

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

**INTERNAL AUDIT PLAN – 2016/17 – PROPOSED REVISIONS**

**EXECUTIVE SUMMARY**

- 1.1. Internal Audit in Doncaster complies with the UK Public Sector Internal Audit Standards (the Standards). A key principle for the service is to assist management through proactive advice and involvement in new developments, systems or any irregularities they experience. This is a modern audit approach, designed to provide as much value to the organisation as possible, whilst recognising we are also required to fulfil our statutory responsibility for checking the Council's control systems. The approach fully reflects the wording and the spirit of the Standards.
- 1.2. The Internal Audit annual audit plan for 2016/17 was approved by Audit Committee at its April 2016 meeting.
- 1.3. The Standards require Internal Audit's plans to be risk based and informed by the organisation's risk management, performance management and other assurance processes. They also require the plans to be reviewed on a regular basis.
- 1.4. The internal Audit Progress report for the August 2016 committee highlighted some minor changes to the plan which were approved at that committee meeting.
- 1.5. This report set out further more comprehensive revisions to the plan and reasons behind them
- 1.6. The Head of Internal Audit has considered these changes and is satisfied that the proposed changes to the plan and the current level of resource is still sufficient to provide an opinion at the end of the year to the Audit Committee and the Chief Financial Officer and Assistant Director - Finance on the adequacy of the Council's control environment.

**RECOMMENDATIONS**

2. The Audit Committee is asked to support the proposed revisions to the 2016/17 Internal Audit Plan and is asked to note that the Head of Internal Audit has considered these changes and is satisfied that the proposed changes to the plan and the current level of resource is still sufficient to provide an opinion at the end of the year to the Audit Committee and the Chief Financial Officer and Assistant Director - Finance on the adequacy of the Council's control environment

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

3. Effective oversight of the work of the Internal Audit team through the audit committee adds value to the Council operations in managing its risks and achieving its key priorities.

## BACKGROUND

### Revisions approved at the August 2016 Audit Committee meeting

- 4.1. The following revisions were approved at the August 2016 Audit Committee meeting:

Cancelled from the Audit Plan

- **Services Transferring to the Children's Trust** – Cancelled due Management not requiring input from the Audit Team.

Added to the Audit Plan:

- **Social Care Capital Grant Determination 31/2534** – this is a new grant which there was no awareness of at the time of the audit planning process
- **Bus Services Operators Fuel Grant** – a change in criteria meant this area required verification by Internal Audit

### Proposed revisions to the audit plan – November 2016.

- 4.2. Factors involved in the proposed further revisions to the Audit Plan

- A member of the Audit Team has gained promotion to a post at a neighbouring authority with the loss of 95 auditor days.
- A long term sickness absence occurred losing 40 auditor days.
- Two major investigations have required greater resourcing than was originally provided for.
- A further investigation is being undertaken that is requiring significant audit resources.
- Some jobs have required additional time to that envisaged due to complexities encountered during the audit and additional reporting time required
- New and emerging risks have materialised as occurs on a regular basis. There is always the expectation for this to take place and audit plans are revised to reflect these risks and reassess the relative priority of existing and proposed areas for review. This is in line with our professional auditing standards.

## New reviews proposed to be added to the Audit Plan

4.3.

<b>Review Title</b>	<b>Reason</b>
Deprivation of Liberties Standards (DOLS)	Issues have been identified in some payments being made for assessments claimed and the underlying systems and controls in this area.
Adult, Health and Wellbeing Overarching Contract Register Review	Advisory work following concerns picked up from Audit work carried out in this area and procurement concerns reported to Audit Committee.
Adult Education Board Grants (Advice on contract strengthening)	Advisory work to improve controls in this area following weaknesses identified on a grant under these arrangements
Transparency Agenda Review	Requested by Governance Group - element of Governance group forward work plan
Officer Decision Records	Requested by the Governance Group due to concerns over its usage within the authority
Consultant payments	A follow up review ensuring payments in this area met legislative and internal requirements
School admissions	Concerns have been raised by the Director of Learning and Opportunities following the admissions process for 2016.

4.4. These factors and additional work have resulted in the proposed removal of the following audits from the original plan agreed at April's Audit Committee on the basis of an assessed lower risk rating. These areas can be reassessed as part on the planning process for the 2017/18 Audit Plan.

- Grey Fleet Usage Review
- Social Care Arrangements - Prison Partners
- Better Care Fund Governance
- Customer Contact Centre
- School Themes - Voluntary Funds
- Data Quality - Supported Living
- Data Matching AP Forensics - Purchase Card Pilot
- Early help funding 2-4 year olds

4.5. Peer review Arrangements (Review of Bradford Internal Audit Service) has also been removed from this year's plan as it has been rescheduled at Bradford's request to be undertaken early in the next Financial Year.

## OPTIONS CONSIDERED

- The audit plan shows the proposals for revised coverage in the year. Internal Audit is not aware of any significant risks not covered by the audit plan or by other sources designed to provide assurance about the mitigation of relevant risks.

## REASONS FOR RECOMMENDED OPTION

- Approving these revisions is considered best use of internal audit resources and helps ensure the work of the section meets the relevant auditing standards (UKPSIAS)

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

- Internal Audit contributes to the effective management of the Council's risks, which in turn contributes to the achievement of the Council's goals.

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> <li><i>Mayoral Priority: Creating Jobs and Housing</i></li> <li><i>Mayoral Priority: Be a strong voice for our veterans</i></li> <li><i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	None
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> <li><i>Mayoral Priority: Safeguarding our Communities</i></li> <li><i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	None
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> <li><i>Mayoral Priority: Creating Jobs and Housing</i></li> <li><i>Mayoral Priority: Safeguarding our Communities</i></li> <li><i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	None

	All families thrive.  • <i>Mayoral Priority: Protecting Doncaster's vital services</i>	None
	Council services are modern and value for money.	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
	Working with our partners we will provide strong leadership and governance.	The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.

## **RISKS AND ASSUMPTIONS**

8. The Council must provide an effective internal audit if it is to meet its statutory obligations.

Failure to direct internal audit resources to the most appropriate areas would limit the contribution the team can make to the Council. It would also limit the ability of the Head of Internal Audit to provide an opinion on the internal control environment or to deliver the most effective internal audit and joint audit arrangement with the External Auditor. These risks are managed through having an appropriate internal audit plan, supported by adequate internal audit resources.

## **LEGAL IMPLICATIONS**

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

## **FINANCIAL IMPLICATIONS**

10. The revenue budget for the internal audit function carried out for DMBC is £525,000, including corporate recharges, and is within the Finance and Corporate Services Directorate agreed budget.

## **HUMAN RESOURCES IMPLICATIONS**

11. None

## **TECHNOLOGY IMPLICATIONS**

12. None

## **EQUALITY IMPLICATIONS**

13. None

## **CONSULTATION**

14. Chief Financial Officer and Assistant Director - Finance has been consulted on these proposals. This reports seeks to consult the views of the Audit Committee.

## **BACKGROUND PAPERS**

15. Accounts and Audit Regulations 2016  
UK Public Sector Internal Audit Standards  
Council Risk Register

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