

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

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT – 2013/14

EXECUTIVE SUMMARY

1. This report provides information on the work of Internal Audit during 2013/14 and its overall opinion on the Council's system of internal control. The report also refers to the formal review of the effectiveness of Internal Audit required to be completed in accordance with the Accounts and Audit Regulations 2011.

Head of Internal Audit Annual Report 2013/14

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. The report for this year covers details of work done during 2013/14.
3. Headlines from the annual report, which is attached at **Appendix 1**, are as follows:
 - Internal Audit's net expenditure in the year was £563,382 * compared with a budget of £571,560. During 2013/14, Internal Audit had an establishment of 11.90 full time equivalent (FTE) staff which is among the lowest levels of staffing when compared with similar sized authorities in South and West Yorkshire. The establishment will reduce to 11.46 (FTE) for 2014/15.
 - The service delivered 1,744 (83%) actual chargeable days against a budgeted total of 2,098. The main reasons for the shortfall being 3 unexpected and unforeseeable long term sickness issues. This did not affect our ability to complete sufficient planned audit work, because we required 285 fewer days for responsive work than budgeted for.
 - Approximately 21% of Internal Audit time was used responsively to address issues which arose during the year. This compares to 32% in the previous year.
 - There is a good level of implementation of internal audit recommendations, with 93% either being completed or in progress and on time.
 - The service was rated as 'satisfactory' or 'very satisfactory' in all client surveys received.
 - The Service has achieved good overall performance against its key performance indicators.
 - A self-assessment against the new UKPSIAS confirms compliance with the standards.

- Much of our work in relation to the main financial systems has revolved around the new Enterprise Resource Planning system. The work has highlighted some matters that need to be addressed, but has not yet been finalised or reported.
 - Internal Audit supported schools to submit their Schools Financial Value Standard returns to the Department of Education by providing help and support to School Governors and staff on the new requirements. All Doncaster maintained schools had successfully completed and returned their submissions by the stipulated deadline. Routine and follow up audits were carried out at 7 schools and none received an unsatisfactory opinion following our audit.
 - The Service carried out a range of investigations during the period, some of which resulted in disciplinary and / or Police action.
4. Based upon the audit work undertaken it has been possible to complete an assessment of the Council's overall control environment. This assessment takes account of the work of the External Auditor and the result of any external inspections carried out. **The Head of Internal Audit is able to confirm that the Council's system of internal control for 2013/14 was adequate and operated satisfactorily during the year.** Internal Audit has identified two items at this stage to be considered for inclusion in the Council's Annual Governance Statement – these are:
- Information/Manual Records Management
 - Data Sharing Arrangements.
5. Some further weaknesses 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 control environment.

Review of the Effectiveness of Internal Audit

6. The Accounts and Audit Regulations 2011 include a requirement for local authorities to:
- “... undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”* Reg 6(3), and:
- The findings of the review referred to in paragraph (3) must be considered, as part of the consideration of the system of internal control...”* Reg 6(4).
7. No further guidance has been issued by CIPFA about how authorities should fulfil this requirement. We will comply with any CIPFA guidance when this is issued. For this year the review of the effectiveness of Internal Audit has been informed mainly by:
- Internal Audit's annual report
 - Customer satisfaction
 - An external audit review of Internal Audit, the outcomes of which were

reported to the Audit Committee in January 2011

- A self-assessment against the United Kingdom Public Sector Internal Audit Standards.

8. The main features from these reports that contribute to this statutory review of Internal Audit are summarised below:

Internal Audit Annual Report

9. The annual report is referred to above.

Customer Satisfaction

10. 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 rated as 'satisfactory or very satisfactory' in 100% of all surveys received.

