



Doncaster Council

Agenda

To all Members of the

AUDIT COMMITTEE

Notice is given that a Meeting of the above Committee is to be held as follows:

Venue: Council Chamber, Civic Office, Waterdale, Doncaster, DN1 3BU

Date: Thursday, 24th October, 2019

Time: 10.00 am

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Damian Allen
Chief Executive

Issued on: Wednesday, 16 October 2019

Governance Services Officer for this meeting: Sarah Maxfield
Tel. 01302 736723

Doncaster Metropolitan Borough Council
www.doncaster.gov.uk

Items for Discussion:

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1. Apologies for Absence.	
2. To consider the extent, if any, to which the Public and Press are to be excluded from the meeting.	
3. Declarations of Interest, if any.	
4. Minutes of the meeting held on 24th July, 2019.	1 - 6
A. Reports where the public and press may not be excluded.	
5. Audit Committee Actions Log.	7 - 12
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9. Internal Audit Report for the period July to September 2019.	53 - 78
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Members of the Audit Committee

Chair – Councillor Austen White

Vice-Chair – Councillor Richard A Jones

Councillor Charlie Hogarth, Tosh McDonald and David Nevett

Co-opted Member: Kathryn Smart

Agenda Item 4

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

WEDNESDAY, 24TH JULY, 2019

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER, CIVIC OFFICE on WEDNESDAY, 24TH JULY, 2019, at 10.00 am.

PRESENT:

Chair - Councillor Austen White

Councillors Charlie Hogarth and David Nevett

APOLOGIES:

Apologies for absence were received from Councillors Richard A Jones, Tosh McDonald and Kathryn Smart (Co-opted member)

11 DECLARATIONS OF INTEREST, IF ANY

There were no declarations reported at the meeting.

12 MINUTES OF THE MEETING HELD ON 19TH JUNE, 2019

RESOLVED that the minutes of the meeting held on 19th June 2019 be approved as a correct record and signed by the Chair.

13 AUDIT COMMITTEE ACTION LOG

The Committee considered the Action Log which updated Members on any actions agreed at the previous meeting of the Audit Committee. Officers reported that all actions were progressing well. The log showed details relating to 4 actions requested in the October 2018, January 2019 and April 2019 meeting. There were no actions outstanding from earlier meetings and of these all are in progress and will be cleared in the course of future meetings.

RESOLVED that progress being made against the actions agreed at previous meetings be noted.

14 INTERNAL AUDIT STRATEGY AND CHARTER.

The Committee received a report seeking consideration to the attached Internal Audit Strategy and the terms of reference for internal audit, which were set out in the Internal Audit Charter. It was reported that the Strategy and Charter was last reviewed in July 2017 in order to take into account the significant changes to Internal Audit Standards and recommendations made in the peer review carried out by Kirklees Council in 2017. It was noted that the documents had been reviewed and updated annually to take into account changes required, primarily through the latest guidance issued in the form of an Application Note from CIPFA and to set the strategy for the period 2019-2022.

In response to a query raised by the Chair, Councillor Austen White, the Head of Internal Audit reported that there were no significant changes to report and the changes that had been made, were technical in nature and Doncaster Council's were comparable to other Local Authorities.

RESOLVED that:-

- (1) the Internal Audit Strategy for the period 2019-2022 be approved; and
- (2) the minor revisions to the Internal Audit Charter be approved.

15 INTERNAL AUDIT PROGRESS REPORT.

The Committee received an update report on the work undertaken by Internal Audit for the period April to June 2019. The report also included details on the implementation of internal audit recommendations and the Internal Audit Teams performance information. A summary of the main points from each of the sections were provided in paragraphs 4-15 of the report.

In relation to Section 1, Revisions to the Audit Plan, Councillor Charlie Hogarth made reference to the Planning Committee Peer Review Follow up and asked when this document would be made available to Members. He also expressed some concern with regard to the reporting mechanism and whether the recommendations should be forwarded to Members prior to implementation. In response, the Head of Internal Audit stated that he was not sure of the reporting lines but from his understanding once all the actions from the peer review had been implemented and he had signed off their implementation, Members were to receive a copy of the report.

Councillor David Nevett raised two typographical errors to the dates relating to Adults Payments Systems for Day Care and AHW Risk Development. These were noted and would be amended. Councillor Nevett also expressed some concern with regard to the Museum Inventory highlighted at page 54 of the report and asked when this it would be up to date. It was reported that there was a final date, however this would be into the future as further work was required. It was noted that a plan had now been agreed to carry out a full update and for the inventory to be maintained.

