



## Report

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Date: 26<sup>th</sup> January 2023

To the Chair and Members of the AUDIT COMMITTEE

INTERNAL AUDIT REPORT FOR THE PERIOD: OCTOBER 2022 to DECEMBER 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 October to December 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 best practice and 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 October to December, our work has been on our routine and planned audits.
6. Substantial advisory and consultancy work is ongoing within the Council as well as fraud and responsive work.
7. As planned, considerable resources have been targeted to successfully implement a major upgrade to the teams Auditing and Management software. The upgrade will provide ongoing benefits to the Internal Audit Team, through being able to access better information, efficiencies, etc.

### **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 3. Revised implementation dates have been agreed for these actions requiring a further extension of time. In total there are 10 Internal Audit recommendations awaiting implementation, 7 of which are not yet due.
9. It is clear from the current position that implementation of agreed management actions is operating well. We 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. He will however be placing additional reliance on other wider sources of assurance to support this opinion in addition to the planned audit work.
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 completed in 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.

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

<p>Doncaster Clean</p> <ul style="list-style-type: none"> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	
<p><b>Doncaster Learning:</b> Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> <li>• Every child has life-changing learning experiences within and beyond school</li> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	
<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes.</li> </ul>	
<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	<p>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 16/01/23]

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 16/01/23]**

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 16/01/23]**

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

## **TECHNOLOGY IMPLICATIONS [PW 16/01/23]**

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

## **CONSULTATION**

25. 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**

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

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

27. None

## **REPORT AUTHOR & CONTRIBUTORS**

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**Head of Internal Audit**



**Doncaster  
Council**

**Doncaster Council**

**Internal Audit Progress Report**

**October to December 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 previous progress reports.
- 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:
  - Home to School Transport – This is an area of ongoing budget overspend
  - Education Welfare and Buy Back and Absence Penalties – this was a review of decision making with financial implications.
  - Children Social Care Placements – Management requested audit oversight over this key area for the Council due to the high cost of the placements considered
  - Buy Doncaster – Management requested a review to ensure that all income due from schools is being billed and is correctly calculated
  - Fostering Process Compliance Audit 2022/23 – Management requested check on key compliance areas identified in Ofsted Review
- 1.6. 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:
  - Accounts Payable and Procure to Pay – deferred to allow for higher risk work to be delivered
  - Housing Benefits — deferred to allow for higher risk work to be delivered

- Business Rates – deferred to allow for higher risk work to be delivered
- Direct Payments and Personal Budgets - deferred to allow for higher risk work to be delivered
- ITrent Flexi and Leave Recording System - deferred to allow for higher risk work to be delivered
- Other Flexi and Leave Recording Systems - deferred to allow for higher risk work to be delivered
- Provider Payment Implementation Review – Implementation delayed – to be assessed for 2023/24 plan
- Declarations of Gifts and Hospitality and Legacy Audit - deferred to allow for higher risk work to be delivered
- Local Child Safeguarding Practice Review - deferred to allow for higher risk work to be delivered

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 October to December, our work has been on our routine and planned audits.
- 2.2 Considerable resource as planned have been used in successfully implementing a major upgrade to the teams Auditing and Management software. Further time is needed to complete post implementation actions which should be complete in the final quarter of the year.
- 2.3 Substantial advisory and consultancy work is ongoing covering placements within Children's Services and governance over decision making.
- 2.4 There is also a substantial amount of work in progress awaiting completion for reporting at the next Audit Committee.
- 2.5 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

2.6 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

2.7 Summary conclusions on all significant audit work completed October to December 2022 and any completed work not previously reported, are set out in **Appendix A**.