Review of Internal Audit

11. The Council's external auditor periodically reviews the effectiveness of Internal Audit including assessment of Internal Audit's compliance with professional audit standards. The most recent review, carried out by the Audit Commission in January 2011, concluded that *"the Council's Internal Audit section provides an effective service that contributes to the Council's system of Internal Control through the work it undertakes"*.
12. The UKPSIAS have changed the requirement above to that of an assessment to be carried out by a suitably qualified and experienced person at least once every five years. South and West Yorkshire Heads of Internal Audit have agreed to set up a programme of peer assessments in order to meet this requirement, and this will be the most cost effective way of doing so.
13. External auditors take into account Internal Audit's work on key financial systems, controls and reconciliations each year to inform their opinion on the Council's statement of accounts. No issues have been raised by the external auditor with any internal audit work reviewed to date.
14. The Head of Internal Audit has undertaken an annual self-assessment as required by the standards. Internal Audit is compliant with the standards with one exception; 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.

Conclusion

15. It is concluded that:

- Internal Audit has effectively planned its work and has completed sufficient work to be able to provide an opinion to the Council on its system of internal

control

- Based on the planning and completion of audit work described in the annual report, customer feedback, review by external audit and self-assessment against the new UKPSIAS standards, it can be confirmed that there has been an effective internal audit during 2013/14.

RECOMMENDATIONS

16. The Audit Committee is asked:

- **To note the Internal Audit Annual Report for 2013/14, including confirmation that the Council's system of internal control was adequate and operated satisfactorily during the year.**
- **To support the conclusion that there was an effective internal audit in place for 2013/14.**
- **To support the proposals for South and West Yorkshire Heads of Internal Audit to carry out peer assessments of compliance with United Kingdom Public Sector Internal Audit Standards, in order to comply with the requirements of the standards for independent assessments.**
- **To note the Head of Internal Audit's self-assessment that the service is compliant with the UKPSIAS.**

IMPACT ON THE COUNCIL'S KEY OBJECTIVES

17. The Internal Audit function works with managers in reviewing the adequacy and effectiveness of their governance and internal control arrangements. Where these can be made more robust, then risk management is improved and the more effective these arrangements are, the greater the chance of achieving objectives, in an effective and efficient manner.

RISKS & ASSUMPTIONS

18. Failure to maintain an adequate and effective Internal Audit function would increase the risk of fraud and errors occurring within the Council.

LEGAL IMPLICATIONS

19. There is a statutory requirement on the Council to have in place an adequate and effective internal audit function.

FINANCIAL IMPLICATIONS

20. There are no financial implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Resources Directorate.

CONSULTATION

21. This report has no specific significant implications in terms of the following:

Procurement	N/A	Crime & Disorder	N/A
Human Resources	N/A	Human Rights & Equalities	N/A
Buildings, Land and Occupiers	N/A	Environment & Sustainability	N/A
ICT	N/A	Capital Programme	N/A

BACKGROUND PAPERS

Internal Audit TeamMate files, United Kingdom Public Sector Internal Audit Standards (UKPSIAS), Local Government Advisory Note, Internal Audit Customer Survey Responses, Internal Audit Management Information System.

REPORT AUTHOR & CONTRIBUTORS

Colin Earl, Head of Internal Audit, Telephone 01302 862939
E-Mail; colin.earl@doncaster.gov.uk

**Colin Earl MBA (dist), IPFA
Head of Internal Audit**

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2013/14

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 2011, for the Council to conduct an annual review of the effectiveness of 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 System of Internal Control.
- 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 2011. 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 2011 require councils to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Further, councils must, at least once in each year, conduct a review of the effectiveness of its 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.

4.1 Internal Audit Resources

Internal Audit's net expenditure in the year was £563,382 ^{*1} compared with a budget of £571,560. Income was generated by providing a comprehensive

^{*1} Estimate at March 2014

Internal Audit service to St Leger Homes. During 2013/14, Internal Audit had an establishment of 11.90 full time equivalent (FTE) staff which is among the lowest levels of staffing when compared with similar sized authorities in South and West Yorkshire. The establishment will reduce to 11.46 (FTE) for 2014/15, reducing the overall available audit days to 2,009 days for the year. 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 to the Audit Committee and the Director of Finance and Corporate Services.

