

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

INTERNAL AUDIT REPORT FOR THE PERIOD: SEPTEMBER 2013 to DECEMBER 2013

EXECUTIVE SUMMARY

1. The report attached at **Appendix 1** updates the Audit Committee on the work done by Internal Audit for the period 1 Sept 2013 to 31 December 2013 and shows this in the context of the audit plan for the year. The report also includes performance information and details on the implementation of major internal audit recommendations.
2. The attached report is in four sections:
 - Section 1: Planned audit work
 - Section 2: Unplanned responsive work carried out in the period
 - Section 3: Progress on the implementation of audit recommendations
 - Section 4: Performance Information
3. A summary of the main points from each of the sections is provided in the following paragraphs:

Section 1: Planned audit work

4. Our planned audit work completed in the period highlighted major risk exposures in relation to:
 - The Council's Performance Management arrangements
 - Information / Manual Records Management.
5. However, these aside, **our work confirmed the Council generally has appropriate controls in place and that the controls are operating effectively.**
6. Our audit work on the Troubled Families Grant and the Bus Services Operators' Fuel Grant has identified £70,000 additional income due to the Authority.

Section 2: Unplanned responsive work carried out in the period

7. Responsive work is difficult to predict but highly valued by managers who ask for Internal Audit's assistance in dealing with a wide range of issues. This work can be categorised into two main areas:
 - Investigative work, and
 - Requests for specific audit work, advice and assistance.

8. While we continue to receive a steady stream of requests for assistance, during this period there have been no significant investigations carried out by Internal Audit. Similarly, there have been no significant fraud investigations carried out by Internal Audit in the period. This continues a pattern of an overall lower level of responsive / investigation work, indicating:
 - We are targeting the right areas to focus on in our planned work, and
 - There is an overall strengthening control environment operating across the Authority.
9. **This remains a positive trend, which indicates sound overall arrangements for minimising the risk of fraud and error.**

Section 3: Progress on the implementation of audit recommendations

10. Since the last progress report, previous outstanding major risk recommendations relating to Gypsy and Traveller Rents and the Commensura Agency Contract have been sufficiently addressed and have, therefore, been removed from this section of our report.
11. There remain a small number of major recommendations which have passed their original date for implementation and still need completing. However, these are diminishing in number and **overall we are satisfied progress is being made in implementing major audit recommendations.**

Section 4: Performance Information

12. Sickness levels are considerably higher than anticipated due to long term unforeseen and genuine health problems. Resources available are also being reduced by the voluntary severance of one member of staff (who left in October) and the loss of another member of staff who commences on maternity leave from March 2014. The Section 151 Officer (The Director of Finance and Corporate Services) has approved the appointment of a temporary replacement to cover maternity absence, and this will better enable to Service to achieve its main targets for the year.
13. Increased management and administration time has occurred due to re-location into a new office base, documentation management actions, the management of absences and the recruitment of temporary staff.
14. The full impact of this lost time has not all been at the expense of our planned audit work. This is because a lower than expected time has been spent on responsive work. 72% of planned work has been completed to date, compared with a target of 75% to December 2013. This is an acceptable level of completion.
15. **Overall the audit service continues to perform well**, in spite of some ongoing difficult sickness issues during the period.

RECOMMENDATIONS

16. **The Audit Committee is asked:**
- a) **To note the internal audit work completed in the period.**
 - b) **To note progress made by officers in implementing previous audit recommendations**
 - c) **To note information relating to Internal Audit's performance in the period.**

BACKGROUND

17. 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 & FOR RECOMMENDED OPTION

18. This is not applicable to this report.

IMPACT ON THE COUNCIL'S KEY OBJECTIVES

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.

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

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.

FINANCIAL IMPLICATIONS

22. There are no specific costs arising from this report.

CONSULTATION

23. 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

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

REPORT AUTHOR & CONTRIBUTORS

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Appendices Attached

Appendix 1 - Internal Audit Report: 1 Sept 2013 to 31 December 2013