



## Report

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**Date: 23rd November 2023**

**To: The Chair and Members of the Audit Committee**

**Report Title: INTERNAL AUDIT REPORT FOR THE PERIOD: July 2023 to October 2023**

### **EXECUTIVE SUMMARY**

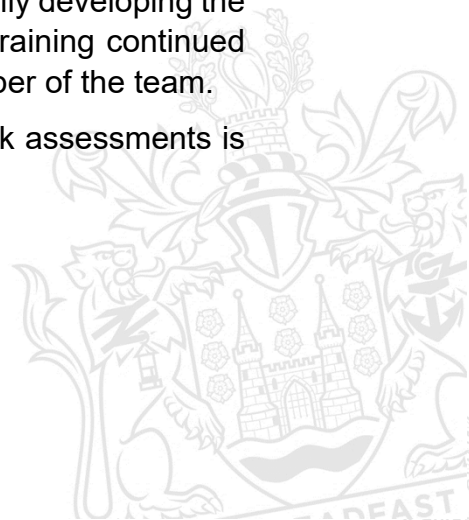
1. The report attached at **Appendix 1** updates the Audit Committee on the work undertaken by Internal Audit for the period of July to October 2023.
2. The attached report is in four sections:
  - Section 1. The Audit Plan / Revisions to the Plan
  - Section 2. Audit Work Undertaken During the Period
  - 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 in this period.

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

5. During the period July to October, our work has been on our routine and planned audits and on the lessons learnt reviews requested by management, alongside other investigatory and consultancy work.
6. Resources, as planned, have continued to be used in successfully developing the team's auditing methodologies and reporting arrangements. Training continued being rolled out to all members of the team and to a new member of the team.
7. Our ongoing work in establishing and updating our detailed risk assessments is also helping to support the prioritisation of our work.



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

8. The numbers reported in this section are those reported as part of the Finance and Performance reporting for consistency with that report and accordingly do not include those from reports completed in October. A verbal update will be provided to members at the Audit Committee meeting in relation to any substantial changes.
9. There are currently no high risk level overdue management actions
10. The total number of overdue medium and low risk level management actions has increased from 5 to 8 . Revised implementation dates have been agreed for these actions requiring a further extension of time.
11. In total for all audit agreed management actions there are 22 Internal Audit actions awaiting implementation, 14 of which are not yet due.
12. 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**

13. Key operational indicators are over the timeliness of the issue of draft and final reports and these have all been issued within target timescales.
14. 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.
15. 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.
16. 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. 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.

### **EXEMPT REPORT**

17. The report does not contain exempt information.

### **RECOMMENDATIONS**

18. 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?**

19. 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**

20. 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**

21. Not applicable – for information only

### **REASONS FOR RECOMMENDED OPTION**

22. Not applicable – for information only

### **23. Legal Implications**

Legal implications were not requested in relation to this report.

### **24. Financial Implications**

Financial implications were not requested in relation to this report.

### **25. Human Resources Implications**

Human Resources implications were not requested in relation to this report.

### **26. Technology Implications**

Technology implications were not requested in relation to this report.

### **RISKS AND ASSUMPTIONS**

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

### **CONSULTATION**

28. There is consultation with managers at the outset, throughout and at the conclusion of individual audits in order to ensure that the work undertaken and findings are relevant to the risks identified and are accurate. Regular meetings are held with Senior Management to ensure there is effective and relevant Internal Audit coverage provided.

### **BACKGROUND PAPERS**

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

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

30. None

## **REPORT AUTHOR & CONTRIBUTORS**

**Peter Jackson, Head of Internal Audit**

01302 862938 | [peter.jackson@doncaster.gov.uk](mailto:peter.jackson@doncaster.gov.uk)

**Faye Tyas, Assistant Director of Finance & Technology**

01302 862606 | [faye.tyas@doncaster.gov.uk](mailto:faye.tyas@doncaster.gov.uk)



**City of  
Doncaster  
Council**

**Appendix 1**

**Doncaster Council**

**Internal Audit Progress Report**

**July to October 2023**

## Section 1: Revisions to the Audit Plan

1.1 The 2023/24 Internal Audit Plan was approved by the Audit Committee on 27<sup>th</sup> April 2023. 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 unsuccessful recruitment exercises, although we now have a new temporary member of the team which will help the team resource in future quarters. The future impact of these vacancies on the plan continues to be assessed and managed.

