendations.

2.4 Follow-up audit work is currently underway and will be completed in time to provide a full report to the Audit Committee in February 2018. Early findings from the review show that while the majority of recommendations have been implemented, some of the agreed improved processes are not continually being carried out and, as a result, the risks have not yet been fully mitigated. In particular, issues that need to be addressed include:

- There is no main lead officer in place responsible for improving the whole direct payments process from care assessment through to validation of payments made. Due to this, improvements made at the start of the process are not effective later in the process and vice versa. Numerous staff changes have meant that there is no clarity regarding the overall direction of the service.
- Debt management processes have been improved, however, input from social care staff is sporadic resulting in an unnecessary level of debt accruing in some cases. Early involvement by social care workers in helping gather information about and assess clients' ability to meet their contributions would help to manage this situation.

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

2.5 Our work concluded that the control environment was inadequate in 2 audits completed during the period, leading to the issuing of a limited assurance opinion in these areas, as detailed below:

### Supported Living – Contract Monitoring Review

2.6 A Limited opinion was given due to control weaknesses identified in respect of the Care Management Function. The main issues arising were:

- Analysis of the CareFirst System identified that around two-thirds of clients recorded on the system had either no review date or their review



was overdue. In the absence of any review date or an overdue review date, it cannot be confirmed that Clients' care is up to date in accordance with their needs.

- In addition, failure to undertake reviews adversely impacts upon the financial assessment process and the accuracy / timeliness of the identification and collection of any payments due from the Client and / or the Clinical Commissioning Group (CCG).
- Payments to Service Providers are processed upon receipt of a payment schedule. Whilst this accords with the terms of the contract, it was noted that the CareFirst System does not currently have the functionality to record payments made to Service Providers, which makes the gathering and reconciliation of payments to services provided inefficient.
- The lack of up to date reviews may also give rise to data quality issues in respect of the accuracy, completeness and integrity of the data recorded on the CareFirst System.
- Data recorded on the CareFirst System is not shared with the CCG which hinders the reclaiming of Continuing Health Care (CHC) payments from the CCG.

2.7 Management is aware of these issues and these will be addressed in future versions of the Care Management System.

Continuing Health Care – Debt Management

2.8 This audit found a lack of accountability, involvement and oversight within Adults, Health and Wellbeing in respect of the CHC recharge process. A number of practice and process weaknesses were found, which contributed to a significant level of outstanding debt. This has an adverse impact on the Council's financial position.

**Responsive Audit Work and Investigations**

2.9 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 the various services and functions in the Council. A summary of the significant pieces of work that have been completed or are ongoing is provided below:

Audit Area	Update
Primary School - Loss of Monies	<p>A detailed forensic investigation is taking place around the loss of cash collected for dinner monies and school trips.</p> <p>Internal Audit has issued its report and is working with the school in preparation for disciplinary proceedings.</p>

Adult Care Home Financial Review	Investigations are being carried out into potential losses at a care home and the use of residents' monies. The work is nearing completion and will be reported upon more fully when complete.
Street Lighting	Internal Audit is investigating stock management issues relating to street lamps used in the SALIX Street Light Project. The audit found substantial weaknesses in the project and stock management.  A report has been issued and a closing meeting has been arranged to discuss many findings arising from the audit.
ICT Equipment Losses	Internal Audit is assisting management to put in place stronger controls relating to ICT inventory, following an inability to locate small amounts of ICT equipment.
Server Charge	Concern has been raised by a school re invoice raised by a supplier for work done to server. DMBC IT reviewed this work and concluded little work had been done.  Internal Audit are working with the school to agree a strategy for dealing with the supplier.
Markets Contracts	A concern was raised by the External Auditor regarding Market rents charged and on the stall leases on the Goose Hill Market.  Audit work is complete. A recommended action has been made. After a decision has been confirmed Internal Audit will write to the complainant and advise KPMG of the outcome as they originally raised the concerns.

2.10 This responsive work has accounted for a significant proportion of the work carried out by the section in this period. Whilst some of these pieces of work are nearing conclusion, others will require ongoing resourcing for a while longer. The resourcing and impact of this work is commented on further in section 4 of this report.

### **Section 3: Implementation of Audit Recommendations**

3.1 Following the completion of audit work, improvement plans are produced in consultation with service management containing details of agreed actions and dates for their implementation. Final reports, incorporating agreed improvement plans, are then formally issued to the appropriate Director, Assistant Director and Head of Service.