4.2 Audit Work Undertaken

A breakdown of time spent in the year April 2013 to March 2014 is summarised below:

Internal Audit Plan v Actual Days April 2013 to March 2014:

Strand	Activity	Planned Days	Planned Days	Actual Days	Actual Days
Mandatory	Corporate	92		77	
	Core financial systems	205		206	
	Financial admin	182		153	
	Previous year completions	67		35	
	School financial admin	92	638	66	537
Must do work	Governance	106		96	
	Grant and performance Certification	77		97	
	IT Audit	108		111	
	National Fraud Initiative	46		36	
	St Leger Homes	130	467	162	502
Follow-up work			87		84
Responsive and risk related work			906		621
Total Plan			2,098		1,744

Overall, 83% of chargeable time was delivered, with the main reasons for the shortfall being a significant increase in the sickness absence rates and associated return to work changes during the year. This increase was the result of 3 unexpected and unforeseeable long term sickness issues. Resources available were also 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.

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.

4.3 Implementation of Recommendations

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:

Implementation of Recommendations:

	Number of recs	Implemented (number / %)	In Progress but still in time (number / %)	Not yet Implemented / out of time (number / %)
2013/14	724	484 / 67%	187 / 26%	53 / 7%
<i>Comparable data for 2012/13 to 2010/11:</i>				
2012/13	--	57%	37%	6%
2011/12	--	52%	48%	0%
2010/11	--	45%	33%	22%

The above table demonstrates that since 2010/11 management overall is responsive to and takes action to implement audit recommendations.

The current year number not yet implemented (ie 53 recommendations) includes 12 major recommendations. 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 and consequently monitored through that process.

Internal Audit will continue to closely monitor progress on these and bring any relevant matters to the Audit Committee's attention in its progress reports to the Committee.

4.4 Customer Satisfaction

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 rated as 'satisfactory or very satisfactory' in 100% of all surveys received.

4.5 Performance Indicators

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 2013 to March 2014.

Performance Indicator	Target	April to March 2014	Variance
Percentage of planned audit work completed	90%	92%	2%
Draft reports issued within 15 days of field work being completed	90%	87%	-3%
Final reports issued within 5 days of customer response	90%	98%	8%
% of critical or major recommendations agreed	100%	100%	-
Cost per Chargeable Day	£326	£322	-£4
Percentage of Customer Satisfaction Surveys rated satisfactory or very satisfactory	90%	100%	10%

Eight draft reports were issued late during the year, although some of these involved slippage from 2012/13 and performance was better in the second half of the year after remedial action had been taken.

Only one final report was issued outside of the 5 day deadline.

Results relating to major recommendations and customer satisfaction remain extremely positive.

4.6 Review of Internal Audit.

The most recent examination of IA by the Council's external auditors was reported to the Audit Committee in January 2011. That review concluded that *"the Council's Internal Audit section provides an effective service that contributes to the Council's system of Internal Control through the work it undertakes"*.

The UKPSIAS have changed the requirement above to that of an assessment to be carried out by a suitably qualified and experienced person at least once every five years. South and West Yorkshire Heads of Internal Audit have agreed to set up a programme of peer assessments in order to meet this requirement, and this will be the most cost effective way of doing so.

4.7 Compliance with the UKPSIAS

The Head of Internal Audit is required to report on Internal Audit's compliance with the UKPSIAS. Basic requirements for this are as follows:

- a) 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.
- b) The Internal Audit service is organisationally independent.
- c) There is a Quality Assurance and Improvement Programme (QAIP), the results of which are reported to senior management and the Audit

Committee. The results of the QAIP assessment will be presented to the July 2014 meeting of the Audit Committee.

- d) There is an external assessment of the service conducted every five years.
- e) All instances of non-compliance with the UKPSIAS are reported to the Audit Committee.
- f) The non-conformances are not considered to be significant deviations from the UKPSIAS and therefore do not require disclosure in the Council's Annual Governance Statement.

