

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

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2016/17

EXECUTIVE SUMMARY

1. This report provides information on the work of Internal Audit during 2016/17 including its overall opinion on the Council's governance, risk management and internal control arrangements. The report is also used to inform the Council's annual governance statement

Head of Internal Audit Annual Report 2016/17

2. It is a requirement of the United Kingdom Public Sector Internal Audit Standards (UKPSIAS) that an annual report is produced by the Head of Internal Audit on the work undertaken by the Audit Section. Headlines from the annual report, which is attached at **Appendix 1**, are as follows:
 - Internal Audit's net expenditure in the year was £497k compared with a budget of £483k. The slight overspend was as a result of retaining a temporary member of staff to backfill substantial work being carried out by the Team on Safeguarding Adults Personal Assets, where there had been significant weaknesses identified. During 2016/17, Internal Audit had an establishment of 10.70 full time equivalent staff.
 - The service delivered 1,546 chargeable audit days during the year, which was 85% of the budgeted level. The main reasons for the shortfall were that one member of staff left during the year and was not replaced, we have had two long-term sickness cases, we granted a small amount of special leave, and time was required to prepare for the peer review and to upgrade our electronic audit system.
 - Approximately 12% of Internal Audit time was used responsively to address issues which arose during the year. This is slightly lower than in recent years, mainly because some investigative work was known at the time of audit planning and was therefore planned for, rather than being treated as responsive work.
 - 72% of internal audit recommendations have been completed. The number of outstanding major recommendations has reduced, but there has been an increase in the number and proportion of all recommendations not yet implemented and late Work is ongoing with services to improve this performance.

- The service has achieved good overall performance against its key performance indicators.
 - In particular, the service was rated as 'satisfactory' or 'very satisfactory' in 100% of client surveys received.
 - The service carried out a range of investigations during the period, some of which resulted in disciplinary and / or Police action.
3. Based upon the audit work undertaken during the year, we can confirm that the Council's governance, risk management and internal control arrangements were adequate and operated satisfactorily during the year.
 4. Internal Audit has identified three areas to be considered for inclusion in the Council's 2016/17 Annual Governance Statement (AGS):
 - DOLS (Deprivation of Liberty Safeguards) – Best Interest Assessments
 - Adult, Health and Wellbeing Contract and Commissioning Arrangements
 - Supporting Adults Personal Assets Team.
 5. Other weaknesses not considered significant enough for inclusion in the AGS have been highlighted by Internal Audit's work during the year and these have been brought to management's attention. The weaknesses do not change Internal Audit's overall opinion on the Council's governance, risk management and internal control arrangements.

Internal Audit conformance with the Public Sector Internal Audit Standards

6. The Head of Internal Audit has undertaken an annual self-assessment of the Service's compliance with auditing standards. This concluded that Internal Audit is compliant with the requirements of the Standards with one exception; i.e. the standards require the Audit Committee to approve decisions relating to the appointment and removal of the Head of Internal Audit. This does not currently reflect local government practice and is not regarded to be a material non-compliance issue and so no change is proposed.
7. The auditing standards require an external assessment of the internal audit service to be conducted at least once every five years. In February 2017, the service was reviewed by the Head of Internal Audit and Risk and an Audit Manager from Kirklees Council. The assessment has confirmed that Doncaster's Internal Audit arrangements meet the highest of the three possible ratings within the auditing standards, i.e. that the service "Generally Conforms" with the standards.
8. A separate report has been produced following the peer review assessment and this will be reported to the Audit Committee at its meeting on 6 April 2017.

RECOMMENDATIONS

9. The Audit Committee is asked:
 - To note the Internal Audit Annual Report for 2016/17, including

confirmation that the Council’s governance, risk management and control arrangements were adequate and operated satisfactorily during the year.

- To note the Head of Internal Audit’s self-assessment and the confirmation from the external peer assessment that the service is compliant with the Public Sector Internal Audit Standards

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

10. 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

11. This report provides the Audit Committee with information on the outcomes from internal audit work and allows the Committee to discharge its responsibility for monitoring Internal Audit activity.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

12. Not applicable - for information only

IMPACT ON THE COUNCIL’S KEY OUTCOMES

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

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster’s vital services</i> 	
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> 	

	<ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	Council services are modern and value for money.	The work undertaken by Internal Audit improves and strengthens governance arrangements within the Council.
	Working with our partners we will provide strong leadership and governance.	The work undertaken by Internal Audit improves and strengthens governance arrangements within the Council and its partners.

