



Doncaster Council

Report

Date: 28th July 2022

To the Chair and Members of the AUDIT COMMITTEE

INTERNAL AUDIT REPORT FOR THE PERIOD: April 2022 to June 2022

EXECUTIVE SUMMARY

1. The report attached at **Appendix 1** updates the Audit Committee on the work undertaken by Internal Audit for the period of April to June 2022.
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 will be continually reviewed throughout the year in accordance with our agile approach to auditing. Section 1 sets out further detail and changes to date.

Section 2: Audit Work Undertaken During the Period

5. During the period April to June, the majority of our work has been on our routine and planned audits as well as an increasing number of Covid related grants, needing auditing and sign off. A significant amount of work has also been carried out covering Post Payment Assurance Checks on Business Rates grants.
6. Work continued in supporting the North Bridge Stores Transformation Project which involved a further site visit following which detailed observations were provided to management for incorporation into their Service Improvement Plan.

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

7. The previously reported one high risk level overdue management action i.e. actions that have passed their original agreed implementation dates, has now been implemented. This was for Trading Standards and Food Safety. Details of this are recorded at Appendix B.
8. The total number of overdue medium and low risk level management actions has reduced to 6. Revised implementation dates have been agreed for these actions requiring a further extension of time. In total there are 15 Internal Audit recommendations awaiting implementation.
9. Having undertaken a thorough review of the risks in this area, we have assessed the situation as highly satisfactory and will continue to tightly monitor and manage this area.

Section 4: Performance Information

10. Key operational indicators are over the timeliness of the issue of draft and final reports and these have all been issued within target timescales.
11. Results relating to major recommendations and customer satisfaction remain positive, with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above.
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 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.
13. 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.

RECOMMENDATIONS

14. 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 council's risk, governance and control arrangements

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

15. 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

16. 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

17. Not applicable – for information only

REASONS FOR 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.

Outcomes	Implications
<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none">• Better access to good fulfilling work• Doncaster businesses are supported to flourish• Inward Investment	
<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none">• The town centres are the beating heart of Doncaster• More people can live in a good quality, affordable home• Healthy and Vibrant Communities through Physical Activity and Sport• Everyone takes responsibility for keeping Doncaster Clean• Building on our cultural, artistic and	

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

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS [SRF 12/07/22]

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.

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

FINANCIAL IMPLICATIONS [SJT 13/07/22]

22. There are no specific financial implications arising from this report. Internal Audit's budget is monitored monthly and is not reporting any significant issues

HUMAN RESOURCE IMPLICATIONS [SH 12/07/22]

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

TECHNOLOGY IMPLICATIONS [PW 14/07/22]

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

EQUALITY IMPLICATIONS [PJ 08/07/22]

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.

HEALTH IMPLICATIONS [RS 12/07/22]

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

CONSULTATION

27. 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

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

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

29. None

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**Doncaster
Council**

Doncaster Council

Internal Audit Progress Report

April to June 2022

Section 1: Revisions to the Audit Plan

1.1. The 2022/23 Internal Audit Plan was approved by the Audit Committee on 28th April 2022. 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 is added to the plan and is resourced by the deletion or deferral of the assessed lowest risk items. The staffing resources available have reduced since the original Audit plan was approved due to one member of staff leaving and long-term sickness within the team.

1.2. Further, discussions have taken place with the Internal Audit provider for DCST to consider arrangements going forward post 1st September 2022. It has been agreed for the contract to novate to the Council until it ceases on 31st March 2023. We are working closely with the provider to ensure maximum value is obtained from their work, ensuring we work collaboratively, do not duplicate and complement, adding overall value.

1.3. Significant changes to the plan for the period are set out below, however, further amendment will be needed once the outcome of an ongoing resource review has been completed.

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

- Asylum Payments Review – requested by management for assurance over arrangements
- Local Child Safeguarding Practice Review (LCSPR) – requested by management for assurance over arrangements following transfer from the Children’s Trust
- Better Mental Health Grant Verification – required by Central Government
- Inpatient Detoxification Grant – required by Central Government
- Universal Drug Treatment Grant – required by Central Government

1.5. Items of work removed from the plan are set out below; all these will be reassessed as part of the ongoing planning process for the remainder of this financial year and the next financial year:

- North Bridge Stores Review – to allow the new Stores Manager time to embed ongoing arrangements. Performance and Project Management will continue with ongoing management oversight. A comprehensive audit will be carried out early in the 2023/24 year.
- Trading Standards and Food and Animal Safety Re-Review – to allow management to further embed improved arrangements and deliver against backlogs of work in these areas.

