

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

**INTERNAL AUDIT REPORT FOR THE PERIOD: APRIL 2014 to AUGUST 2014**

**EXECUTIVE SUMMARY**

1. The report attached at **Appendix 1** updates the Audit Committee on the work done by Internal Audit for the period 1 April 2014 to 31 August 2014 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:
  - Core Financial Processes – Creditors (Procure to Pay)
  - Core Financial Processes – Debtors (Accounts Receivable)
  - Health and Safety
5. However, these aside, **our work confirmed the Council has appropriate controls in place and that the controls are operating effectively.**

**Section 2: Unplanned responsive work carried out in the period**

6. 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.
7. There has been a slight increase during the period in the amount of time

spent on responsive / investigative work. Examples of work done under this heading are included in the report. The work has highlighted a number of process weaknesses and potential losses of a relatively small value. **There are no major items to bring to the Committee's attention.**

8. The increase in this work has had an effect of reducing contingency time available for future months, although at this stage this impact is considered to be manageable. The plan will continue to be revised to ensure that mandatory and must do work is completed to support the audit opinion.

### **Section 3: Progress on the implementation of audit recommendations**

9. Since the last progress report, previous outstanding major risk recommendations relating to Safeguarding Adults – Safeguarding Adults Personal Assets Team, Payroll Operations Audit 2010 & 2011, Local Transaction Processing, CVS – Award of Community Empowerment Network Contract and Housing Adaptations have been sufficiently addressed and have, therefore, been removed from this section of our report.
10. There are currently 15 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**

11. Despite the reduction in available audit time due primarily to the increase in responsive work, the team has managed to successfully maintain progress in delivering the audit plan. 49% of the planned work has been delivered in the five months between April and August 2014, placing us ahead of schedule (42% target) at this point of the year. This will level out over the second half of the year when we devote more time to the Children's Trust and St Leger audits.
12. There is improved performance in issuing reports and client satisfaction remains exceptionally high. **The overall performance of the audit service continues to be good.**

## **RECOMMENDATIONS**

13. **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.**

## WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

14. 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

15. 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.

## IMPACT ON THE COUNCIL'S KEY PRIORITIES

16. 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:

<b>Priority</b>	<b>Implications</b>
We will deliver modern value for money services.	Internal Audit adds value to the organisation through a systematic, disciplined approach to evaluate and improve the effectiveness of the Council's Services
We will provide strong leadership and governance, working in partnership.	The work undertaken by the Internal Audit improves and strengthens governance arrangements within the Council and its partners.

## RISKS AND ASSUMPTIONS

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

## LEGAL IMPLICATIONS

18. 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.

## CONSULTATION

19. 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.

This report has significant implications in terms of the following:

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

## **BACKGROUND PAPERS**

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

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### **Appendices Attached**

**Appendix 1 - Internal Audit Report: 1 April 2014 to 31 August 2014**