



Doncaster Council

Report

Date: 17th June 2020

To the Chair and Members of the
AUDIT COMMITTEE

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2019/20

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		Yes/No

EXECUTIVE SUMMARY

1. This report provides information on the work of Internal Audit during 2019/20 including its overall opinion on the Council's governance, risk management and internal control arrangements. The report is also used to inform the Council's annual governance statement.

Head of Internal Audit Annual Report 2019/20

- 1.1 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. Headlines from the annual report, which is attached at **Appendix 1**, are as follows:
 - The team have delivered a lower level of coverage this year than anticipated, however, with management of the resources and revising the audit plan the Head of Internal Audit has been able to provide a positive opinion over the Council's risk, governance and control arrangements.

Internal Audit Plan v Actual Days April 2019 to March 2020

	Plan	%	Actual	%
Assurance Work	967	63.0%	749	56.1%
Consultancy Work	87	5.7%	132	9.9%
Responsive Work	349	22.7%	246	18.4%
Follow-up Work	132	8.6%	134	10.0%
Total	1535	100%	1336	100%

The key issues are shown below:

Issues within customer directorates

- Additional time being required to complete some jobs due to the number or complexities of issues identified as the audit progressed.

Issues within Internal Audit

- Higher levels of sickness than budgeted for and maternity leave
- A member of the team left the Council.

- It is expected that the level of follow up work required, going forward, should now reduce due to improved reporting arrangements and Directorate management intervention. This has been a major area of audit activity this year and a marked improvement has been noted.
- It is also interesting to note the reduction in responsive work allied to the increase in consultancy work which is another positive indicator regarding the risk governance and control arrangements in place and how the Internal Audit team are adding value to the Council.
- The service has achieved good overall performance against its key performance indicators.
- In particular, the service was rated as 'satisfactory' or 'very satisfactory' in 100% of client surveys received.
- The service carried out a range of responsive pieces of work, either of an investigative or consultative nature during the period.

1.2 Based upon the audit work undertaken during the year, we can confirm that the Council's governance, risk management and internal control arrangements were adequate and operated satisfactorily during the year.

1.3 No items were identified by Internal Audit for consideration for inclusion in the Council's 2019/20 Annual Governance Statement (AGS).

1.4 Other weaknesses not considered significant enough for inclusion in the AGS

have been highlighted by Internal Audit's work during the year and these have been brought to management's attention. A Limited Assurance opinion was given for, Strategic Asset Management Income Review Follow Up, North Bridge Stores, Civic Office – Governance Service and Mobile Devices and ICT Inventories. Improvement actions have now been satisfactorily implemented in the Strategic Asset and Stores and are underway in the Civic Office – Governance Services and for the Mobile Devices and ICT Inventories. These weaknesses do not change Internal Audit's overall opinion on the Council's governance, risk management and internal control arrangements.

- 1.5 This opinion is however qualified, in light of the current coronavirus pandemic and the impact of this on the Council. The opinion given at paragraph 1.2 is based on internal audit work undertaken, and completed, prior to emergency measures being implemented as a result of the pandemic commencing in March 2020. These measures have since resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not yet possible to quantify the additional risk arising from the current short term measures, or the overall impact on the framework of governance, risk management and control. These impacts will be subject to more full and formal review and consideration during the 2020/21 financial year. This is done when the 2019/20 Annual Governance Statement is reviewed and revised as required to reflect the impact of the pandemic when approved alongside the Statement of Accounts, currently scheduled for the October meeting of the Audit Committee. It will also be done when the 2020/21 Annual Governance Statement is drafted and considered alongside the Head of Internal Audit Opinion for 2020/21.**