Members were presented with an update with regard to North Bridge Stores, 19 actions were outstanding of which 12 were overdue lower level recommendations. The Assistant Director of Trading and Property Services gave members assurance that the recommendations were progressing. He commented that regular meetings were taking place with the Director, Peter Dale as well as regular liaison with the Head of Service for North Bridge Stores.

In relation to the Bereavement Service, the Assistant Director stated that the nine outstanding recommendations had now decreased to five, two of which had been forwarded through to Internal Audit for their clearance. Members were advised that two of the remaining recommendations were in progress and were due to be completed within the next two weeks with the remaining action to be completed when the new IT system had been implemented.

In relation to the North Bridge Stores, the Chair sought assurance that Management were confident that the dates for completion would be achieved. Members were

assured that discussions were taking place and that stores officers were working with Finance on the IT related system issues as well as with Audit.

It was reported that there was now a process in place where the Assistant Director was responsible for the signing off any extensions to dates for recommendations. However, a very robust business case was required in order to extend a deadline. The Head of Internal Audit wished to report that there was a high level of Management awareness with regard to North Bridge Stores and was happy with the arrangements that were in place. A further update would be provided to Members in due course.

Councillor David Nevett raised some concern with regard to Deprivation of Liabilities Safeguards (DoLS) at page 62 of the report. He stated that previously members were provided with numbers. However, there was no data available at present. The Head of Internal Audit advised that previously there had been a backlog in the processing of applications but this had been previously reported as now being in an acceptance level which was why this information was not now provided to Committee. The Head of Internal Audit informed Members that he was unaware of any problems in this area but would confirm this to Members in the next report.

Councillor Charlie Hogarth asked whether the issues arising from stores had had an impact of existing and perspective customers. It was reported that whilst this had been a difficult period, customers had been supportive and understanding.

In relation to Strategic Asset Management, the Chair asked whether there were any revised dates for completion Members were advised that the income reconciliation had been completed but there were some queries from this which were being worked through.

In response to queries raised with regard to outstanding recommendations within Adults and the slippage in the Audit Plan, the Head of Internal Audit advised members that Audit were not too concerned with regard to slippage and reported that an additional member of staff had joined the team. He commented that the percentage of jobs completed within 110% was a difficult area to measure for the team. However, adjustments to the budgeted time can be made to accommodate problems encountered during the audit. With regard to the outstanding recommendations in Adults, it was advised that similar measures to those taken in Regeneration had been made for instance the requirement to have Assistant Director approval for extensions. There was now a lot more visibility on the overdue recommendations and further dialogue taking place at a higher level. It was noted that it was intended that this information would also be reported to the Directors meeting on regular basis. It was noted that Damian Allen had previously given assurance with regard to Adults, and the outstanding recommendations had decreased. However, there was further work and improvements to be made.

RESOLVED that:-

- (1) the changes to the original audit plan be noted;
- (2) the internal audit work completed in the period be noted;
- (3) progress made by officers in implementing previous audit recommendations be noted; and

- (4) the information relating to Internal Audit's performance in the period be noted.

16 STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT 2018/19 - ISA 260 REPORT TO THOSE CHARGED WITH GOVERNANCE.

The Committee received a report on the Statement of Accounts and Annual Governance Statement 2018/19 – ISA 260 Report to those charged with Governance.

It was reported that in accordance with Internal Standard on Auditing (ISA) 260, the Council's external auditor was required to issue a report detailing the findings from the 2018/19 audit and the key issues that the Committee should consider before the external auditor issues their opinion on the financial statements. A copy of the ISA report was attached at Appendix A to the report; this had to be considered by Committee before the external auditor signs the accounts which legally had to be done by 31st July.

The External Auditor (Grant Thornton) provided Members with their findings which were contained within pages 75-109 of the report. Members were advised that they were expected to issue an unqualified audit opinion on the Council's financial statements for 2018/19; subject to all outstanding queries being resolved to their satisfaction and an unqualified Value for Money (VfM) conclusion for 2018/19.

It was noted that overall, the ISA 260 report was a positive one, with five adjusted misstatements.

In response to a query raised on the red indicators shown on pages 10 and 11 of the document, it was reported that all arrangements were now in place and amendments had been identified and addressed to a satisfactory position.

The Chair asked whether a further final report would be forwarded for signing off. It was advised that this was not the intention and whilst there was an issue being worked upon with regard to South Yorkshire Pensions, it was the intention for the Statement of Accounts to be signed off today. However, if there were any changes, these would be discussed with the Chair.