- 3.2 Internal Audit subsequently seeks assurance that agreed actions arising from audit work have actually been implemented. This involves contacting the officer allocated to complete the action to obtain evidence that agreed actions have been implemented or, where they have not, that appropriate progress is being made. Where fundamental weaknesses in internal control arrangements have been identified, more detailed follow up work is undertaken.
- 3.3 Any major recommendations that are not implemented in line with agreed timescales are reported as part of the Council's quarterly finance and performance challenge process and consequently monitored through that process. Major recommendations outstanding are also reported routinely by Internal Audit to the Audit Committee.
- 3.4 A summary of all outstanding major recommendations is provided in **Appendix B**. Key issues to note are:
- a) The number of major recommendations that are currently overdue for completion is 4. These are distributed as follows:

Directorate	Overdue major recommendations 26 October 2017
Adults, Health and Well-Being	2
Regeneration & Environment	1
Finance & Corporate Services	0
Learning & Opportunities (Children & Young People)	1
<b>TOTAL</b>	<b>4</b>

*(note: schools are excluded from this analysis)*

- 3.5 The number of major recommendations outstanding has oscillated around this level for over a year, with older recommendations being cleared and new ones being added to the outstanding list.
- 3.6 The current number of lower level audit recommendations late and still to be implemented by services is 85. In recent months we have been working with services to prioritise their clearance of these audit recommendations. We have received positive commitment from directorate management teams to doing so, and the number outstanding has reduced from 94 in April. We are pressing for progress to accelerate in the next few months and will report a full up-to-date position to the Audit Committee in February 2018.

## Section 4: Internal Audit Performance

### Performance Indicators

4.1 The Audit Committee has previously agreed the key performance indicators that should be reported to it relating to the performance of the Internal Audit service. The indicators are shown below along with current performance for the period July 2017 to 26 October 2017.

<b>Performance Indicator</b>	<b>Target</b>	<b>July to 26 October 2017</b>	<b>Variance (positive is good)</b>
Percentage of planned audit work completed	50%	38%	- 12%
Draft reports issued within 15 days of field work being completed	90%	83%	- 7%
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%
Percentage of jobs completed within 110% of budget	90%	88%	- 2%

4.2 The service's delivery against the planned audit work is now at 38%, a significant increase on the figure of 15% reported in July 2017. Although the current performance remains behind target at this stage, the improved rate of delivery is expected to continue to the point where sufficient planned work will be achieved to provide an audit opinion at the end of the year on the Council's control, risk and governance arrangements, as required by the Auditing standards.

4.3 The proportion of draft reports issued within 15 days of fieldwork is below target mainly due to the development needs of a junior member of staff.

4.4 Results relating to major recommendations and customer satisfaction remain extremely positive with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above. Final reports issued within 5 days of the clients' response to the draft report is achieved in 100% of cases so far this year and the % of jobs delivered within 110% of audit budget is acceptably close to target at 88% (note this excludes jobs completed by the audit junior)

### Quality Assurance Improvement plan

4.5 In February 2017, Internal Audit was reviewed by the Head of Internal Audit and the Audit Manager from Kirklees Council and this was reported to the Audit Committee at its meeting on 6 April 2017. The assessment confirmed

that Doncaster's Internal Audit Service meets the highest of the three possible ratings within the standards, i.e. that the service "Generally Conforms" with the standards.

- 4.6 The peer review report identifies seven observations noted either by the reviewers themselves, or by Members and officers interviewed by the reviewers. The observations, and actions emanating from them, have been incorporated into the Service's Quality Assurance Improvement Plan (QAIP). The QAIP is attached at **Appendix C**.
- 4.7 Progress in implementing the actions included in the Service's Quality Assurance Improvement Plan, including recommendations arising from the Peer Review, is very good. Seven out of 11 actions are fully complete and the four remaining actions do not fall due until 31st December 2017.
- 4.8 Key actions delivered include refining reporting to the audit committee around audit planning and reporting, identifying and developing staff, and updating the Internal Audit Strategy and Charter. The four remaining actions do not fall due until 31<sup>st</sup> December 2017 and relate to the completion of a service needs assessment to inform Internal Audit service provision in 2018/19 and to further develop the Council's assurance mapping methodology and arrangements. These will be completed by the due date.