Internal Audit conformance with the Public Sector Internal Audit Standards

- 1.6 The Head of Internal Audit has undertaken an annual self-assessment of the Service's compliance with auditing standards. The main areas covered are reviewing the Charter and Strategy, the service's organisational independence and there being a Quality Assurance Improvement Programme as set out below. This concluded that Internal Audit is compliant with the requirements of the Standards.
- 1.7 The auditing standards require an external assessment of the internal audit service to be conducted at least once every five years. In February 2017, the service was reviewed by the Head of Internal Audit and Risk and an Audit Manager from Kirklees Council. The assessment has confirmed that Doncaster's Internal Audit arrangements meet the highest of the three possible ratings within the auditing standards, i.e. that the service "Generally Conforms" with the standards.
- 1.8 Members of the Audit Committee were consulted in January 2020 regarding the

next peer review and they agreed for the Head of Internal Audit from Rotherham Council to lead on an external assessment of the Doncaster team in late 2021 as part of triparty arrangements between Calderdale, Rotherham and Doncaster Council's Internal Audit Services

EXEMPT REPORT

2. Not applicable, for information only.

RECOMMENDATIONS

3. The Audit Committee is asked:
 - To note the Internal Audit Annual Report for 2019/20, including confirmation that the Council's governance, risk management and control arrangements were adequate and operated satisfactorily during the year.
 - To note the Head of Internal Audit's self-assessment and the confirmation from the external peer assessment in 2016/17 that the service is compliant with the Public Sector Internal Audit Standards.
 - To note the decision made for the Head of Internal Audit from Rotherham Council to lead on an external assessment of the Doncaster Internal Audit Service in late 2021 as part of triparty arrangements between Calderdale, Rotherham and Doncaster Internal Audit Services.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. 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

5. 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

6. Not applicable - for information only.

REASONS FOR RECOMMENDED OPTION

7. Not applicable - for information only.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

8. 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:

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p>	

	<ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>Effective oversight through the Audit Committee adds value to the Council operations in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough</p> <p>The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.</p>

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS (SRF 04/06/20)

10. The Council must provide an adequate and effective internal audit in order to comply with the requirements of the Accounts and Audit Regulations 2015.

FINANCIAL IMPLICATIONS (ST, 18/03/20)

11. There are no specific financial implications associated with this report. The 2020/21 budget for the service has been reviewed and is not expected to be a pressure on the Council's overall financial position.

HUMAN RESOURCE IMPLICATIONS (KG 19/03/20)

12. There are no specific HR implications related to the contents of this report.

TECHNOLOGY IMPLICATIONS (PW, 23/03/20)

13. There are no specific technology implications associated with this report. As outlined in the report, good progress has been made in strengthening processes identified as part of the audit of mobile devices and ICT

inventories and action plans are in pace to address the recommendations made.

HEALTH IMPLICATIONS (RS, 20/03/20)

14. Good governance is essential for effective organisations. Effective internal audit contributes to the effective discharge of the council's health promotion duties. The addition of the Alarm Receiving Centre (ARC) to the Annual Governance Statement highlights an area for review and action which will have direct impacts on health and wellbeing.

EQUALITY IMPLICATIONS (PRJ, 11/03/2020)

15. We are aware of the Council's obligations under the Public Sector Equalities Duties and whilst there are no identified equal opportunity issues within this report, all of the reports covered by the document will have taken into account any relevant equality implications.

CONSULTATION

16. 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

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

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ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2019/20

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 2015, which require the Council to maintain an effective 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 Risk, Governance, and Control arrangements.
- 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 work of the service, which alongside other arrangements leads to the issuing of an annual opinion on the Council's risk, governance and 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 the Accounts and Audit [England] Regulations 2015. 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 2015 require councils to maintain an effective 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 Internal Audit Service.

4. Reviewing the Service

Internal Audit Resources

- 4.1 Income was generated by providing a long standing Internal Audit service to St Leger Homes throughout the year.
- 4.2 Internal Audit commenced the 2019/20 year with an establishment of 7.9 full time equivalent (FTE) staff, increasing to 9 in July 2019. A voluntary

redundancy followed by maternity leave reduced available resources at the end of the year to 8.61 FTE. The overall available audit days at the start of the year was 1535, compared with 1345 in 2018/19.