The Head of Internal Audit has undertaken an annual self-assessment as required by the standards. He has concluded that Internal Audit is compliant with the standards with the exception of the following item:-

- 1) 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.

It should be noted that an external assessment has not yet been undertaken as this only the first year that the standards have been in force and an external assessment is only required within a five year period.

5. Planning Processes.

5.1 The 2013/14 audit plan was derived from the following sources:-

- The Council's risk registers
- Review of budgets and budget changes
- External reviews / inspections of Council activities
- Cumulative audit knowledge and experience
- Review of key plans, reports and press coverage
- Existing management and control environments, including information relating to any systems' changes
- Views on the risk of fraud or error
- A risk assessment of activity within each service area
- Priorities identified by strategic directors and directors
- Consulting with the Council's external Auditors, KPMG
- Liaising with Heads of Internal Audit at other South and West Yorkshire authorities
- Mandatory work on the Council's fundamental systems
- Legislative / Government requirements
- A provision was also made for unforeseen issues – 'responsive work'.

6. Summary of Findings from Audit Reviews.

6.1 Main Financial Systems

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 seek to place reliance on this work to assist their own audit of the Council's annual accounts.

Much of our work in relation to the main financial systems has revolved around the new Enterprise Resource Planning system. The work has highlighted some matters that need to be addressed, but has not yet been finalised or reported. A full report will be presented to the Audit Committee when the work has been completed, but we are satisfied that the outcome does not impact our overall opinion on the system of internal control.

6.2 Significant Issues Arising

6.2.1 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. During 2013/14 the vast majority of areas audited received positive audit opinions. There were, however, two areas where significant improvements were needed, as follows:

a) **Information/Manual Records Management**

An audit of the Council's progress being made against the actions contained in the Information Commission Officer (ICO) report issued to the Council in February 2013. The audit showed more work was required for the Council to reach the required standard to be able to manage our records in accordance with the Data Protection Act.

The key weaknesses were:-

- Data Ownership and Responsibilities across all services and all levels were not clear
- Copley House and buildings in Balby where records are held were not entirely fit for purpose
- Work was underway to implement the ICO recommendations and ultimately adhere to the Data Protection Act, however, at the time of the audit the Council still had more work to do to ensure its compliance
- A longer term facility / solution for records storage was needed. A report with options has subsequently been produced on this issue.

b) **Data Sharing Arrangements**

Currently, there are no routine processes in place or checks in operation that would identify instances of non-compliance with the Council's prescribed Data Sharing Arrangements. Subsequently, contraventions of the principles of the Data Protection Act 1998 or associated legislation may not be identified for action to be undertaken to ensure future recurrence does not happen. This may result in regulatory action, reputational damage to the organisation or damage or distress for those individuals who are the subject of the data.

Reporting lines for data sharing arrangements have been agreed and documented. However, oversight, monitoring and reporting arrangements are still in the process of being developed. In addition, it cannot currently be ensured that all staff have been appropriately trained in data sharing arrangements as data sharing arrangements have previously only been overviewed within Data Protection training, and more detailed and targeted training for those responsible for supporting officers in / monitoring data sharing is only just being rolled out.

6.2.2 It is proposed to put forward these two issues for inclusion in the Council's Annual Governance Statement in view of the significant potential consequences of not effectively managing the risks associated with these arrangements.

6.2.3 Other areas with limited assurance audit opinions but which, in Internal Audit's view, are not sufficiently significant to require consideration for entries in the AGS are summarised below.

a) **IT Governance**

Our principal concerns leading to our limited assurance opinion centred around a conflict between prioritising maintenance / preventative work with resourcing the ICT Governance Board work. Proportionately, too much focus on the latter meant insufficient priority to prevention and maintenance work. The prioritising of resources available has now been re-organised to address this imbalance.

b) **Central Control of Procurement**

The audit identified that the contract register does not hold details of all procurement activity and therefore the opportunity to maximise potential procurement savings was being lost. The completeness of the register was dependent on the receipt of the required information from departments and historically not all departments fulfilled their responsibilities.