## APPENDIX A

### Summary of Planned Audit Work Completed

Audit Area	Assurance Objective	Final Report to Mgmt.	Overall Audit Opinion	Summary of Significant Issues
<b>FINANCE AND CORPORATE SERVICES</b>				
Declaration of Interest – Counter Fraud Management	The audit examined the extent to which the Declaration of Interest and Gifts and Hospitality policies and procedures are complied with.	11/08/2017	<i>Partial Assurance</i>	Improvements are required both with the guidance and processes currently in place.
<b>REGENERATION AND ENVIRONMENT</b>				
Highways Grants – Specific Grant 31/2784	Confirm expenditure and that it is in keeping with the conditions of the grant.  Sign off the grant statement as true and fair as stipulated by the grant.	09/08/2017	n/a – grant claim	Grant signed, no issues raised.
<b>ADULTS, HEALTH &amp; WELLBEING</b>				
Disabled Facilities Grant –	Confirm expenditure and that it is in keeping with the	15/08/2017	n/a – grant claim	Grant signed, no issues raised.

31/2244	<p>conditions of the grant.</p> <p>Sign off the grant statement as true and fair as stipulated by the grant.</p>			
Contract Monitoring Review – Supported Living	<p>The objective of the Audit has been to provide an opinion on the adequacy of the contract management arrangements for the provision of Supported Living Contracts.</p> <p>The contract relating to Care UK Learning Disabilities Services Limited, now known as Living Ambitions, was selected for review. An assessment and critique of the contract has been undertaken.</p>	08/09/2017	<i>Limited Assurance</i>	<p>The current contract and specification does not adequately provide clarity regarding roles and responsibilities of key contract personnel which may adversely impact upon the accountability of the those involved in the administrating the contract. In addition, the contract does not appear to include qualitative performance measures in order to adequately measure the quality of service provided by Service Providers.</p>
Continuing Health Care Debt Management	<p>The objective of the Internal Audit review is to provide an opinion as to whether there are adequate mechanisms and governance arrangements to ensure that CHC monies are dealt with in</p>	12/09/17	<i>Limited Assurance</i>	<p>There appears to be a lack of accountability, involvement and oversight within Adults, Health and Wellbeing in respect of the CHC recharge process.</p> <p>The relatively high number of underlying practice and process issues appear to have contributed to the significant level of outstanding debt.</p>

	a fair and equitable manner between both Doncaster CCG and Doncaster Council and that any outstanding monies due from the CCG are effectively validated, managed and recovered.			This has an adverse impact on the Council's financial position.
<b>CORPORATE</b>				
Troubled Families Grant (April to July)	The grant requires that the arrangements to verify the grant are confirmed by Internal Audit. 6 Criteria are assessed to ensure that Sustained & Significant improvement is made or in the case of an adult which was out of work is now in employment. This is Based on the Governments Troubled Families programme.	25/08/17	n/a – grant claim	None
Partnerships	The Council's arrangements for working in partnerships were reviewed and recommendations made to improve reporting. The review also led to the consideration of the Council's continuing involvement in a number of	July 2017	n/a – advisory	The risks are now being better managed. Regular reports will be presented across the Council on partnerships' activities to ensure there is much better awareness and consideration of the activities.  Proposals have been put in place to withdraw from 2 partnerships and the Council's involvement in several others has been reviewed.



	partnerships.			Refreshed training has been rolled out to Council appointees, to assist them in carrying out their duties on behalf of the Council.
Officer Decision Records	A significant review of the current arrangements for officer decision making has been completed, leading to several recommendations to update and improve current practice, policies and procedures.	October 2017	n/a – advisory	Changes are being implemented to better comply with regulations, improve the quality of Officer Decision Records (ODRs), improve understanding amongst officers and improve publication of ODRs

## APPENDIX B

### Outstanding Major Recommendations

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
<b>Adults and Communities</b>						
Over-payment Review of Direct Payments	<p>Money management companies are used to make payment for direct payments, to ensure service users have access to their personal budget but in a controlled manner, ideally in cases where service users are not good at managing their own money or have had previous problems managing money.</p> <p>There is currently no contract in place for a company that is managing multiple service users' personal budgets.</p>	<p>Companies become financially reliant upon DMBC money. Reputational risk of mismanagement</p>	<p>Contracts will be considered and put into place for all companies that are managing service users' personal budgets on their behalf.</p>	31/10/16	31/12/17	<p>An agreed CPR Waiver to continue with the current supplier to allow a commissioning exercise to be undertaken in line with CPR's ends February 2018. A firm decision has not yet been made as to the scope of what needs to be commissioned. Hence it is unlikely that that a new contract will be in place for 1<sup>st</sup> March 2018.</p> <p>A new agreement is being formulated with the current provider to extend the contract until Aug 2018. Unless a further waiver is agreed any extension will be in breach of CPRs.</p>

