

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

**INTERNAL AUDIT REPORT FOR THE PERIOD: SEPTEMBER 2014 to
DECEMBER 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 September 2014 to 31 December 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 the Blue Badge Administration and Enforcement system.
5. **Overall, our work confirmed the Council generally 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 an increase during the period in the amount of time spent on responsive / investigative work. The increase has had the effect of reducing contingency time available for future months, although at this stage this impact is considered to be manageable

8. Examples of responsive work done are included in the progress report, and include examination of financial management arrangements in the Markets Service, review of the handling of clients' personal monies and the amenities fund at one of the Council's care homes, and review of the use of Council vehicles and staff working time claims.
9. Our investigatory work has highlighted a number of process weaknesses and potential losses of a relatively small value. However, **there are no major items to bring to the Committee's attention.**

Section 3: Progress on the implementation of audit recommendations

10. Since the last progress report, previous outstanding major risk recommendations relating to recruitment arrangements, including the carrying out of DBS checks, have been sufficiently addressed and have, therefore, been removed from this section of our report.
11. There are currently 16 major recommendations which have passed their original date for implementation and still need completing. This is an increasing number. Major outstanding actions are reported to senior management, Cabinet and Scrutiny through the quarterly challenge process and we are assured appropriate commitment is given to implementing recommendations. A number of the recommendations are proving more complex to implement than originally anticipated when the timescales for implementation were originally agreed.
12. **We will maintain close review of the implementation of outstanding major recommendations and bring to the Audit Committee any areas where we have particular concerns at our next progress report.**

Section 4: Performance Information

13. Despite the reduction in available audit time for planned audit work, due primarily to the increase in responsive work, the team has managed to successfully maintain progress in delivering the audit plan. 71% of the planned work has been delivered in the nine months between April and December 2014. We expect to achieve around 95% of the plan by the year end, and this will be comfortably enough to enable us to give our annual opinion on the Council's control environment.
14. 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

15. **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?

16. 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

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.

IMPACT ON THE COUNCIL'S KEY PRIORITIES

18. 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:

	Priority	Implications
	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 Internal Audit improves and strengthens governance arrangements within the Council and its partners.

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS

20. 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

21. 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

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

REPORT AUTHOR & CONTRIBUTORS

Colin Earl, Head of Internal Audit,
Tel 01302 862939 E-mail - colin.earl@doncaster.gov.uk

Colin Earl
Head of Internal Audit

Appendices Attached

Appendix 1 - Internal Audit Report: 1 September 2014 to 31 December 2014