- 4.4 A careful approach to risk based planning and robust performance management of our resources has been essential given the level of available resources. It is the opinion of the Head of Internal Audit that sufficient work was delivered to provide an adequate level of assurance about the Council’s risk, governance and control arrangements to the Audit Committee and the Chief Financial Officer for the 2019/20 year. This was, however, at a lower level of coverage than planned.

Audit Work Undertaken

- 4.5 A breakdown of time spent in 2019/20 is summarised below: The service delivered 1336 chargeable audit days during the year, which was 87% of the budgeted level.

Internal Audit Plan v Actual Days April 2019 to March 2020

	Plan	%	Actual	%
Assurance Work	967	63.0%	749	56.1%
Consultancy Work	87	5.7%	132	9.9%
Responsive Work	349	22.7%	246	18.4%
Follow-up Work	132	8.6%	134	10.0%
Total	1535	100%	1336	100%

- 4.6 The reason for the difference between planned and actual time was due to:

Issues within customer directorates

- Additional time being required to complete some jobs due to the number or complexities of issues identified as the audit progressed.

Issues within Internal Audit

- Higher levels of sickness than budgeted for and an impromptu maternity leave.
- A member of the team left the Council.

- 4.7 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 Council’s risk, governance and control arrangements. Significantly greater levels of work were delivered in supporting arrangements in some areas highlighted within the Annual Governance Statement.

- 4.8 It is also interesting to note the reduction in responsive work allied to the increase in consultancy work which is another positive indicator regarding

the risk governance and control arrangements in place and how the Internal Audit team are adding value to the Council.

Implementation of Recommendations

4.9 The Internal Audit Team has continued to prioritise this area of their work during 2019/20, working closely with managers to encourage a high level of implementation of recommendations that are aimed at improving the level of internal control. This level of Internal Audit support resource will now be scaled back in favour of perceived higher risk audit work, given that the number of outstanding recommendations has now reduced.

4.9 The Audit Committee complained early in the year at the number of overdue agreed management actions to address audit recommendations and wrote to the Chief Executive about this subject. There is now a marked improvement in the number of overdue actions due to:

- ✓ Internal Audit and Directorate Management have continued the practice of rigorously pursuing the completion of all actions
- ✓ A significantly increased amount of work undertaken has resulted in substantial assurance opinions being given or has been advisory work generating a lower number of new actions.

4.10 The table below demonstrates that the response made by Directorates to implement actions during the last two years has shown a marked improvement in reducing the levels of overdue actions

Directorate	Number of high risk level recommendations overdue				Number of medium / lower risk level recommendations overdue			
	At 02/07/18	At 09/07/19	At 21/01/20	At 10/03/20	At 02/07/18	At 09/07/19	At 21/01/20	At 10/03/20
Adults, Health and Wellbeing (AHWb)	16	7	1	1	53	13	5	0
Economy & Environment (EE)	0	1	3	3	11	18	15	10
Corporate Resources (CR)	0	0	0	0	22	5	6	7
Learning & Opportunities (Children & Young People) (LOCYP)	0	0	0	0	10	2	0	0
Council Wide	0	0	0	0	2	0	0	0
TOTAL	16	8	4	4	98	38	26	17

4.11 The spread of recommendations currently awaiting implementation is shown below:

Directorate	Number of rec's at 01/04/2019	Number rec's at 10/03/2020
Adults, Health and Wellbeing	37	9
Economy & Environment	17	39
Corporate Resources	7	32
Learning & Opportunities (Children & Young People)	8	1
TOTAL	69	81

4.12 The majority of the Economy and Environment recommendations listed in both the above tables are in respect of the audit of the Trading Standards and Food and Animal Safety audit. This was a wide-ranging audit, which resulted in a large number of actions (36) and was only finalised late 2019. Similarly, the Corporate Resources recommendations include 18 recommendations for Mobile Devices and ICT Inventories reported January 2020, none of which are yet overdue.

