

Risk	Risk in detail	Comment on Doncaster Council's approach / any actions required
1. Financial Reporting	Do financial reports present financial information in a way that: <ul style="list-style-type: none"> • Is easy to understand • Links financial and performance information • Demonstrates the impact of decisions on outcomes and service delivery 	Financial reports provide important information succinctly. The reports have been developed over time to meet the needs of the readers (eg decision makers, scrutiny etc). Financial and performance information is linked in various ways: <ul style="list-style-type: none"> • Budget setting takes into account the impact on services of budget decisions • The Medium Term Financial Strategy reflects known significant changes • Performance reports indicate where resourcing has affected performance.
	Is financial reporting forward looking or does it focus heavily on historical analysis of variances against budget.	<ul style="list-style-type: none"> • Medium term budget reports project 3 years ahead. • Regular budget monitoring reports show the full year effect of current year activity. • The Council's financial system provides for commitment accounting and profiling of expenditure, and these are used to make predictions on future spend.
2. Public Interest Reports	Are Members aware of the 2 high profile PIR issued by KPMG in last 12 months?	Information on topical issues is provided to the Audit Committee as required. Issues included in recent public interest reports to principal authorities were not regarded as high level risks at Doncaster. However, it is agreed that summaries of appropriate Public Interest Reports should be presented to the Audit Committee along with confirmation of arrangements in place at the Council in the areas covered by the reports.
	Does Audit Committee receive regular assurances in respect of:	Each year Internal Audit's programme of work considers the extent to which audit work should focus on each of the areas listed by KPMG. Actual work carried out is done so on the basis of Internal Audit's assessment of risk in each of the areas. The Annual Governance Statement (AGS) summarises the assurance available each year on the operation of the Council's control arrangements, including internal audit coverage as appropriate. The AGS is reviewed twice each year by the Audit Committee; at draft and final stages.

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	<ul style="list-style-type: none"> • Risk management arrangements • Declarations of Interest / hospitality • Complying with procurement rules • Delivering Internal Audit • Responding to Whistle-Blowing • Value for Money including financial and contract management arrangements 	<p>In relation to risk management the Audit Committee:</p> <ul style="list-style-type: none"> • receives and considers regular reports on the strategic risk register • enquires about specific risks and the application of risk management arrangements within directorates. • periodically reviews and approves the Council's risk management policy and framework. <ul style="list-style-type: none"> • Any weaknesses in arrangements are reported by Internal Audit and considered by the Audit Committee. • A report on breaches, waivers and non-compliances with Financial, Purchasing and Contract procedure rules is considered regularly by the committee. • Regular reports are presented to the Audit Committee on Internal Audit's performance and its coverage. This is summarised in the annual report of the Head of Internal Audit which also provides an opinion on the effectiveness of Internal Audit. • Reports are presented to the Standards Committee covering whistleblowing cases. This report is also provided to the Audit Committee • VFM and contract management arrangements are subject to Internal Audit work on a risk basis. Internal Audit work is reported to the Audit Committee on a regular basis. <p>Reports on whistleblowing cases could be forwarded routinely to the Audit Committee where they involve issues relating to the Committee's Terms of Reference.</p>
	<p>What arrangements are in place to prevent management override of key controls?</p>	<p>The Council's system developments aim to incorporate controls to secure separation of duties and minimise the risk of management override wherever possible.</p> <p>Internal Audit's programme of work takes into account risks where systems do / do not</p>

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		have strong / automated controls in place. Subsequent audit work seeks to identify the controls management can rely on for minimising identified risks, and to improve controls where they are perceived to be inadequate in this respect.
3. Welfare Reforms – Universal Credit	<p>The Universal credit has merged six benefits – housing benefit, jobseeker's allowance, income support, child tax credit, working tax credit and employment support allowance – into one monthly payment.</p> <p>Is the Council adequately prepared for its introduction.</p>	<p>A Welfare Reform Steering Group was established over 18 months ago which is chaired by the Chief Executive of St Leger Homes Doncaster. Members of the group also include senior managers from DMBC, Health and DWP. An Action Plan is in place with one of the key objectives being to ensure the Authority is prepared for Universal Credit implementation. Also, a Customer Access Project is well underway within the Council to provide full self-service functionality for all appropriate services to become a digital authority by 2016. This will be fundamental to the successful introduction of Universal Credit.</p>
4. Council Tax Benefit Localisation	<p>How is the implementation of the new scheme being monitored?</p> <ul style="list-style-type: none"> • Is there an increased backlog? • Are there increased complaints? • IA findings? 	<p>Monitoring of the new scheme impacts is undertaken as part of the Welfare Reform Steering Group as well as in general with the focus on level of increased Council Tax arrears, collection rates, etc. as well as close monitoring of caseload and spend. There have been a very low level of complaints as the Council, unlike many other authorities, has not introduced an 'across the board' cut affecting all claimants.</p>
	<p>Impact on the financial position / standing.</p> <ul style="list-style-type: none"> • Have Council tax arrears increased ? What are the costs of collecting these sometimes small amounts [court costs, officer time] • If we were funding some of the part from reserves, is this as anticipated or has there been pressures. • Has the additional powers to raise Council Tax been effective? What are the collection rates? Is it costing more to collect than you are collecting? 	<p>Council Tax arrears have increased, and increased processing time to determine relatively small levels of debt have occurred.</p> <p>No funding from reserves has taken place</p> <p>Collection rate has seen an in-year drop of more than 1% overall, and is especially low in the area of empty properties which saw the bulk of the changes. However, the value of actual income collected has increased, as previously some of these areas did not attract any charge.</p>