1.2 Significant changes to the plan for the period are set out below, and further changes will continue to be made as the year progresses in accordance with our strategy to reflect new and emerging risk, changing priorities and to reflect resources available within the team.

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

- S106 Funded Improvement Works Investigation – This investigation was requested by management on the basis of concerns raised over work undertaken.

1.4 Items of work removed from the plan include those set out below: -

- Homes and Community Agency Grant 2023/24 – we were not required to complete this work as no schemes were selected for audit by the agency.
- ITrent Flexi and Leave System Audit 2023/24 - there are currently insufficient resources available for this work which is anticipated being reviewed in the 2024/25 Financial Year.
- Climate Change Governance Arrangements Follow Up 2023/24 – this piece of work will be undertaken in the 2024/25 Financial Year when we assess the outcomes from our recent audit in this area.
- Schools Financial Value Standard – Self Assessment Frameworks 2023/24 – insufficient resources were available to undertake this work deferred into the 2024/25 Financial Year Assessment.
- School 2 2023/24 – this audit has been removed due to other higher priority work.

1.5 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. Our ongoing work in establishing and updating our detailed risk assessments is also helping to support the prioritisation of our work. This ensures 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 October, our work has been on our routine and planned audits and on the lessons learnt reviews requested by management, alongside other investigatory and consultancy work.
- 2.2 Resources, as planned, have continued to be used in successfully developing the team's auditing methodologies and reporting arrangements. Training continued being rolled out to all members of the team and to a new member of the team.
- 2.3 Our ongoing work in establishing and updating our detailed risk assessments is also helping to support the prioritisation of our work.
- 2.4 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 considered 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**

- 2.5 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**

- 2.6 Summary conclusions on all significant audit work completed July to October 2023 and any completed work not previously reported, are set out in **Appendix A**.

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

- 2.7 There have been no 'limited assurance' opinions given this period.

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

- 2.8 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 Audit Committee meeting's agenda.

Items of significance outside of the above report are stated below:-

### S106 Funded Improvement Works Investigation 2023/24

A review was carried out on a Section 106 funded works project following several concerns being raised. The review established that there was sufficient evidence available to show that work had been procured on a value for money basis, the works had been monitored and had been completed satisfactorily by the contractors involved and all monies have been accounted for and spent in line with the S106 funding agreement.

### Head Teacher Recruitment Lessons Learned Review 2023/24

A Headteachers Recruitment review was undertaken at a Doncaster School in order to capture and implement lessons to be learnt from the process. As the school is Local Authority maintained there is the requirement for involvement from a Local Authority Advisor, to offer advice and oversee the process. This review focussed on the process improvements for both the Local Authority when they are involved with Headteacher recruitments, that school's governance arrangements including when undertaking any future Headteacher recruitments and any other learning points to be applied at other schools. A number of improvement points were raised with both the school and the Local Authority and actions have been agreed with both the Local Authority and the school.

## **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 These numbers reported in this section are those reported as part of the Finance and Performance reporting for consistency with that report and accordingly do not include those from reports completed in October. A verbal update will be provided to members at the Audit Committee meeting in relation to any substantial changes.

3.5 The total number of actions which are overdue i.e. that have passed their original agreed implementation date has remained stable at 8 in total, being 0 high level management actions and 8 medium / lower level management actions. 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. There are no areas of concern covering the 8 medium / lower level overdue management actions.

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

Directorate	Number of high-risk level management actions overdue					Number of medium / lower risk level management actions overdue				
	At 30/09/2022	At 31/12/2022	At 31/03/2023	At 30/06/2023	At 30/09/2023	At 30/09/2022	At 31/12/2022	At 31/03/2023	At 30/06/2023	At 30/09/2023
Adults, Wellbeing & Culture	0	0	0	0	0	0	0	0	0	0
Place	0	0	0	1	0	3	1	3	3	8
Corporate Resources	0	0	0	0	0	1	2	3	2	0
Chief Executives	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	0
Corporate Resources and Chief Executives	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	0
Children, Young People & Families *	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>8</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.