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

HUMAN RESOURCE IMPLICATIONS

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

TECHNOLOGY IMPLICATIONS

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

EQUALITY IMPLICATIONS

19. We are aware of the Council's obligations under the Public Sector Equalities Duties and whilst there are no identified equal opportunity issues within this report, all of the reports covered by the document will have taken into account any relevant equality implications.

CONSULTATION

20. 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.

BACKGROUND PAPERS

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

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ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2016/17

1. Purpose of the report

- 1.1 The purpose of the report is to present the Head of Internal Audit's annual report, which supports the Council's annual governance assessment and its Annual Governance Statement.
- 1.2 The report also contributes to the requirements of the Accounts and Audit [England] Regulations 2015, which require the Council to maintain an effective Internal Audit.

2. Introduction

- 2.1 The report has been prepared by the Council's Head of Internal Audit. The aim of the report is to provide information on the role of Internal Audit and the work undertaken during the past year, and to support the statement prepared by the Head of Internal Audit on the Council's Governance, Risk Management and Control arrangements.
- 2.2 It is not the intention of this report to give a detailed summary of each of the audits that have been undertaken during the year but to provide a broad review of the Council's control arrangements.

3. Legislation Surrounding Internal Audit

- 3.1 Internal Audit is a statutory requirement for all local authorities in accordance with Section 151 of the Local Government Act 1972 and more recently the Accounts and Audit [England] Regulations 2015. The main thrust of these statutes is that every authority shall have arrangements for the proper administration of its financial affairs.
- 3.2 The Accounts and Audit Regulations 2015 require councils to maintain an effective internal audit.
- 3.3 It is a requirement of the United Kingdom Public Sector Internal Audit Standards (UKPSIAS) that an annual report is produced by the Head of Internal Audit on the work undertaken by the Audit Section.

4. Reviewing the Service

Internal Audit Resources

- 4.1 Internal Audit's net expenditure in the year was £497k ^{*1} compared with a budget of £483k. Income was generated by providing an Internal Audit service to St Leger Homes throughout the year.
- 4.2 During 2016/17, Internal Audit had an establishment of 10.70 full time equivalent (FTE) staff. The establishment will reduce to 9.1 (FTE) for

¹ Estimate at March 2017

2017/18, and the overall available audit days will decrease to 1,562 days for the year. This is due to a contract ending that has not been extended and promotion of a staff member to another local authority audit team. A careful approach to risk based planning and robust performance management of our resources is essential given the level of available resources, but it is the opinion of the Head of Internal Audit that current resource levels provide sufficient capacity to provide an adequate level of assurance about the Council's risk, internal control and governance arrangements to the Audit Committee and the Chief Financial Officer.

Audit Work Undertaken

4.3 A breakdown of time spent in 2016/17 is summarised below:

Internal Audit Plan v Actual Days April 2016 to March 2017:

Activity	Planned Days	Total Planned Days	Actual Days	Total Actual Days
Corporate	62		73	
Follow-up	91		193	
Previous Year Completions	60		86	
Core Systems	145		129	
ICT Audit	67		2	
Financial Administration	218		243	
Schools Financial Administration	69		40	
		712		766
Governance	51		47	
Grant and Performance Certification	61		64	
Counter Fraud	116		70	
National Fraud Initiative	15		14	
Internal Projects	53		104	
		296		297
Advice and Short Term Consultancy	105		113	
Fraud investigations	135		72	
		240		185
Consultancy	31		32	
Financial Administration	87		76	
Governance	56		39	
Major Partnerships	36		68	
Management of significant changes	103		51	
Procurement and Contracts / Major Project Management	36		13	
Schools Financial Administration	46		7	
VFM	12		12	
Contingency	166		0	
		578		298
		1,821		1,546

- 4.4 There were various reasons for the difference between planned and actual time, including one member of staff leaving during the year (resulting in a loss of 100 days), special leave approved for one member of staff (27 days), two instances of long term sickness (111 days) and other factors including time lost/taken during an upgrade to the electronic audit system and time taken in preparation for the peer review.
- 4.5 There were variances across the original categories of work, but priority was given to ensuring sufficient work was completed to enable the Head of Audit to form an opinion on the internal control environment and be responsive to management for their requests for advice and support. The 'contingency' provision available at the start of the year is absorbed into unplanned work during the course of the year, or used to carry out lower priority risk work not included in the agreed audit plan.

