



# Doncaster Council

## Report

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Date: 27<sup>th</sup> October 2022

To the Chair and Members of the AUDIT COMMITTEE

INTERNAL AUDIT REPORT FOR THE PERIOD: July 2022 to September 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 July to September 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 significant changes to date.

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

5. During the period July to September, 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.
6. Substantial advisory and consultancy work is ongoing within the Council as well as fraud and responsive work.

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

7. There are currently no high risk level overdue management actions i.e. actions that have passed their original agreed implementation dates.
8. The total number of overdue medium and low risk level management actions has reduced to 4. Revised implementation dates have been agreed for these actions requiring a further extension of time. In total there are 9 Internal Audit recommendations awaiting implementation, 5 of which are not yet due.
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. 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 2022/23. 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><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><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></ul>	

<ul style="list-style-type: none"> <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**

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

**LEGAL IMPLICATIONS [SRF 17/10/22]**

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 17/10/22]**

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 17/10/22]**

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

## **TECHNOLOGY IMPLICATIONS [PW 14/10/22]**

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

## **EQUALITY IMPLICATIONS [PJ 07/10/22]**

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 18/10/2022]**

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

## **REPORT AUTHOR & CONTRIBUTORS**

30. Peter Jackson, Head of Internal Audit,  
Tel 01302 862938 E-mail - [Peter.Jackson@doncaster.gov.uk](mailto:Peter.Jackson@doncaster.gov.uk)

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



**Doncaster  
Council**

**Doncaster Council**

**Internal Audit Progress Report**

**July to September 2022**

## Section 1: Revisions to the Audit Plan

- 1.1. The 2022/23 Internal Audit Plan was approved by the Audit Committee on 28<sup>th</sup> 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 work items. This is well established best practice and in line with our agreed Strategy. The staffing resources available have reduced since the original Audit plan was approved due to one member of staff leaving and continued long-term sickness within the team as reported in the July progress report.
- 1.2. Following the transfer to the Council of the former DCST functions on the 1<sup>st</sup> September 2022, the current Internal Audit provider contract with the DCST has also transferred to the Council until its end on 31<sup>st</sup> March 2023. We are working closely with the provider to ensure maximum value is obtained from their work, ensuring we work collaboratively, there is no duplication and maximum value is obtained.
- 1.3. We have identified areas to be covered in this regard and some of this work is currently underway to provide assurance over some of these incoming services / processes, on a prioritised basis.
- 1.4. Significant changes to the plan for the period are set out below, further changes to plan will undoubtedly continue to be made as the year progresses in accordance with our strategy to reflect new and emerging risk and changing priorities
- 1.5. New significant pieces of work added to the work plan in the quarter are:
  - Foster Care Payments – requested by management for assurance over arrangements following prior year concerns when overpayments occurred
  - Charging Reform Board – Management requested audit oversight over this key area for the Council due to this being a potential future risk and ensuring appropriate governance is in place
  - Joint Resource Panel – Management requested audit oversight over this key area for the Council due to the high cost of the placements considered
  - Adult Weight Management Grant – mandatory requirement by Central Government as a condition of the grant
- 1.6. More significant items of work removed from the plan include those 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:
  - Safeguarding Adults – deferred as Service Review still ongoing
  - Core Financial Processes – General Financial Leger – audit is classed as low risk with little value added
  - Street Lighting Costing / Billing Review – deferred to allow for higher risk work to be delivered

- Bereavement Services, Plot Box System Review – deferred following risk assessment
- Mosaic, Care and Case Flows – still under development and will be reviewed when at a further point of progression
- SEN Improvement Journey – to be covered within the scope of the new Joint Resource Panel audit
- ASC Fees and Charges, Charging Policy Implementation – to be covered with the scope of the new Charging Reform Board audit

1.7. 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 July to September, 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.

Work has continued in supporting the North Bridge Stores Transformation Project. Maintaining overall visibility and advice in relation to the programme, whilst at the same time reducing the detailed checks undertaken. Thus providing additional time and capacity for the service to deliver the improvements, rather than responding to regular audit queries. A full audit will be undertaken to confirm the arrangements have addressed previous issues, following the service confirming that the key elements of the project plan have been completed in accordance with the timescales agreed. Substantial advisory and consultancy work is ongoing covering placements within Childrens Services

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 June to September 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.

2.7 There has been ongoing proactive work undertaken in this area covering data matching exercises both locally and nationally and some focused work around for example Direct Debit Recall Fraud arrangements and school declaration of Interests arrangements.

## **Schools**

2.8 School audit coverage in recent years has been low due to higher priority work being undertaken. A fraud investigation took place at a local Primary school in 2020/21 and this resulted in Internal Audit undertaking a programme of school audits for 2022/23. In order to do so, there was a full revision of the school internal audit programme to ensure it covered all relevant and up to date areas to enable us to add value and provide an assurance over the governance and financial arrangements in operation at the schools. The schools visited this year were selected from our own risk assessments and utilising insight from other Council Teams that work with schools.