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<u>5.</u> <u>Fraud risk</u>		
Governance and the role of the Audit Committee	<p>Who has primary responsibility for the management of fraud risks within DMBC?</p> <p>Who provides oversight and holds the executives / Officers to account?</p> <p>What information does the Audit Committee receive in relation to Fraud?</p> <p>How can DMBC be confident that appropriate systems and processes are in place to identify, manage and mitigate fraud risks?</p>	<p>Financial Procedure Rules set out the respective responsibilities of senior management in relation to fraud risks.</p> <p>The Director of Finance and Corporate Services is responsible for ensuring arrangements are kept up to date and comply with best practice.</p> <p>Internal Audit carries out an annual fraud risk assessment and established its annual programme of work taking the risk assessment into account. Internal Audit's work on systems includes assessment of the risk of fraud. Internal Audit also report on investigations routinely in its progress reports or as individual reports where the circumstances of the investigation justify this.</p> <p>A range of management controls are in place to help prevent fraud or spot it quickly where it could be happening (eg authorisation processes, systems reconciliation processes, budgetary control)</p> <p>An Anti-Fraud, Bribery and Corruption strategy is maintained and reviewed at least annually.</p> <p>All current information is indicating lower levels of reported fraud than that historically experienced.</p>
<u>Fraud risk</u> What can DMBC do to identify, manage and mitigate fraud ?	<p>Ensure one Executive Officer has lead responsibility for the organisation's fraud strategy and sets a clear tone from the top.</p> <p>Ensure the Audit Committee acknowledge its responsibilities for oversight of fraud risks and</p>	<p>Arrangements as described above</p> <p>Responsibility for overview of fraud is covered in the Committee's Terms of Reference. The responsibility is satisfied as outlined above.</p>

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	<p>make fraud reporting a standing item on Audit Committee agendas.</p> <p>Undertake a fraud risk assessment to identify priority / critical risk areas.</p> <p>Develop a fraud strategy for the organisation which focuses efforts and resources on priority areas.</p> <p>Raise awareness of fraud risks across the entire organisation;</p> <p>and</p> <p>ensure individuals in key roles are adequately trained.</p>	<p>An annual fraud risk assessment is completed by Internal Audit as part of its overall planning work.</p> <p>An Anti-Fraud, Bribery and Corruption strategy exists and is updated regularly. It was most recently revised in April 2012. A self-assessment was completed against the key requirements included in current national guidance, and this led to the production of an action plan to strengthen current arrangements which were updated and reported upon in July 2013.</p> <p>Various methods employed:</p> <ul style="list-style-type: none"> • promote revisions to the Anti-fraud, Bribery and Corruption Policy and Strategy and remind managers of their responsibilities relating to fraud. • work with the Governance Group and operational managers to manage appropriately the fraud risks within the Corporate Fraud Risk register which is produced by Internal Audit and takes into account current risks and changes across the Council. • embed arrangements to comply with the Bribery Act 2010. • communicate the outcomes of fraud work to act as a deterrent • refresh and re-launch training for staff and managers, where relevant • review the Council's key policies and procedures that form part of the Anti-fraud, Bribery and Corruption framework (e.g. whistle blowing arrangements, declarations of interest etc.) and promote the arrangements taking into account any revisions made • Annual Fraud report. <p>Certain Internal Audit fraud staff have specialist qualifications: CIPFA Certificate in Investigative Practice. All Benefits fraud staff have formal fraud qualifications. However the</p>