4.13 Any high risk level recommendations that are not implemented in line with agreed timescales are reported as part of the Council's Resource Management quarterly process, as well as being routinely reported to Audit Committee and to the relevant Assistant Director who must also authorise any time extensions requested by their managers.

It should be noted that there have been some relatively minor changes to the categorisation of risks in the Councils Risk Matrix. The main impact is that now more findings will fall into a "High" risk assessment (previously "Major") but these latest changes are more consistent with the levels used prior to the October 2018 changes.

Customer Satisfaction

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

Performance Indicators

4.15 The indicators are shown below along with current performance for the year April 2019 to March 2020.

Performance Indicator	Target	April to March	Variance
Percentage of planned audit work completed	90%	87%	-3%
Percentage of jobs completed within 110% of budget	90%	88%	-2%
Draft reports issued within 15 days of field work being completed	90%	97%	7%
Final reports issued within 5 days of customer response	90%	100%	10%
% of critical or major recommendations agreed	100%	100%	-
Percentage of Customer Satisfaction Surveys rated Satisfactory or above	90%	100%	+10%

- 4.16 The difference between the target and actual percentage of planned audit work completed is due to the reduction in resources available (as set out in paragraph 4.4) and additional management time in submitting a bid for Internal Audit work at another organisation. The plan was reduced to reflect these demands on the team. Despite this, the Head of Internal Audit has confirmed sufficient work has been carried out to form a view on the Council's governance, risk management and control arrangements as required by the audit standards.
- 4.17 Results relating to high risk rated recommendations and customer satisfaction remain very positive. There has also been an improvement in the timeliness of issuing internal audit reports.

Compliance with the Public Sector Internal Audit Standards (PSIAS)

- 4.18 The Head of Internal Audit is required to report on Internal Audit's compliance with the internal audit standards. Basic requirements for this are as follows:
- 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. A revised Charter and Strategy was approved at the July 2019 Audit Committee.
 - The Internal Audit service is organisationally independent.
 - There is a Quality Assurance and Improvement Programme (QAIP), the results of which are reported to senior management and the Audit Committee.
 - There is an external assessment of the service conducted every five years. Kirklees Council's Internal Audit Service reviewed our compliance with the Standards during 2016/17 (see below).
 - All instances of non-compliance with the UKPSIAS are reported to the Audit Committee.

4.19 The Head of Internal Audit has undertaken a self-assessment as required by the standards. He has concluded that Internal Audit is compliant with the requirements of the standards, that audit standards have been maintained and that the Service has continued to develop in line with standards and the expectation of Internal Audit adding value to the organisation.

External Assessment

4.20 Auditing standards require an external assessment of the Internal Audit service to be conducted at least once every five years. In February 2017, Internal Audit was reviewed by the Head of Internal Audit and the Audit Manager from Kirklees Council. A separate report was produced following the external assessment and this was reported to the Audit Committee at its meeting on 6 April 2017.

4.21 The assessment confirmed that Doncaster's Internal Audit meets the highest of the three possible ratings within the standards, i.e. that the service "Generally Conforms" with the standards.

4.22 This is an important assessment as it enables the Audit Committee and other key stakeholders to have confidence that the annual opinion of the Head of Internal Audit is supported by a professional and competent service and is evidenced based. It provides stakeholders with the reassurance that they can place reliance on the quality of the work that Internal Audit delivers.

4.23 Members of the Audit Committee were consulted in January 2020 regarding the next peer review and they agreed for the Head of Internal Audit from Rotherham Council to lead on an external assessment of the Doncaster team in late 2021 as part of triparty arrangements between Calderdale, Rotherham and Doncaster Council's Internal Audit Services.

Quality Assurance Improvement Programme

4.24 This year's quality assurance improvement programme included:

- A sample of jobs has been reviewed and this showed continuing substantial compliance with the audit standards.
- A review of the sections arrangements to meet the standards was carried out against a checklist in the Local Government Application Note and this confirmed the team was still operating in a compliant manner with the standards.
- A review of the staffing resource within the team will be undertaken to ensure the team continue to meet the requirements of the audit standards and the expectations of the Council, and represents good value for money.