Implementation of Recommendations

- 4.6 The Internal Audit Team continues to work closely with managers to encourage a high level of implementation of recommendations that are aimed at improving the level of internal control. The extent to which managers within the Council implemented recommendations within agreed timescales is as follows:

	Number of recs made	Implemented (number / %)	In Progress but still in time (number / %)	Not yet Implemented & out of time (number / %)
2016/17	405	292 / 72%	0 / 0%	113 / 28%
2015/16	565	328 / 58%	137 / 24%	100 / 18%
2014/15	525	325 / 62%	120 / 23%	80 / 15%

- 4.7 The table shows that since 2014/15 management overall is responsive to and takes action to implement audit recommendations.
- 4.8 However, there is an increase in the number and proportion of recommendations not yet implemented and late. Steps have already been taken to improve this response, including inclusion of progress in the corporate quarterly performance management (challenge) process, and separate reporting to management by Internal Audit of the details of outstanding recommendations in their respective areas.
- 4.9 Internal Audit will continue to closely monitor progress on these, work with management to further improve the implementation rates and times, and bring any relevant matters to the Audit Committee's attention in its progress reports to the Committee.
- 4.10 Within the above figures, the number of major recommendations outstanding has also fallen from 28 in March 2016 to 19 in March 2017. Any major recommendations that are not implemented in line with agreed timescales are reported as part of the Council's quarterly performance

and finance challenge process, as well as being routinely reported to Audit Committee. This process has now been extended to include all significant recommendations.

Customer Satisfaction

4.11 At the end of every completed audit, clients are asked to feedback their rating of the auditor’s performance. Based upon the team’s customer survey responses, the service was again rated as ‘satisfactory or very satisfactory’ in 100% of all surveys received.

Performance Indicators

4.12 At its meeting in June 2013, the Audit Committee agreed the key performance indicators that should be reported to it relating to the performance of the Internal Audit service. The indicators are shown below along with current performance for the year April 2016 to March 2017.

Performance Indicator	Target	April to March	Variance
Percentage of planned audit work completed	90%	85% ^{*2}	-5%
Draft reports issued within 15 days of field work being completed	90%	93%	3%
Final reports issued within 5 days of customer response	90%	95%	5%
% of critical or major recommendations agreed	100%	100%	-
Cost per Chargeable Day	£306	£321	£15
Percentage of Customer Satisfaction Surveys rated satisfactory or very satisfactory	90%	100%	10%

4.13 The difference between the target and actual percentage of planned audit work completed is due to the reduction in resources available (as set out in paragraph 4.4). Despite this, the Head of Internal Audit has confirmed sufficient work has been carried out to form a view on the Council’s governance, risk management and control arrangements as required by the audit standards.

4.14 Results relating to major recommendations and customer satisfaction remain very positive. There has also been an improvement in the timeliness of issuing internal audit reports.

Compliance with the Public Sector Internal Audit Standards (PSIAS)

² The calculation of planned work complete takes into account work in progress against incomplete jobs E.g. if 1 job is finished and 2 jobs are 50% complete and assuming there were only 3 jobs on the plan, the plan completion would be $(1 + 0.5 + 0.5)/3 = 66\%$

- 4.15 The Head of Internal Audit is required to report on Internal Audit's compliance with the internal audit standards. Basic requirements for this are as follows:
- The Head of Internal Audit periodically reviews the internal audit charter and strategy and presents it to senior management and the Audit Committee for approval.
 - The Internal Audit service is organisationally independent.
 - There is a Quality Assurance and Improvement Programme (QAIP), the results of which are reported to senior management and the Audit Committee.
 - There is an external assessment of the service conducted every five years. Kirklees Council's Internal Audit Service reviewed our compliance with the Standards during 2016/17 (see below).
 - All instances of non-compliance with the UKPSIAS are reported to the Audit Committee.
- 4.16 The Head of Internal Audit has undertaken a self-assessment as required by the standards. He has concluded that Internal Audit is compliant with the requirements of the standards with the exception of the following item:
- The Standards require the Audit Committee to approve decisions relating to the appointment and removal of the Head of Internal Audit. This does not currently reflect local government practice and is not regarded to be a material non-compliance issue and so no change is proposed. This is an issue reported in previous years.