Solar Centre	A review of the Solar Centre CPR breach situation raised questions as to whether there are sufficient resources to manage current procurement plans and contractual agreement effectively.	Further breaches may occur.	Review of the resourcing of the Adults Plan for dealing with contracts in breach / coming to an end to ensure further breaches are minimised - allocate responsibility; identify clear reporting lines and frequencies.	30/09/17	30/11/17	A separate report has been produced for Audit Committee.
<b>Learning and Opportunities: CYP</b>						
Aiming High Care Package efficiencies	<p>The Aiming High budget has been overspent for a number of years. It is for Aiming High to prioritise where they incur expenditure and identify efficiency savings to offset expected overspends.</p> <p>However, there is an ongoing trend of an increase in cases within the service, with the net number of children at 31<sup>st</sup> March 2016 being 23 more than that 1<sup>st</sup> April 2015</p>	Budget overspending may increase.	A working group should be formed to identify and assess possible ways of reducing the budget pressure e.g. review of all care packages above £X, cost / benefit analysis of services provided etc.	09/11/2016	31/12/2017	<p>The Working Group was formed in 2016 and produced a comprehensive action plan to reduce the budget overspend (£321K 16/17). Budgets have been increased to allow for an increasing service usage.</p> <p>A reduction in budget overspend has been achieved along with the strengthening of budget monitoring controls.</p> <p>Planned actions to</p>

	and there is currently an average of 4 new cases a month in 16/17.					identify further efficiencies have been identified and budget breakeven is predicted end 18/19. However, there is still a £150k projected overspend for 17/18 resulting in this action being continually monitored.
<b>Regeneration &amp; Environment</b>						
Waste & Recycling	A reconciliation of service contracts from the Mayrise system to the debt raised on the E5 Account Receivable system will be carried out to ensure that all customers who receive a collection service have been charged and charged correctly.	Income may not be invoiced or may be invoiced incorrectly as there is no ongoing transactional check or overall reconciliation in order to identify such omissions or errors.	A reconciliation of service contracts / charges from the Mayrise system to the debt raised on the E5 Account Receivable system will be carried out to ensure that all customers who receive a collection service have been charged and charged correctly.	30/09/17	30/12/17	The finance module within Mayrise is now operational and staff have been trained in its use.  This action cannot be implemented until trade waste customers are given unique numbers/accounts.  Work is underway to create the unique numbers/accounts.

## APPENDIX C

### Internal Audit – Quality Assurance Improvement Plan

Ref	Issue	Agreed Action	Lead Officer	Deadline	Position at October 2017
<b>Actions Emanating from the UKPSIAS Self-Assessment 2016 and Customer Survey 2016</b>					
1	Skill mix to be completed and production of a team development plan. Summarise development needs for the team overall, taking into account current and ongoing requirements (examples; job briefing, communication and reporting – see below, excel, word, risk based auditing, adding value), and potential future developments (CAATs, contract audit, partnerships etc).	<p>Map and compare current team skills, qualifications, experience, with work included in the audit plan for 2016/17.</p> <p>For any gaps, include development requirements in the team development plan.</p> <p>Highlight any work in the plan that is outside of current skills available.</p>	Colin Earl	<p>28 February 2017</p> <p>31 July 2017</p>	<p><b>Completed:</b> Immediate team development priorities identified and scheduled.</p> <p><b>Completed:</b> A full skills audit has been completed and used to inform completion of 2017 PDRs</p>
2	Appraise opportunities for improving the efficiency and effectiveness of the whole end-to-end audit process	Complete a refresh of the end-to-end audit process, to cover planning, job briefs, undertaking audit work, reviews, reporting and communication	Colin Earl	30 June 2017	<b>Completed.</b> Refresh completed by 30 April 2017, with staff training refresh sessions and subsequent roll-out of refreshed procedures. New procedures are now being implemented.