3.7 Reviews have been carried out 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. School 4 is the Primary school that was subject to a fraud investigation. The status of the agreed actions is set out below. All actions for School 3 are now complete and better progress is being made at the other schools. We will continue our escalations within the schools and Council management.

School	Assurance Opinion	Total Number of Issues Raised			Number of Management Action Overdue as at 30/09/23			Number of Management Actions Not Yet Due		
		High	Medium	Low	High	Medium	Low	High	Medium	Low
School 1	Reasonable Assurance	9	13	0	5	8	0	0	0	0
School 2	Limited Assurance	10	13	1	1	5	0	0	0	0
School 3	Reasonable Assurance	13	5	1	0	0	0	0	0	0
School 4	N/A Investigation	31	14	5	1	3	0	0	0	0
Totals		50	40	6	7	16	0	0	0	0

3.8. The spread of **all** agreed management actions awaiting implementation including those not yet due is shown below.

Directorate	No. of actions at 30/09/2022	No. of actions at 31/12/2022	No. of actions at 30/06/2023	No. of actions at 30/09/2023
Adults, Wellbeing and Culture	0	0	0	9
Place	3	5	12	10
Corporate Resources	9	11	6	0
Chief Executives	N/A	N/A	N/A	0
Chief Executives and Corporate Resources	N/A	N/A	N/A	3**
Children, Young People and Families *	0	0	2	0
<b>TOTAL</b>	<b>12</b>	<b>16</b>	<b>20</b>	<b>22</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

\*\*These three actions have joint ownership between officers within both directorates.

3.9 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: 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 July to October 2023:

<b>Performance Indicator</b>	<b>Target</b>	<b>July to October 2023</b>	<b>Variance (positive is good)</b>
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 rest 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 2023/24. 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.

**APPENDIX A**

**Planned Audit Work Completed in Period**

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
<b>CORPORATE RESOURCES</b>				
SLHD Procurement Arrangements 2023/24	The objective of this audit was to review corporate procurement activities as undertaken by City of Doncaster Council (and on behalf of St Leger Homes). This review looked at the arrangements in place with City of Doncaster Council to monitor contracts ending and ensure efficient and timely procurement arrangements are taking place that minimise breaches of both the law and internal procurement rules.	October 2023	Substantial Assurance	No high-risk findings were raised.
<b>CHIEF EXECUTIVE'S</b>				
S106 Funded Improvement Works Investigation 2023/24	The objective of the audit was to ensure that that all monies spent from the S106 funding has been accounted for and has been spent in line with the S106 funding agreement, to prevent further losses	September 2023	None given	No issues were raised. Learning points from this investigation will be applied into the

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
	should there be any misuse of the funding and that action is being taken where possible against anyone misusing the funding.			corporate review of S106 monies
<b>PLACE</b>				
Doncaster Decarbonisation Grant Management 2023/24	The objective of this audit was to assess the robustness of the arrangements for administering the Doncaster Decarbonisation Grant in line with the funding conditions and the effectiveness of the anti-fraud controls in place, and to make recommendations for the improvement of those controls where possible, as a learning exercise for inclusion in future grant scheme arrangements.	July 2023	Substantial Assurance	There were no high risk findings raised.
St Leger Homes - KPIs KPI 11 – Days Lost to Sickness per Full Time Equivalent 2023/24	This review aims to give assurance on the accuracy of performance information provided by the performance indicator KPI 11 – Days Lost to Sickness per Full Time Equivalent which is reported to the Overview and Scrutiny Management Committee.	October 2023	KPI is Fairly Stated	None