External Assessment

- 4.17 Auditing standards require an external assessment of the internal audit service to be conducted at least once every five years. In February 2017, Internal Audit was reviewed by the Head of Internal Audit and the Audit Manager from Kirklees Council. A separate report has been produced following the peer review assessment and this will be reported to the Audit Committee at its meeting on 6 April 2017.
- 4.18 The assessment has confirmed that Doncaster's Internal Audit meets the highest of the three possible ratings within the standards, i.e. that the service "Generally Conforms" with the standards.
- 4.19 This is an important assessment as it enables the Audit Committee and other key stakeholders to have confidence that the annual opinion of the Head of Internal Audit is supported by a professional and competent service and is evidenced based. It provides stakeholders with the reassurance that they can place reliance on the quality of the work that Internal Audit delivers.
- 4.20 The peer review report identifies seven observations noted either by the reviewers themselves, or by Members and officers interviewed by the reviewers. The observations, and actions emanating from them, have

been incorporated into the Service's Quality Assurance Improvement Plan, and progress against the actions will be reported to the Audit Committee on an ongoing basis in the future. The full current Quality Assurance Improvement Plan is attached to the draft Internal Audit Plan 2017/18, which will be presented to the Audit Committee on 6 April 2017.

5. Summary of Findings from Audit Reviews

- 5.1 Internal Audit provides an 'opinion' on the control environment for all systems which are examined. A limited / no assurance opinion is given where one or more major / critical risks are identified in the area under examination.
- 5.2 Full information on Internal Audit work completed and outcomes is included in our regular progress reports to the Audit Committee. During 2016/17 the large majority of areas audited received positive audit opinions. Summary details are provided below, in particular relating to areas where significant weaknesses were found and reported.

Main Financial Systems

- 5.3 As part of the annual audit plan Internal Audit undertakes a programme of reviews that covers the main financial systems of the Council. Internal Audit work in these areas is examined by KPMG, who review this work and utilise it as appropriate for their own audit of the Council's annual accounts.
- 5.4 We were able to give positive assurances about the control arrangements in the Council's main financial systems.

Fundamental Weaknesses Arising

- 5.5 There were three areas where very significant weaknesses were identified, sufficient for us to recommend their inclusion in the Council's Annual Governance Statement. These were in relation to (1) Safeguarding Adults Personal Assets Team, (2) Deprivation of Liberty Safeguard Assessments and (3) Adults, Health and Wellbeing Contracts and Commissioning Arrangements:

Safeguarding Adult Personal Assets Team (SAPAT)

- 5.6 This area was first identified as weak in 2015/16 and such was the depth of issues requiring addressing that audit work has continued throughout 2016/17. A separate report is being presented to the Audit Committee on completion of the current improvement and audit work. In short, some strong progress has been made during the year; with better procedures in place for assessing clients' eligibility for support by the SAPAT, much improved financial processes and reconciliations and better records.
- 5.7 More work is required, however, in completing all care and financial assessments, and dealing with a number of deceased cases.

DOLS (Deprivation of Liberty Safeguards) – Best Interest Assessments

- 5.8 While carrying out a proactive audit data analytics exercise to look for fraud and error, we identified that there were payments to staff being made through the Council's creditor system. This data report highlighted payments made to individuals for best interest assessments undertaken for the DOLS Team. This situation had arisen through a lack of existing capacity to undertake Best Interest Assessments.
- 5.9 Our audit found fundamental weaknesses in relation to authorisations, payment controls and inadequate record keeping about assessments made and payments for them.