In relation to a number of queries raised by Councillor David Nevett, Officers provided the following details:-

- With regard to the £5.7m undercharged depreciation for Schools and Children's Centres, it was advised that schools were valued as at 1st April 2018 and then again as at 31 March 2019. No depreciation had been charged on these assets for 2018/19 and the net cost of services was consequently understated. This error has been identified and the accounts have been amended.
- In relation to the peppercorn rent for the CAST theatre. It was reported that the Theatre should have been properly valued on a leasehold basis in 2013, at which time, the impairment resulting in the downward revaluation should have been recorded in the 2013/14 financial statements. A prior Period Adjustment was required impacting on the Authority's opening balances. Again the error has been recognised and the accounts have been amended.

- With regard to Council Dwellings, these were valued as of the 1st April, 2018. Further correspondence with the District Valuer indicated that the Beacon Values had increased between 0% to 2%. The Council agreed that the midpoint 1% increase was appropriate and the accounts have been amended to reflect this change.
- In relation to austerity, the Director of Corporate Resources gave a brief update to members stating that the graphs provided within the report showed a strong position. As part of the Medium Term Financial Strategy (MTFS) proposals were already being worked upon and it was intended that these would be considered at Cabinet on 1 October 2019. She indicated at present there was no clear understanding with regard to future settlement funding available, so the Council needs to prepare for every eventuality. As stated earlier, it was the intention for this to go out for consultation in October and it was envisaged that settlement information would be known in December. She stressed that the Council needed to continue to be as lean as possible whilst providing good services at a lower cost. There was also a need to improve services and processes even when austerity was over and continue to be adaptable to what resources are available.
- With regard to the audit adjustments highlighted at page 100 of the report, it was noted that these were all now completed.

In addition, it was reported that the Council was also required to prepare, approve and publish an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations and professional accounting practice. Since the draft AGS presented to Committee in April, there had been no further significant issues identified and the current issues contained within the AGS had been reviewed and reflected the latest position.

RESOLVED that:-

- (1) the contents of the external audit ISA 260 report be noted;
- (2) the contents of the letter of representation be endorsed;
- (3) the Statement of Accounts 2018/19 be approved; and
- (4) the Annual Governance Statement 2018/19 be approved.

CHAIR: _____

DATE: _____

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Doncaster Council

Report

24th October 2019

To the Chair and Members of the AUDIT COMMITTEE

AUDIT COMMITTEE ACTIONS LOG

EXECUTIVE SUMMARY

1. The Committee is asked to consider the attached Audit Committee Actions Log which updates Members on actions agreed during Audit Committee meetings. It allows Members to monitor progress against these actions, ensuring satisfactory progress is being made.
2. All actions are progressing well. The action log shows detail relating to 6 actions requested in the October 2018, January 2019 and April 2019 meetings. There are no actions outstanding from earlier meetings. Of these:
 - All are all in progress and will be cleared in the course of future meetings – none of these represent longer running issues.

EXEMPT REPORT

3. The report does not contain exempt information.

RECOMMENDATIONS

4. The Committee is asked to;
 - Note the progress being made against the actions agreed at the previous committee meetings and
 - Comment if any further information / updates are required.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. Regular review of the actions agreed from the Audit Committee meetings enables the Committee to ensure it delivers against its terms of reference and is responding to important issues for citizens and the borough. The action plan update helps support openness, transparency and accountability as it summarises agreed actions from reports and issues considered by the Audit Committee.

BACKGROUND

6. The Audit Committee Actions Log, which is updated for each Audit Committee meeting, records all actions agreed during previous meetings. Items that have been fully completed since the previous Audit Committee meeting are recorded once as complete on the report and then removed for the following meeting log. Outstanding actions remain on the log until completed.
7. An update report on Income Management was taken to October 2018 Audit Committee outlining progress made and further areas of action in this area to transition to a business as usual position. Audit Committee requested a further update in one years' time and the following provides that information.
 - The revised Income Management Guidance developed by the Income Management working group is now embedded within the existing staff Finance Manual and available to staff on the intranet.
 - A series of workshops delivered to all Finance Officers within the Council to raise awareness of the revised guidance and embed the clarified roles and responsibilities.
 - The expected business as usual is that Finance Officers support their service managers to have awareness, understanding and to deliver their income management responsibilities as per the revised Income Management Guidance (specifically tackling the original findings of poor income management performance in certain areas).
 - Additional scheduled reports are now distributed to managers from the income management systems to aid reconciliations and performance improvements.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

8. There are no specific options to consider within this report as it provides an opportunity for the Committee to review and consider progress made against ongoing actions raised during previous Audit Committee meetings.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

9.

	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</p>	

	<p>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

10. The Audit Committee contributes to the effective management of risks in relation to audit activity, accounts / financial management / risk management and other governance / regulatory matters.

LEGAL IMPLICATIONS (HP 25/09/19)

11. There are no specific legal implications associated with this report. Where necessary appropriate legal advice has been provided in relation to matters listed in the Appendix to this report.