5. Summary of Findings from Audit Reviews

- 5.1 Internal Audit provides an 'opinion' on the control environment for all systems which are examined. The 4 level assurance model, which has been used for several years, is in line with a recent recommendation made by the CIPFA Internal Audit Special Interest Group. However, the definitions recommended for the four assurance levels have now also been adopted. A "limited" or "no assurance" opinion is generally given where one or more high level risks are identified in the area under examination.
- 5.2 Full information on Internal Audit work completed and outcomes is included in our regular progress reports to the Audit Committee. During 2019/2020, the large majority of areas audited received positive audit opinions. Summary details are provided below for areas where significant weaknesses were found and reported.

Main Financial Systems

- 5.3 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 the External Auditors who utilise it as appropriate for their own audit of the Council's annual accounts. The External Auditor for 2019/20 is Grant Thornton with whom we have developed effective working relationships since their appointment in December 2017.
- 5.4 We were able to give positive assurances about the control arrangements in the Council's main financial systems and around arrangements managing the risk of fraud and corruption.

Fundamental Weaknesses Arising

- 5.5 There have been no significant weaknesses identified, sufficient for us to recommend inclusion in the Council's Annual Governance Statement.

Other Significant Issues Arising

- 5.6 Other areas with limited assurance audit opinions but which, in Internal Audit's view, are not sufficiently significant to require consideration for inclusion in the Annual Governance Statement are summarised below.

Strategic Asset Management – Income Management Review Follow Up

A limited opinion was given in this follow up review as a full reconciliation between the rent / lease recording system and Accounts Receivable to ensure that all income is being collected had not yet been finalised, well after the original agreed implementation date. The reconciliation has since been completed.

North Bridge Stores

The limited assurance opinion was based on the number of weaknesses identified as part of a stores audit. In addition to this, the limited scale of regular stock takes and subsequent review of discrepancies identified (variances), which had been undertaken since the introduction of the new inventory management system (November 2017), gave rise to concern over the timely identification of any possible losses through fraud or error.

As a result of the audit work completed, 26 recommendations were made.

Weaknesses / improvements identified included:

- Limited stock takes had been undertaken since the implementation of the new system in November 2017. A full stock take commenced December 2018 and is now complete, however the results of the stock take revealed that 35% of stock item types had a variance (either a loss or gain) and the results had not yet been signed off as acceptable by management. Due to the number of issues arising within this report, it was envisaged that the extent of stock take variances identified should decrease as the identified process improvements are rolled out.
- Written procedures covering the Inventory Management system were drafted as a support by the Financial Systems Development Officer during the system implementation and handed over to the Stores Manager to review/finalise. These had not been reviewed by Stores staff to ensure that they work on the ground. Nor had additional procedures been written to document the “stores only” processes that were in operation around the Inventory Management system.
- Once further familiarisation was made with the Inventory Management system, existing stock monitoring processes were reviewed and exception reporting was developed to ensure that the service was operating as efficiently and effectively as possible and any potential anomalies were identified on a timely basis for investigating or correcting.

All recommendations have since been implemented and a follow up review is planned to confirm the continued effectiveness of the changes and identify any possible other uncontrolled risks in this area.

Civic Office – Governance Service

Our work concluded that the financial administration arrangements within the Civic Office, Governance Services were inadequate, leading to the issuing of a limited assurance opinion in this area.

Some of the issues leading to this opinion were administrative processes including incomplete records, inconsistency and delays in cashing up and banking procedures. All actions required have been agreed and management have stated that all actions and arrangements are now in place.

No losses were found to have actually been incurred during the audit examination.

Mobile Devices and ICT Inventories

Four high risk actions relating to the security of hard drives and contract arrangements were reported, in addition to several other improvements that needed to be made throughout the overall systems and operations for safeguarding and accounting for ICT devices.