Category Managers have now been in place for over a year and Forward Procurement Plans have been agreed and are continuously under review, enabling a more structured two-way information flow between the Procurement Section and directorates. This now better ensures large contracts are recorded on the Council's contract register and smaller contracts are identified in a timely manner.

c) **Gypsy and Traveller Rents**

In 2009/10 the Gypsy and Traveller rent collection and recording processes/system were found to be 'not fit for purpose', and the responsibility for income collection and recording was passed to St Leger Homes. However, this excluded the responsibility for recovering historical debt of approximately £230,000.

Our audit found that there had been very little done to collect this historical debt by the Strategic Housing service, which retains responsibility for this debt. Being aware of this, it was the Strategic Housing service which requested this audit review.

A substantial proportion of the debt has been written off and the responsibility for the collection of historic debt has now transferred to St Leger Homes, which should lead to better performance.

d) **Mobile Phones and Devices**

In late 2013 the Council, along with all others, had to put arrangements in place to meet new Government ICT security standards (Public Services Network) and these affected controls over mobile phones and other devices. The Council was unable to fully meet the requirements and, in response:

- Is clarifying security requirements for mobile phones and devices and drafting proposals to meet the requirements, including resource requirements, and
- Is producing a project plan showing how the Council plans to adhere to the requirements over the next 12 months.

e) **Housing Options – Use of Temporary Accommodation**

Our audit found inadequate financial recording and budget monitoring processes resulting in unpaid rental and charges and poor bad debt management. We also found a lack of a robust case management system and poor performance management which was hindered by a lack of useable performance information;

The Service has now transferred to St Leger Homes and we have agreed to work with the new provider on implementing the improvements needed.

f) **Performance Management**

The Performance Management Framework was found to be in need of a refresh and the formulation of a strategy to obtain optimum buy-in throughout the Council. The current Framework acts as a reporting hierarchy but has limited real effect on addressing underperformance as improvement actions are not always formulated, recorded and subsequently monitored.

Progress on performance is managed quarterly against the Corporate Plan. However, this does mean that under performance in relation to other important strategic objectives or statutory duties may not be identified and rectified, resulting in these objectives not being met.

We also found instances where the Framework was not being used, increasing the risk of underperformance not being identified and addressed, which could leave Strategic Objectives not being achieved.

g) **Rotherham Services – Recruitment Review**

Since the shared service was agreed, the immediate priority was rightly and understandably to transfer records to ensure payroll payments could be made. Some controls had to take second priority but have been implemented during 2013/14.

Our review of recruitment processes identified a number of weaknesses that needed to be resolved in order to ensure that, as an authority, we are able to rely on and control the relevant arrangements. These were:-

- A lack of clarity about respective and overall responsibilities
- The requirement for performance management
- Support for managers was needed in using the self-service system
- Recruitment for schools required development
- One service was found to be not following the correct recruitment processes
- The management, movement and retention of documentation was unclear
- Unclear data about the accuracy and currency of CRB checks and the approach to employees with unspent convictions
- It needs to be made clear to all parties that the responsibility for monitoring the external provider services lies with the Head of Human Resources.

i) **Direct Payments / Personalised Budgets**

We gave a 'limited assurance' opinion following our audit of direct payments, after a number of improvements were needed, including:

- Clarifying and reinforcing roles and responsibilities for staff in all teams involved in the processes
- Ensuring existing and revised policies and procedures are followed
- Improving the integrity and robustness of the Resource Allocation System which guides the social care worker in making a decision about resource required to meet needs
- Reduce the backlog of direct payment audits and action the outcomes of these
- Address the backlog of care plan / support plan reviews designed to ensure the support plan is achieving an improved quality of life for the service user and
- Improve case management information in order to improve performance management and prioritisation of resources.