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	<p>Implement a robust and independent whistle-blowing policy</p> <p>Use data analytics to monitor and measure key fraud risk indicators</p> <p>Maintain in-house, or work with an appropriate supplier, to retain specialist fraud investigation resources.</p> <p>Learn lessons from previous fraud cases and feed the findings back in to risk assessments, training and control improvements.</p> <p>Work with partners and 3rd parties to develop a co-operative approach to fraud, share information and keep abreast of changing fraud</p>	<p>likelihood of the loss of specialist fraud staff when the Single Fraud Investigation Service is established at the DWP could leave the authority in a weakened position.</p> <p>Internal Audit staff regularly attend regional inter-authority fraud group and alert themselves via Fraud newsletters / National anti-fraud organisations material and updates etc.</p> <p>In place. However only small numbers of concerns have recently been reported.</p> <p>Data analytics are used on a regular basis on appropriate systems eg payroll, creditor payments. Internal Audit have set aside resources to undertake this work as part of their annual audit plan including enhanced training for a number of their staff to utilise data interrogation tools to perform anti-fraud / error checks.</p> <p>Specialist companies are employed to support the Council's anti-fraud strategy</p> <ul style="list-style-type: none"> • to detect creditor payments frauds • to perform Council Tax Single Person Discount fraud checks <p>We also participate in the National Fraud Initiative.</p> <p>Certain Internal Audit fraud staff have specialist qualifications: CIPFA Certificate in Investigative Practice. All Benefits fraud staff have formal fraud qualifications.</p> <p>This forms part of the input into the Fraud Risk Register maintained by Internal Audit as well as remedial action required where the fraud has occurred and other parts of the organisation subject to the same risks.</p> <p>Internal Audit attends the South and West Yorkshire [SWY] regional Chief Auditor and Fraud groups where fraud is discussed.</p>

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	<p>patterns:</p> <ul style="list-style-type: none"> • replicate the work of the National Fraud Initiative and replicate at a local level • contribute to Fighting Fraud Locally: The Local Government Fraud Strategy 	<p>Regular contact is also made via members where advice about a current issue is required.</p> <p>Internal Audit receives electronic bulletins from various sources e.g. National Anti Fraud Network [NAFN], and the Audit Commission's National Fraud Initiative [NFI]. There is regular participation in all NFI exercises, both mandatory and optional exercises. Internal Audit do also replicate some matching</p> <p>There is regular pro-active fraud intelligence gathering from various sources exists e.g. CIPFA, including a new CIPFA on-line fraud discussion forum.</p> <p>Internal Audit and Benefits fraud staff regularly attend specialist fraud seminars.</p> <p>The Whistleblowing and related policies will be reviewed in line with recent guidance and best practice identified elsewhere to ensure that genuine concerns can be reported and sensitively and effectively assessed and managed.</p> <p>The Authority's ability to deliver proactive and reactive fraud work should be reviewed and appropriate arrangements put in place which might involve a stand-alone counter fraud unit / fraud team or a virtual fraud team.</p>
<p>6. Public Health</p>	<p>Finances – how is the ring-fenced grant being invested?</p> <p>Governance – are the arrangements appropriate and meeting the stated requirements?</p> <p>Assurance – is the Internal Audit Plan considering this as a risk to review?</p> <p>Partnerships – relationships with CCGs,</p>	<p>The Council's approach is covered in its budget proposals. Budget arrangements for Public Health are known and appropriate.</p> <p>Performance and financial management review follow the Council's established arrangements. These have been reviewed by internal Audit and were considered sound.</p> <p>Internal Audit assesses risks in line with its usual approach applied to all services. Coverage of public health matters is included in the audit plan.</p> <p>Partnership working is a key feature of new Public Health arrangements and is integral to</p>

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	awareness of providers of public health services [community service providers].	the work of the Public Health Team. This is also subject to a review by Internal Audit. The Health & Well-being Board oversees all arrangements.
7. Financial Grip	<p>Does your authority have "financial grip" ?</p> <ul style="list-style-type: none"> • How does it perform currently – on the "basics" and in promoting and supporting change and improvement • What are its strengths • What are its weaknesses / improvement needs ? • What steps need to be taken to improve 	<p>KPMG's Annual Audit letter states:</p> <p>"The Authority has already made substantial savings in response to the reduction in central government's funding of local authorities, but still has to reduce spending by £109 millions between 2013/14 and 2016/17. The Authority has a good record of meeting or exceeding its targets in recent years, and should be able to do so in 2013/14. But the savings for the two subsequent years will be increasingly difficult, and success will require the Mayor and councillors to make some challenging and unpalatable decisions"</p> <p>Managing within budget is one of the Council's top strategic risks and is therefore subject to regular update through the Corporate Risk Register, which is reported to the Executive, Scrutiny and Audit Committee.</p>
	Do you receive the necessary assurance on these matters as an audit committee?	The Audit Committee receives the Annual Audit Letter, Statement of Accounts [Certified], update on progress against external recommendations and other specific assurances / reports.
	Is the audit committee sufficiently proactive in asking questions and requesting reviews / updates / reports?	The Audit Committee has raised questions and sought additional assurances in relevant areas, for example Digital Region, Children's' Service.