These covered the inaccurate and incomplete inventories, a lack of checking and reconciliation of records, inappropriate and unsafe storage of devices and a lack of security of devices. There is a requirement to comply with certain security accreditations. In the event of a data breach and where the inventory for maintaining devices is inaccurate, this may subject the Council to fines from the ICO.

There have been resourcing issues in the Service Area connected with the Refresh programme and all the other projects and ongoing work in the service. Whilst the Refresh programme is now coming to an end, the roles and responsibilities across the teams had become diluted and left processes vulnerable to weaknesses which management have given their commitment to addressing.

Good progress is being made in strengthening processes identified as part of this audit with there being progress made or action plans put in place against all recommendations made.

6. Schools

6.1 Internal Audit completed the following work in schools in 2018/19:

- Provision of advice as requested from schools in relation to financial internal controls.
- Provision of information, advice and support to the Governors' Support Service to ensure audit and governance issues are consistently dealt with across all schools. A particular issue that was dealt with was advising upon the inappropriateness of expenditure incurred by a school in a training event for its staff.

7. Responsive Work.

7.1 The team delivered wide ranging advice, support and investigative work throughout the year. It should be noted that, overall, the Council continues to experience relatively little reported fraudulent activity. Four significant investigations have materialised this year, of which three are ongoing.

7.2 Examples of suspected irregularities and other supportive / advisory work included below 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.

7.3 Some of the time consuming, responsive issues not referred to elsewhere in this report, that Internal Audit has addressed during 2019/20 include:

Audit Area	Work Undertaken
Review of Alarm Receiving Centre Practices	<p>Following on from weaknesses identified in this area, a newly procured system is now in operation in a live environment and teething problems are currently being addressed. Internal Audit worked with the project consultants to ensure that new processes are robust and sufficient to ensure that key processes are well managed. Benefits already seen cover:-</p> <ul style="list-style-type: none"> • the introduction of a stock / equipment control system, • increased data protection and data accuracy, • better financial control to ensure that bills are raised on time and are accurate, • possible future efficiency savings • better management information. <p>Internal Audit are now supporting on some further related work in this area in respect of implementing an approved scales of fees and charges.</p>
Officer working arrangements	<p>Management concerns raised resulted in an investigation into a potential conflict between an officer's private work and their employment with DMBC.</p> <p>The work is complete and the results have informed management action undertaken.</p>
Early Years Service Payments	<p>A fraud issue raised by management within the Early Years' Service that provides (and audits) funding for nursery places across Doncaster, identified that false claims for payments had been made.</p> <p>The money has been paid back in full and appropriate action has been taken.</p>
Income Management Project Support	<p>Internal Audit are supporting the Financial Management team in developing service staff and their managers to improve income management principles and application – e.g. good income collection practices and reconciliation and accounting</p>

Audit Area	Work Undertaken
	processes.
Doncaster East Internal Drainage Board (DEIDB)	<p>Support was provided to the Board in finalising a governance review of a major project. Independent consultants were engaged to support this review and their findings assessed by the Board.</p> <p>Ongoing support and advice to the Portfolio Holder and Chair of Board regarding residual matters is still being provided to resolve these issues.</p>
Data Matching - Supplier to Payroll Payments	<p>Monthly checks are completed and are proving very worthwhile in identifying anomalies that require investigating. For example, employees are being paid through both Payroll and Accounts Payable which may be in breach of Inland Revenue regulations (IR35) or where the employee has not informed their manager of secondary employment.</p>
Trading Standards and Food and Animal Safety Review	<p>A full review of the workings of this service was undertaken at the request of senior / statutory officers after complaints have been received. This resulted in a significant number of recommendations which are currently being implemented by the Sections.</p>
Schools Financial Value Standards Support	<p>Internal Audit identified the changes / requirements to the Schools Financial Value Standard and amended the Authority's documentation accordingly. This piece of work added value by helping to ensure that Local Authority maintained schools can continue to comply with the Schools Financial Value Standard and is now complete.</p>
Continuous Improvement Framework	<p>This piece of work involved working with Commissioning & Transformation, Learning & Opportunities in order to contribute to the development of a continuous Improvement Framework. This was undertaken on a consultancy basis.</p>
Big Picture Learning Grant	<p>Providing ongoing support and assistance working with Children's Commissioning to verify the agreed grant outcomes submitted by Big Picture Learning to the Council. This is to validate the funding that is eligible to be paid over to Big Picture Learning.</p>
Doncaster Children's Services Trust (DCST)	<p>Internal Audit provided help and support with the methodology for the DCST service specifications. This is to be used by the commissioning team within</p>