Adult, Health and Wellbeing - Contract and Commissioning Arrangements

- 5.10 There has been a large number and value of ongoing contract breaches and waivers occurring within Adults, Health and Wellbeing Directorate. Some of this is linked to the strategic and transformation plans for the future provision and commissioning of services. However, other elements have been in breach for lengthy periods of time and there was not any clear demonstration of any way forward in a number of areas during the year.
- 5.11 Arrangements need to improve significantly to regularise current contractual arrangements and plan effectively for future commissioning and procurement. Steps are being taken including greater involvement of the corporate procurement team and training for managers, and capacity for commissioning is being reviewed.

Other Significant Issues Arising

- 5.12 Other areas with limited assurance audit opinions but which, in Internal Audit's view, are not sufficiently significant to require consideration for inclusion in the Annual Governance Statement are summarised below.

Short Break Respite Care – Aiming High Team Follow-up Review

- 5.13 We undertook a review of the systems and processes in place within the Aiming High Team in the Learning and Opportunities – Children and Young People Directorate. This raised concerns over a lack of control over direct payments in relation to a lack of checking of amounts paid and incomplete records, and over overall budgetary control of the service which was projecting a significant overspend.
- 5.14 Direct Payments payment and checking functions have been transferred from the Aiming High Team to the Professional Business Support Team in Finance and Corporate Services, which has strengthened controls. A working group has been established to identify and assess possible ways of reducing the budget pressure e.g. Review the whole Short breaks pathway including eligibility criteria and package length and working with the market to reduce costs and improve quality.

Sundry Debtors

- 5.15 Our review found that good progress was being made in addressing weaknesses identified in 2015/16, but there was still a lack of sufficient management information, such as relating to collection and recovery rate targets, to be able to determine if performance was satisfactory. These are still being developed.

Markets Financial Administration Follow –Up

- 5.16 A financial administration follow up audit on Doncaster Markets was undertaken in mid-2016 to check that the necessary improvements identified within the original audit report in 2015 were made and were effective. We found that 10 of the original 27 audit recommendations had not been addressed, with many of these awaiting implementation of the new markets administration system and rent review and full staffing up of the markets team. The audit follow up also made 5 new recommendations mainly relating to the bedding in of new processes relating to arrangements for debtor accounts.
- 5.17 A further follow-up in March 2017 has now confirmed that financial administration arrangements have further improved – in particular relating to the arrangements for debtor accounts, the documentation of the stall allocation policy for the outdoor market and the completion of a rent review, having been undertaken by a consultant. Full implementation of the remaining audit recommendations will be achieved when the new markets administration system goes live. It is currently in the test phase.

Performance Indicators – Cleaner Streets

- 5.18 A review was requested by management of the performance information / data quality behind the Cleaner Streets indicator as this is a published indicator subject to public challenge. We were unable to give assurance that the Performance Indicator and its associated calculations were not materially mis-stated, primarily because the inspections that are used to calculate the indicator do not cover the whole of the Doncaster Borough (as is supposed to be the case). The methodology is being revised to ensure a more accurate calculation in the future.

Overpayment Review of Direct Payments

- 5.19 In 2015/16 we reported concerns over the level of overpayments that had been made in paying personal budgets for adult social care. Issues identified included:-
- High numbers and values of overpayments not being monitored or managed
 - Weaknesses in the systems to pay, monitor and recover overpayments

- Lack of joined up working between the various parties involved in this area.

Responsibility for the payments and checking of these monies was transferred to the Professional Business Support Unit based in Finance and Corporate Services and since then the team has been successful in streamlining administration process and making payments in more efficient ways. All service users have now had an annual audit. Overpayments amounting to £965k have been recovered in the last year out of £1.5m of overpayments identified and billed. Further work is ongoing to recover residual amounts outstanding and ensure all accounts are maintained accurately and effectively.

Payroll Overpayments Update

5.20 Internal Audit agreed to provide assurance to Audit Committee over the management of salary overpayments instead of the HR Team providing a detailed annual report to the Audit Committee as in recent years. Work by Internal Audit concluded that the number and value of overpayments has continued to decrease in the 2016/17 year which is consistent with previous years. The value of net outstanding overpayments fell over the course of the year from £242k at March 2016 to £229k in early 2017 (figures were not available for the year end at the time of drafting this annual report).