3	An update of audit procedures is outstanding, pending upgrade of the internal audit electronic management system.	Update the audit procedures (manual) following implementation of the new electronic audit system – cross reference to Standards to demonstrate compliance	Nici Frost-Wilson	30 June 2017	<b>Completed;</b> All material is available to staff and training has been provided as required.
4	Develop assurance mapping to strengthen the Council's internal control arrangements	Work with the Strategic Performance Unit to develop Assurance Mapping	Colin Earl	31 December 2017	<b>Ongoing;</b> Preliminary work completed. A process has been drafted and piloted in one service area. Consultation is being held with officers to assess options for rolling-out the process.
<b>Actions Emanating from the External Peer Review 2017</b>					
5	At present the Audit Committee does not receive oversight of the full audit universe to be able to consider and challenge audit coverage in all aspects of Council activity as part of the approval of the Audit Plan.	The audit planning process should be widened to include reporting of the audit universe to the Audit Committee.  This change may dovetail with the assurance mapping exercise being co-ordinated by the HoIA – see action point 4 above	Colin Earl	6 April 2017	<b>Completed:</b> The audit universe and current assurance mapping was presented to management and the Audit Committee alongside the draft Audit Plan 2017/18.
6	Delivery of planned work is reported as a % figure to the Audit Committee in the Progress Reports of the HoIA. The calculation methodology includes account for	The HoIA to add explanation to reporting arrangements of plan completion in the performance information section in Progress Reports. This would help	Colin Earl	From 6 April 2017	<b>Completed;</b> Information in the audit progress reports and annual report has been extended to include details of the calculation

	work in progress.	management and Members monitor plan completion progress and to understand the implications of undertaking unplanned commissions and to consider the need to revise the annual plan.			methodology, including where relevant, the implications of prior year and unplanned work.
7	The need and scope for collaboration including any joint working arrangements should be reviewed on an ongoing basis This view was partly reinforced through discussions with SLH regarding opportunities for more horizon scanning and wider dissemination of best practice generally in areas under audit review, that may be gleaned from other authorities with landlord responsibilities, which they identified would be particularly welcome	<p>Opportunities for collaboration, information sharing and service development are kept under review on an ongoing basis. A formal assessment of service needs will be completed during 2017/18, to inform the internal audit service provision from 2018/19.</p> <p>A review step will be built into audit work to explicitly consider alternatives to assist services in their development, to add better value to the audits completed.</p>	Colin Earl	31 December 2017	This work is <b>substantially complete</b> and will be finished by November.
			Colin Earl	30 April 2017	<b>Completed</b> ; This step is specifically included in the audit end-to-end process.
8	Consider the team resilience, continuity, and development issues on an ongoing basis and in particular how capacity could be addressed if any of the three managers were to leave in the short to medium term.	Options would include developing and providing more opportunities and exposure to other staff within the team, mainly principal auditors The HoIA to monitor the position and tailor the team development	Colin Earl	31 July 2017	<b>Completed</b> ; The completion of complex work and the enhanced involvement of other staff in finalising and reporting complex work was considered through the 2017/18 Personal Targets

		plan to ensure, perhaps by way of coaching and exposure of principal auditors to completing and delivering complex work, the service can continue to meet future requirements.	Colin Earl	31 December 2017	and Development Planning Processes.  A formal assessment of service needs will be completed during 2017/18, to inform the internal audit service provision from 2018/19.  This work is <b>substantially complete</b> and will be finished by November.
9	For the purpose of clarity and transparency, the details of the audit services provided to SLH and Drainage Boards should be included within the Internal Audit Charter and the Strategy should be updated in respect of the Children's Services Trust.	An updated Audit Charter and Strategy will be presented to the Audit Committee in July 2017, to incorporate comments made by the Peer Review and changes to auditing standards that are currently being consulted on.	Pete Jackson	27 July 2017	<b>Completed</b> ; The revised Charter and Strategy have been presented to the July Audit Committee incorporating changes to the auditing standards and the issues identified as part of the Peer Review.
10	Internal Audit job descriptions should be revised to include reference to the PSIAS	All job descriptions will be reviewed as part of the full service review to be completed by the end of December, 2017	Colin Earl	31 December 2017	This work is <b>substantially complete</b> and will be finished by November.
11	The PSIAS self-assessment identified a number of development issues which were incorporated into an action plan. Several of these have been completed but a number	The action plan will be merged with the Quality Assurance and Improvement Programme referred to in the recommendations made in the	Colin Earl	6 April 2017	<b>Completed</b> : Consolidated Action Plan produced and appended to the 2017/18 Audit Plan



	remain ongoing. The HoIA should ensure full implementation of the remaining issues in the self-assessment action plan.	peer review, and reported to the Audit Committee on a regular basis to enable monitoring of progress.			
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