- Core Financial Processes - Payroll Processing – audit was recently completed and provided substantial assurance with no further work required in this Financial Year
- Schools Declaration of Interest Processes – Work carried out as part of the National Fraud Initiative identified improved arrangements are required in this area
- Gainshare Grant – grant verification cannot be completed this year as scheme completes in April 2024
- Homes and Communities Agency Grant (HCA) – not required as no grant funded schemes require auditing by the HCA
- Education Absence - Fixed Penalty Notices – delaying will provide additional time to resource training and raising awareness work arising from school audit reviews
- School Budgets – Surplus / Deficit Budgets – delaying will provide additional time to resource training and awareness work arising from school audit reviews

1.6. We continue to work with all relevant teams within the Council to ensure our ongoing planned work for the year remains relevant and adds maximum values to the Council. We also continue sense checking our planning and approach with other Audit Teams in the regions that are in our working network. 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 April to June, the majority of our work has been on our routine and planned audits as well as an increasing number of Covid related grants, needing auditing and sign off. A significant amount of work has also been carried out covering Post Payment Assurance Checks on Business Rates grants.

Work continued in supporting the North Bridge Stores Transformation Project which involved a further site visit following which detailed observations were provided to management for incorporation into their Service Improvement Plan.

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 April to June 2022 and any completed work not previously reported, are set out in **Appendix A**.

Audits providing ‘limited’ assurance opinions

2.5 There have been no ‘limited assurance’ opinions given this period.

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. There is nothing to report upon in this progress report but any reportable issues will be included in future progress reports or in the Annual Fraud report as appropriate.

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 and are effectively managing any risks previously identified. 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 require Assistant Director authorisation for a time extension and are reported as part of the Council’s Quarterly Resource 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. This has also been further refined following concerns raised by the Audit Committee to that when it is clear that implementation of actions is proving problematic then future date revisions will be approved by the Director and escalated to the Chief Executive when necessary.

3.4 The total of actions which are overdue i.e. that have passed their original agreed implementation date has reduced to 6 and none of these are high risk. A breakdown of these by Directorate is detailed in the table below. All these management actions have had revised dates agreed by their relevant Assistant Directors and we will tightly monitor and report on the achievement of these revised dates.

3.5 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 30/06/2022					Number of medium / lower risk level management actions overdue at 30/06/2022				
	At 31/12/2020	At 28/6/2021	At 31/12/2021	At 11/04/22	At 30/06/2022	At 31/12/2020	At 28/6/2021	At 31/12/2021	At 11/04/2022	At 30/06/2022
Adults, Health & Wellbeing (AHWb)	0	0	0	0	0	3	2	0	0	0
Economy & Environment (EE)	4	3	3	1	0	31	27	27	8	6
Corporate Resources (CR)	0	0	0	0	0	12	7	1	0	0
Learning Opportunities, Skills & Culture	0	0	0	0	0	0	0	0	0	0
TOTAL	4	3	3	1	0	46	36	28	8	6

3.6 The main area where there had been significant delays is:

Trading Standards (Economy & Environment)

As previously reported, the work of the team had to be constantly reprioritised again during the 2021/22 year, but in quarter four, significant progress was made in implementing many actions such that at the end of the year there were only 7 actions overdue but all of which were in line with the revised implementation dates that had been authorised by the Chief Executive. The position at the end of the first quarter of the year is that there are now no high risk actions outstanding and only five lower level ones. There continues to be appropriate management arrangements for the completion of the remaining actions such that this continues to be no longer regarded an area of concern.

3.7 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 30/06/2021	No. of actions at 31/12/2021	No. of actions at 30/06/2022
Adults, Health and Wellbeing	3	4	0	0
Economy & Environment	35	30	30	6
Corporate Resources	26	9	26	8
Learning Opportunities, Skills & Culture	0	3	0	1
TOTAL	64	46	56	15

3.8 Having undertaken a thorough review of the risk in this area, we have assessed the situation as highly satisfactory and will continue to tightly monitor and manage this area.

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.
- 4.3 Results relating to major recommendations and customer satisfaction remain 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 April to June 2022:

Performance Indicator	Target	April to June 2022	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%

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

- 4.4 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.
- 4.5 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
CORPORATE RESOURCES				
Bus Service Operators Grant (June 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.	June 2022	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Core Financial Processes – Internet and Telephone Payments	Confirm that the controls for telephone and internet banking payments are effective.	May 2022	Reasonable Assurance	Employees who take payment via paye.net are still at risk of accusation of the misappropriation of card details along with the reputational and regulative risk to the Council if Data Protection regulations were to be breached. The housekeeping of paye.net users requires some attention.
Core Financial Processes – Treasury Management	Effective monitoring is undertaken on all bank accounts. All investments are good value for money and made at the right time and within Council's financial means. Loans made are best value and appropriately accounted for and effectively monitored.	January 2022	Substantial Assurance	There were no significant issues raised.