6. Schools

- 6.1 Internal Audit completed the following work in schools in 2016/17:
- Provision of advice as requested from schools in relation to financial internal controls in areas such as cash handling / banking arrangements, dinner monies and policies etc.
 - Provisions of a training session and follow up support to school business managers in relation to the completion of the Schools Financial Value Standard (SFVS) assessments which they are required to complete annually
 - Provision of information, advice and support to the Governors' Support Service to ensure audit and governance issues are consistently dealt with across all schools.
 - Conducted thematic audits on Schools Recruitment, Pupil Premium Virtual Schools
 - Completed various school and pupil referral unit audit work
 - Followed up agreed actions from the previous year to ensure recommendations were implemented and controls improved
 - Carried out various relatively low level investigations into potential irregularities arising during the year.
- 6.2 Overall there were no very significant issues arising during the year that would require consideration for inclusion in the Council's Annual Governance Statement or referencing in this Annual Audit report.

7. Responsive Work.

- 7.1 Approximately 170 days (12%) of Internal Audit time was used to address issues which arose during the year. This is slightly lower than in recent years, mainly because some investigative work was known at the time of audit planning and was therefore planned for, rather than being responsive work (eg Safeguarding Adults Personal Asset Team and Drainage Board issues).
- 7.2 It should be noted that, overall, the Council continues to experience relatively little reported fraudulent activity. Examples of suspected irregularities included below do not change the audit opinion that, overall, the arrangements in place for preventing and detecting fraud and corruption are satisfactory and do not have a detrimental impact on the overall control environment.
- 7.3 Some of the more significant issues not referred to elsewhere in this report that Internal Audit has addressed during 2016/17 include:

Schools Catering Credit Notes

- 7.4 Historic processes for dealing with credit notes from food suppliers were time consuming and as a result were not being completed. Advice was given to streamline reporting and monitoring to reduce the cost of administering the process.

Investigation into local community training provider

- 7.5 A manager raised a concern over a contract let to a local community based provider of training and social skills. Our audit showed that a claim made by the organisation was supported by false information about training provided, which suggested training had been provided when audit work showed it had not. On this basis, the Council refused the full payment to the organisation.

Adult Education Board (AEB) Grant

- 7.6 Linked to the above, and in order to strengthen arrangements to mitigate the risk of false claims being paid in the future, advice was provided on contracting arrangements for Adult Education Board Grants. The contract procurement process and associated agreements with providers were found to be not strong enough to prevent or detect the issues arising and advice was provided to strengthen the arrangements for future.

Drainage Board Issues

- 7.7 Internal Audit has continued to review specific governance issues at local drainage boards, in order to help protect the Council's interests and reputation. During the year we have looked into significant concerns over the management of a major contact under the oversight of the Doncaster

East Drainage Board. These concerns were formally reported to its Board who agreed appropriate management actions.

- 7.8 Our work with the drainage boards has been considered by the National Audit Office which has issued a report highlighting failings in the national arrangements for governance of drainage boards. We worked closely with the NAO during its work leading up to the production of the report and the report reflects to a large degree our findings locally. If the issues raised within it are addressed by the Department for Environment, Food and Rural Affairs (DEFRA) then this should result in significant improvement in governance arrangements.

Building Control Complaint

- 7.9 Concerns were raised over inappropriate pricing and commercial practices within the Building Control Team. Our work revealed no untoward practice.

Procurement Breaches over use of Recruitment Agency

- 7.10 Procurement breaches were identified of the use of a recruitment agency within the Learning and Opportunities – Children and Young People Directorate. These were immediately addressed by the Director including a mandatory training session on the procurement and decision making processes within the Council for all Senior Management within the directorate. Additionally, written instructions were issued to all senior staff outlining the importance and expectation of following corporate processes and the potential disciplinary consequences should they not be followed in the future.

8. Assessment of the Council's Governance, Risk Management and Control Arrangements for the Year to 31st March 2017

Based upon the audit work undertaken it has been possible to complete an assessment on the overall adequacy and effectiveness of the Council's governance, risk management and control arrangements.

Accordingly, on the basis of this work, we can confirm that the Council's governance, risk management and control arrangements for 2016/17 were adequate and operated satisfactorily during the year.

Colin Earl
Head of Internal Audit
23 March 2017