2.9 Internal Audit have recently undertaken reviews at three schools to assess the adequacy of both governance and financial arrangements. Two schools were given reasonable assurance opinions and the other, limited assurance

2.10 There is a further piece of work currently being undertaken by Internal Audit involving the identification of the 'common' themes and issues embedded and in operation at the schools that have been identified during the recent school audits. It is anticipated that this work will be issued to all key stakeholders involved, including the Governors, Head teacher and School Finance Staff to make them aware of their responsibilities and to help them improve Governance and Financial Management within their school.

2.11 Internal Audit are also developing a controls risk self-assessment (CRSA) process to be issued to all LA maintained schools. These are to be completed and returned to Internal Audit and for the school to utilise to make all school stakeholders aware of their responsibilities and identify any improvements that may be required. This

process should add value by helping to improve the schools day to day controls and to overall strengthen the governance and financial management within the school. This process should be viewed as a constructive exercise in improving the schools governance and financial management arrangements. This will then be utilised for completion of the School's Statement of Internal Control (SIC) and will aid the School Financial Value Standard (SFVS). It will also be utilised by Internal Audit as one element of the risk assessments for the 2023/24 Internal Audit plan.

### **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 number of actions which are overdue i.e. that have passed their original agreed implementation date has reduced to 4 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 28/6/2021	At 31/12/2021	At 11/04/22	At 30/06/2022	At 30/09/2022	At 28/6/2021	At 31/12/2021	At 11/04/2022	At 30/06/2022	At 30/09/2022
Adults, Health & Wellbeing (AHWb)	0	0	0	0	0	2	0	0	0	0
Economy & Environment (EE)	3	3	1	0	0	27	27	8	6	3
Corporate Resources (CR)	0	0	0	0	0	7	1	0	0	1
Learning Opportunities, Skills & Culture *	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>28</b>	<b>8</b>	<b>6</b>	<b>4</b>

\* These figures do not include the number of actions arising from the 3 school audits completes as these traditionally generate a high number of action and have different ratings for the school to work to and therefore reporting these figures would disproportionately misrepresent the councils position.

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

Trading Standards and Food Safety (Economy & Environment)

As previously reported, there are now no high risk actions outstanding and only two lower level ones which are due for imminent completion and such this continues to be no longer regarded an area of concern and will no longer be reported in this narrative

There are no areas of significant concern.

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

Directorate	No. of actions at 30/06/2021	No. of actions at 31/12/2021	No. of actions at 30/06/2022	No. of actions at 30/09/2022
Adults, Health and Wellbeing	4	0	0	0
Economy & Environment	30	30	6	3
Corporate Resources	9	26	8	9
Learning Opportunities, Skills & Culture *	3	0	1	0
<b>TOTAL</b>	<b>46</b>	<b>56</b>	<b>15</b>	<b>12</b>

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 June to September 2022:

Performance Indicator	Target	June to September 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 2022/23. 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

## APPENDIX A

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
<b>ECONOMY AND ENVIRONMENT</b>				
Highways Grants (Integrated, Pothole)	To ensure that expenditure was made in accordance with the grant conditions.	N/A	Not Applicable – Grant Claim verification.	Grant signed, no issues raised.
Lead Local Flood Authority	High level overview of the arrangements in place to ensure that the Council meets all of its responsibilities as a Lead Local Flood Authority (LLFA).	September 2022	Reasonable Assurance	The strategy for local flood risk management should have been reviewed well over 2 years ago.
<b>ADULTS HEALTH &amp; WELLBEING</b>				
Supporting Families Grant - (July to September 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

Adult Weight Management 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.	July 2022	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Inpatient Detoxification 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.	July 2022	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Universal Drug Treatment 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.	July 2022	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
<b>CHILDREN YOUNG PEOPLE &amp; FAMILIES</b>				
Mosaic Pricing Uplift – 2022-23	This audit aimed to provide assurance that appropriate arrangements are in place to oversee uplifts and uplifts since April 2022 have been applied accurately	September 2022	Substantial Assurance	None
Local Child Safeguarding Practice Review (LCSPR) – Lessons Learnt	A lessons learned review of the commissioning and monitoring arrangements of a Local Child Safeguarding Practice Review (LCSPR) was undertaken. Independent reviewers were commissioned and procured by Doncaster Children’s Services Trust’s (DCST), Safeguarding Unit on behalf of Doncaster	September 2022	N/A – lesson learned report	It was confirmed that lessons have been learnt from the LCSPR and actions had already been identified and implemented.

	Safeguarding Children Partnership (DSCP) to undertake a LCSPR in 2020. The audit review was requested on the behalf of the Chief Executive and the Director of Learning, Opportunities and Skills due to governance and financial concerns raised by a Non-Executive Director of the former Doncaster Children's Services Trust (DCST) regarding the commissioning / procurement and contract management of the LCSPR.			
Primary School 1	To assess and ensure that financial and governance controls and processes are working effectively	September 22	Reasonable Assurance	Improvements were required to strengthen controls in operation at the school.
Primary School 2	To assess and ensure that financial and governance controls and processes are working effectively	September 22	Reasonable Assurance	Improvements were required to strengthen controls in operation at the school.
Primary School 3	To assess and ensure that financial and governance controls and processes are working effectively	July 22	Limited Assurance	Significant improvements were required to strengthen controls in operation at the school.



**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>NB There are currently no overdue high risk management actions</b>						