Audit Area	Work Undertaken
	Learning & Opportunities with the first reviews beginning in September 2019.
Payroll System Implementation	Internal Audit are involved in the meetings regarding the implementation of the new Rotherham Payroll / Human Resource System to ensure that the project meets its intended results.
Music Service Instrument Inventory – Follow Up Audit	A follow up of outstanding actions from a previous year's audit resulted in further Internal Audit time being spent giving advice and support to progress some remaining issues.

8. Assessment of the Council's Governance, Risk Management and Control Arrangements for the Year to 31st March 2020

Based upon the audit work undertaken and from other sources of assurance it has been possible to complete an assessment on the overall adequacy and effectiveness of the Council's governance, risk management and control arrangements.

Internal Audit's work is designed to review arrangements around risk, governance and control with the scope of its work covering all the Council's activities. An individual audit can cover any or all of these three aspects and therefore it is not appropriate to fully assign opinions to one specific area of risk governance and control for the plan of work delivered or often even at an individual audit level. Instead a holistic view has to be taken when utilising this work in looking at assurance over the risk governance and control arrangements.

Risk Management

Internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.

The Council reviewed and revised its risk management policy in 2018. This policy continued to be applied throughout the last year. Strategic risks are regularly reviewed and reported upon and are subject to a high level of scrutiny and oversight. Operational risks are managed on a less formalised and basis and in a less consistent manner. Plans are in place to improve this area as part of Service Planning in 2020/21. Our work in this area has not identified any significant problems.

Risk assessments carried out with services, their service management and other teams generally within Corporate Resources also indicate well managed levels of risks which help provide high levels of assurance.

Governance

Internal audit must assess and make appropriate recommendations for the improvement of governance processes including ethics and values within the organisation.

Our overarching documented source of assurance is the Annual Governance Statement and the processes supporting its production. This year's AGS takes into account issues raised by the Councils Chief Financial Officer, the Monitoring Officer, the Head of Internal Audit and other officers with responsibility for governance. The current strategic risk register and complaints received are also reviewed. The service area perspective is provided by each Head of Service via a series of governance statements in the form of a self-assessment. The draft Annual Governance Statement is considered to be a very positive document detailing a lesser number of issues than previous years. Internal Audit's work indicated no areas for inclusion in the Statement and the positive view presented by the document was consistent with the outcomes of the work of Internal Audit covering this area.

Control

The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

Internal Audit covered a range of work in this area but most notably the core financial systems and other financial administration audits. High levels of assurance were generally gained.

Incidence of fraud continues to remain low and our antifraud arrangements appear strong whilst representing an area for continued development through data analytics etc.

There is a very much lower number of overdue management actions that address audit recommendations and this gives assurance in the control aspect but also in the governance and risk arrangements.

Accordingly, on the basis of this work, the Head of Internal Audit considers that the Council's governance, risk management and control arrangements for 2019/20 were adequate and operated satisfactorily during the year.

This opinion is however qualified, in light of the current coronavirus pandemic and the impact of this on the Council. The opinion given in the above paragraph is based on internal audit work undertaken, and completed, prior to emergency measures being implemented as a result of the pandemic commencing in March 2020. These measures have since resulted in a significant level of strain being placed on normal procedures

and control arrangements. The level of impact is also changing as the situation develops. It is therefore not yet possible to quantify the additional risk arising from the current short term measures, or the overall impact on the framework of governance, risk management and control.

Peter Jackson
Head of Internal Audit
18th March 2020