Implementation of these improvements will ensure the efficient and effective running and management of Personal Budgets and Direct Payments for the future, many of which are already being assessed and implemented.

6.3 Schools

Internal Audit supported schools to submit their Schools Financial Value Standard (SFVS) returns to the Department of Education by providing help and support to School Governors and staff on the new requirements. All Doncaster maintained schools had successfully completed and returned their submissions by the stipulated deadline.

Internal Audit have also prepared a factsheet for Pupil Referral Units detailing all relevant policies, procedures and protocols that PRUs should be aware of and working to, to comply with their new requirements for financial and personnel management under the Schools White Paper 2010 proposals, enacted by the Education Act 2011.

Routine audits were carried out at 5 primary schools during the year. No schools have received an unsatisfactory opinion following our audit. Follow up audits were carried out for 2 schools to ensure actions had been implemented appropriately.

A review of school meal income generated by Doncaster Schools Catering found that it was not certain that the Service was identifying and accounting for all of the income it was entitled to. There was no reconciliation carried out to ensure that the information from schools was accurate or that the number of meals produced reconciled to income received. Collating and monitoring this information would highlight any issues with income collection at schools or training establishments, and would better ensure that the Authority receives the correct level of income for the meals produced. There was a relatively small value of school meals arrears (£20,000), which the catering service (and not the schools) was responsible for. The audit recommended Doncaster Schools Catering should look to charge schools directly for the full number of meals provided, thereby removing any liability on Doncaster Council for dinner monies not collected by schools. In any event, more robust recovery arrangements either by the Catering Service or schools could help to reduce the level of arrears.

6.4 Responsive Work.

6.4.1 Approximately 21% of Internal Audit time was used to address issues which arose during the year. This compares to 32% in the previous year and is consistent with a noted decrease in demand for investigatory type work. This work can be sub-divided into two categories; investigations and requests for assistance / advice.

6.4.2 Some of the more significant issues reviewed of this nature that Internal has addressed during 2013/14 include:

- **Fraudulent Falsification of Benefits**

The Benefits Fraud team identified that a council employee was fraudulently claiming benefits. Following investigation, the employee was dismissed from employment with the Council

The Benefits Fraud team investigated a further DMBC employee based at a school for fraudulently claiming benefits. This employee's case is currently being dealt with by the Crown Court.

- **Fraudulent Falsification of Benefits Support Documentation by an Employee**

As part of work undertaken on the National Fraud Initiative, a match was identified between the address of a benefit claimant and that of an employee. The claimant had declared that he was living at home and had not declared the employee as a second occupant / co-habitant of the house. The employee had filled in a statement for the claimant, claiming that the employee was the claimant's landlord.

However, following investigation by the Benefits Fraud Unit and Internal Audit the employee resigned.

- **Fuel Theft**

In November 2013 Markets Management identified that fuel was still being delivered to the Doncaster Markets office for use on a Council petrol powered market sweeper which was no longer in use. After observations by management (under the supervision of Internal Audit Services), it was identified that an employee was driving up to the markets office in his own private vehicle and was removing the fuel from the Markets Office for personal purposes. The case was referred to the Police. When questioned, the employee admitted to stealing both petrol and diesel from the Markets Office and was given a Police caution. Disciplinary proceedings are progressing against the officer.

- **Danum Drainage Board**

We are reviewing the governance arrangements at the Board following unsatisfactory resolution of complaints raised against decisions and actions relating to inappropriate use of public funds

6.4.3 Overall, despite the current economic context, the Council is experiencing relatively little reported fraudulent activity. The examples stated above 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. Assessment of the System of Internal Control for Year to 31st March 2014.

7.1 Based upon the audit work undertaken it has been possible to complete an assessment of the Council's overall control environment. Accordingly, based upon the Internal Audit work undertaken this year, we can confirm that the Council's system of internal control for 2013/14 was adequate and operated satisfactorily during the year.