## Audits providing ‘limited’ assurance opinions

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

## 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 services and functions in the Council. This area is covered in detail within the Annual Preventing and Detect Fraud and Error Report which forms part of this committee meeting’s agenda

## 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 3 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					Number of medium / lower risk level management actions overdue				
	At 31/12/2021	At 11/04/22	At 30/06/2022	At 30/09/2022	At 31/12/2022	At 31/12/2021	At 11/04/2022	At 30/06/2022	At 30/09/2022	At 31/12/2022
Adults, Health & Wellbeing (AHWb)	0	0	0	0	0	0	0	0	0	0
Economy & Environment (EE)	3	1	0	0	0	27	8	6	3	1
Corporate Resources (CR)	0	0	0	0	0	1	0	0	1	2
Learning Opportunities, Skills & Culture *	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>3</b>

\* These figures do not include the number of actions arising from the 4 school audits / investigation completed 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 Council's position.

3.6 There are no areas of concern covering the 3 overdue management actions.

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

Directorate	No. of actions at 31/12/2021	No. of actions at 30/06/2022	No. of actions at 30/09/2022	No. of actions at 31/12/2022
Adults, Health and Wellbeing	0	0	0	0
Economy & Environment	30	6	3	5
Corporate Resources	26	8	9	11
Learning Opportunities, Skills & Culture *	0	1	0	0
<b>TOTAL</b>	56	15	12	<b>16</b>

3.8 It is clear from the current position that implementation of agreed management actions is operating well. We 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 October to December 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%

Performance Indicator	Target	June to September 2022	Variance (positive is good)
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. He will however be placing additional reliance on other wider sources of assurance to support this opinion in addition to the planned audit work.
- 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 completed in 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>CORPORATE RESOURCES</b>				
Bus Service Operators Grant (December Claim)	Confirm expenditure and that it is in keeping with the conditions of the grant statement as true and fair as stipulated by the grant.	December 2022	N/A – grant Claim verification	Grant signed, no issues raised.
Declarations of Interest (Officers & members)	This audit aimed to establish the extent to which the operational risks and operational processes are effectively managed within the application of the Declaration of Interest policies and procedures.	October 2022	Substantial Assurance	None
Council Tax Audit 22/23	The audit aimed to establish if the controls in place are ensuring that the Council’s arrangements for the Council Tax System are effective.	January 2023	Substantial Assurance	None
Purchase Card Administration Audit 22/23	This audit aimed to assess the Council’s Purchase Card Administration arrangements and ensure the adequacy of the processes in place contribute towards minimising the risk of fraudulent or improper use of purchase cards and ensure that	January 2023	Reasonable Assurance	None

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
	transactions are correctly accounted for.			
<b>ECONOMY AND ENVIRONMENT</b>				
Local Area delivery Grant (Phase 2)	To ensure that expenditure was made in accordance with the grant conditions,	N/A	N/A – grant Claim verification	Grant signed, no issues raised.
<b>ADULTS HEALTH &amp; WELLBEING</b>				
Supporting Families Grant - (October to December Claims)	Confirm expenditure and that it meets the conditions of the grant allowing Doncaster Council sign off.	N/A	Not Applicable – Grant Claim verification.	Grant signed, no issues raised.
<b>PUBLIC HEALTH</b>				
No Planned work was reported in this period				
<b>CHILDREN YOUNG PEOPLE &amp; FAMILIES</b>				
Big Picture Learning Grant	To ensure that outputs made and claimed for are in accordance with the grant conditions	December 2022	N/A - grant Claim verification	Grant signed, no issues raised
Special Education Needs and Disabilities (SEND) Confirmation Orders	To ensure the Special Education Needs and Disabilities team are following approved ordering processes	November 2022	Concluded processes were compliant	None raised

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
School Improvement – Governance and Financial Management Awareness to Schools Stakeholders	<p>The piece of work aimed to identify ‘common’ themes and issues currently embedded and in operation that have been identified during the recent school audits.</p> <p>The outcome of this piece of work was to be issued to all key stakeholders involved these being 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 schools.</p>	November 2022	N/A	General advisory points were provided to all schools
Education Welfare Buy Back	The aim of this piece of work is to provide information over the governance arrangements covering the Education Welfare traded service to schools.	December 2022	N/A – Information collation only	Chronology provided to management

**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>						