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
Core Financial Processes – Back Office Income	Examine the processes undertaken by the Cashiers within the Revenues team, to ensure that they are fit for purpose and make recommendations for improvements in financial processes where weaknesses are identified.	May 2022	Substantial Assurance	There were no significant issues raised.
Core Financial Processes – Payroll Processing	Ensure that the systems and processes remain well controlled within the new MHR iTrent Payroll System.	June 2022	Substantial Assurance	There were no significant issues raised.
Property Flood Resilience Scheme	Provide reasonable assurance that the invoices submitted by the Authority for Claims fairly represent expenditure under the Scheme made in accordance with the provisions of the Memorandum of Understanding.	February 2022	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
ECONOMY AND ENVIRONMENT				
National Productivity Infrastructure Fund	Confirm expenditure and that it is in keeping with the conditions of the grant statement as true and fair as stipulated by the grant.	February 2022	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Trade Waste Income Collection / Expenditure Monitoring	Give assurance that income and expenditure is both appropriate and correct, and that income is maximised.	June 2022	Substantial Assurance	There were no significant issues raised.

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
Local Area Delivery Grant (Phase 1B)	To ensure that expenditure was made in accordance with the grant conditions.	N/A	Not Applicable – Grant Claim verification.	Grant signed, no issues raised.
Core Financial Processes – Housing Rents	Examine the extent to which the operational risk and operational processes are effectively managed within the housing rents process to ensure that the right rents are collected from the right people, at the right time and that rents are properly accounted for and meet the rents standard.	February 2022	Substantial Assurance	There were no significant issues raised.
Corporate Landlord – Accounting for Leases	Ensure leases are accurately accounted for in the Councils accounts, in line with new standards (IFRS16) and that there are appropriate controls in the systems recording properties leased by the council.	June 2022	Partial Assurance	There were gaps in the quality of data recorded, which would have made it difficult to comply with new standards (IFRS16) had the adoption of the standards not have been delayed.
ADULTS HEALTH & WELLBEING				
Troubled Families Grant - (April to June 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.

PUBLIC HEALTH				
Homelessness Reduction Grant	Confirm expenditure and that it is in keeping with the conditions of the grant statement as true and fair as stipulated by the grant.	March 2022	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Protect and Vaccinate Grant	Confirm expenditure and that it is in keeping with the conditions of the grant statement as true and fair as stipulated by the grant.	April 2022	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Better Mental Health Grant Verification	Confirm expenditure and that it is in keeping with the conditions of the grant statement as true and fair as stipulated by the grant.	June 2022	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Test and Trace Contain Outbreak Management Fund Surge Funding grant (to March 2022 and then to June 2022)	Confirm expenditure and that it is in keeping with the conditions of the grant statement as true and fair as stipulated by the grant.	June 2022	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
LEARNING AND OPPORTUNITIES: CHILDREN & YOUNG PEOPLE				
Special Education Needs Placements Funding	To ensure that high value placements are not being double funded / cannot be funded from other sources.	February 2022	Not Applicable due to scope of work. However it concluded that from the in-depth analysis and testing undertaken from the reports produced from the data held within	One high level action was agreed that the following points will be built into the SEN Improvement journey strategy and action plan. <ul style="list-style-type: none"> • Review the approval process for Tuition

			<p>the Data and Intelligence Dashboard for the period 2020/21, we can confirm that there appears to be no duplication issue with the payments paid to settings for pupil's placements.</p>	<p>overlaps.</p> <ul style="list-style-type: none">• Review the budget monitoring processes to ensure that budgets are not overspent and only SEN expenditure is charged.• Review the base budgets to ensure they are realistically set.• Undertake a full end-to-end review of the SEN process.
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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
ECONOMY AND ENVIRONMENT						
<p>Trading Standards and Food and Animal Safety RE Team Structure</p>	<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>	<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.</p>	<p>31/12/19</p>	<p>31/03/21 30/06/21 30/09/21 31/03/22 30/06/22</p>	<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.</p> <p>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 marketplace proving problematic. Vacancies have increased since initial audit. Once establishment populated move toward reducing spans can be completed.</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
						<p>Interviews for the Food Team Manager post were held on Tuesday 28th and the successful candidate will take up her new post on Monday 4th July.</p> <p>Fully Implemented</p>