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
<p>St Leger Homes - KPIs</p> <p>KPI-12 – Percentage of Local Capital and Revenue Spend 2023/24</p>	<p>This review aims to give assurance on the accuracy of performance information provided by the performance indicator KPI 12 – Percentage of Capital and Revenue Expenditure which is reported to the Overview and Scrutiny Management Committee.</p>	<p>October 2023</p>	<p>KPI is Fairly Stated</p>	<p>None</p>
<p>St Leger Homes - KPIs &amp; TSMs</p> <p>Complaints Indicators 23/24</p>	<p>This review aims to give assurance on the accuracy of performance information provided on complaints handling indicator which is reported to the Overview and Scrutiny Management Committee.</p>	<p>October 2023</p>	<p>KPI is Fairly Stated</p>	<p>None</p>
<p>Changing Places Grant Verification</p>	<p>Confirm expenditure and that it is in keeping with the conditions of the grant statement.</p>	<p>September 2023</p>	<p>N/A Grant certification</p>	<p>Grant signed – no issues raised</p>

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
<b>ADULTS WELLBEING AND CULTURE</b>				
<p>Adults Occupational Therapy Service and Equipment Provision Audit Review 2023/24</p>	<p>The objective of the audit was to review the Adult Occupational Therapy Service including Minor Adaptations Without Delay (MAWD) following recent operational changes. Ensuring that the process and systems in place enable the team to fulfil their responsibilities for the people of Doncaster, enabling them to remain safe, well and as independent as possible in their day to day lives.</p>	<p>October 2023</p>	<p>Reasonable Assurance</p>	<p>No high-risk findings were raised however improvements should be made to ensure payments that are made are accurate and recharging the Integrated Care Board (ICB) is on a more regular basis.</p> <p>There could also be improvements around ensuring that equipment that is no longer required is returned to the service.</p>

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
Supporting Families Grant Q4 2022/23 - (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.
<b>PUBLIC HEALTH</b>				
No Planned work was reported in this period				
<b>CHILDREN YOUNG PEOPLE &amp; FAMILIES</b>				
Big Picture Learning Quarter 1	To ensure that outputs made and claimed for are in accordance with the grant conditions	October 2023	N/A - grant Claim verification	Grant signed, no issues raised
Head Teacher Recruitment Lessons Learnt Review 2023/24	A Headteachers Recruitment review was undertaken at a Doncaster School in order to capture and implement lessons to be learnt from the process. As the school is Local Authority maintained there is the requirement for involvement from a Local Authority Advisor, to offer advice and oversee the process. This review focussed on the process improvements for both the Local Authority when they are involved with Headteacher recruitments, that school's governance arrangements including when undertaking any future Headteacher recruitments and	October 2023	N/A - lessons	A number of improvement points were raised around policy and procedures, training and governance with both the school and the Local Authority and actions have been agreed with both the Local Authority and the school



Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
	any other learning points to be applied at other schools.			
Respite Care Payments (Undertaken by Veritau)	<p>The purpose of this audit was to provide assurance to management that procedures and controls within the system ensured that:</p> <ul style="list-style-type: none"> <li>• The Council's Financial Handbook and associated policies were reviewed periodically.</li> <li>• Processes were in place to ensure total days paid were in accordance with policy limits.</li> <li>• Mosaic contained the required supporting evidence before payments were made.</li> <li>• Costs to cover respite care were appropriate.</li> </ul>	September 2023	Substantial Assurance	No high-risk findings were raised.

**Overdue High Risk Agreed Management Actions**

**APPENDIX B**

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
<b>PLACE</b>						
Strategic Properties / Land Income 2021/22	No checks are currently undertaken to ensure that an invoice is raised for all income due. This issue was originally identified in the previous audit of 2017, when it was agreed that quarterly reconciliations of income due to income billed would be undertaken. A 2019 follow up audit found that these reconciliations had not yet been introduced and work was subsequently undertaken to facilitate the reconciliations and a year end reconciliation exercise was completed. No reconciliations have been completed since.	High	Regular reconciliations of income due to bills will be undertaken in the future. The first full reconciliation of all accounts is currently being worked on, along with implementing actions to enable more efficient reconciliation exercises in the future.	31/05/2023	30/09/2023	<p>The action is now classified as complete with the reconciliation now complete and future reconciliations agreed to be undertaken in June and December each year.</p> <p>It is Internal Audits intention to work alongside the Section during or after the next reconciliation exercise, in order to gain full assurance that the reconciliation process is effective in identifying any potential anomalies, and to ensure the reconciliation process becomes embedded into the team's work programme.</p>