FINANCIAL IMPLICATIONS [ST 26/09/19]

12. There are no specific financial implications associated with this report.

HUMAN RESOURCES IMPLICATIONS [KG 27/09/19]

13. There are no specific human resources issues associated with the contents of this report.

TECHNOLOGY IMPLICATIONS [PW 25/09/19]

14. There are no specific technological implications associated with this report.

EQUALITY IMPLICATIONS [PJ 04/09/19]

15. We are aware of the Council's obligations under the Public Sector Equalities Duties and there are no identified equal opportunity issues within this report.

HEALTH IMPLICATIONS [RS 25/09/19]

16. Good governance is important for healthy organisations and for healthy populations. Specific health implications should be addressed through individual audits and action plans.

CONSULTATION

17. The Audit Committee Action Log has been produced following consultation with members of the Audit Committee to address the risk of agreed actions not being implemented.

BACKGROUND PAPERS

18. None

REPORT AUTHOR & CONTRIBUTORS

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Debbie Hogg
Director of Corporate Resources

AUDIT COMMITTEE ACTION LOG – OCTOBER 2019

Follow-up actions from previous meetings:-

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting July 2019			
Internal Audit Progress report – Stores Members requested a follow up review and report on progress at future meetings	Scheduled for 24 th October 2019 Audit Committee	Peter Jackson	In Progress – for completion by October 2019 Audit Committee
Internal Audit Progress report – Deprivation of Liberties Standards (DoLS) Members requested information on the number of cases currently in the system	Information emailed to Chair and members of the committee	Peter Jackson	Complete
Meeting April 2019			
Breaches and Waivers Future reports detail the previous number of breaches and waivers for comparative purposes	Scheduled for 24 th October 2019 Audit Committee	Holly Wilson	In Progress – for completion by October 2019 Audit Committee
Breaches and Waivers Progress in implementing the training programme and its outcomes be reported in Octobers progress report	Scheduled for 24 th October 2019 Audit Committee	Holly Wilson	In Progress – for completion by October 2019 Audit Committee
Meeting January 2019			
Adults, Health and Wellbeing - Contract and Commissioning Report Committee requested an update in one year's time	A report is scheduled for January 2020 Audit Committee	Denise Bann	In Progress – for completion January 2020 Audit Committee
Meeting October 2018			
Income Management Committee requested an update from officers 12 months after the last report in October 2018	An update is scheduled for October 2019 Audit Committee	Chief Financial Officer	Complete – see para 7 of report for further detail

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Doncaster Council

Report

Date: 24th October 2019

To the Chair and Members of the
AUDIT COMMITTEE

BREACHES AND WAIVERS TO THE COUNCIL'S CONTRACT PROCEDURE RULES

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		No

EXECUTIVE SUMMARY

1. This Report provides Members with details of all the waivers and breaches to the Contract Procedure Rules (CPR's) for the period **1st March 2019** to the **31st August 2019**.
2. The table below summarises the number of new waivers and breaches recorded for each Directorate since the last audit report presented in **April 2019**. It also provides a comparison to April's Audit Committee. The details of each waiver and breach are summarised in the appendices to this report.

Directorate	1 st March 19 to the 31 st August 19		1 st September 18 to the 28 th February 19	
	Breaches	Waivers	Breaches	Waivers
Adults, Health & Wellbeing	0	16	1	10
Learning & Opportunities: Children & Young People	1	2	0	3
Corporate Resources	0	1	0	3
Economy & Environment	3	8	3	9
GRAND TOTAL	4	27	4	25

EXEMPT REPORT

3. This report is not exempt.

RECOMMENDATIONS

4. To note the information and actions contained in this report regarding waivers and breaches in relation to the CPR's.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. There are no specific implications within this report.

BACKGROUND

6. The Chief Financial Officer (CFO) monitored compliance with the CPR's for the period covered by this report. From the 1st October 2019 the responsibility for the monitoring of the CPR's will be held by the Monitoring Officer (MO), as the Strategic Procurement Team (SPT) have moved within the Corporate Resources structure to the Legal and Democratic Services.

CONTRACT PROCEDURE RULES (CPR'S)

7. The Council's CPR's state the following thresholds where commensurate competition should be undertaken by officers to ensure value for money:-
 - **Up to £25,000** - use of an in-house supplier, council wide contract, third party framework agreement or direct award where possible to a Doncaster based organisation.
 - **Between £25,000 and £181,302** – use of an in-house supplier, council wide contract, third party framework agreement or obtain three formal quotes one of which should be from a Doncaster based organisation
 - **Between £181,302 and £615,278 (Light Touch Regime (LTR) Services) or £4,551,413 (works)** - use of an in-house supplier, council wide contract, third party framework agreement or obtain a minimum of three tenders one of which should be from a Doncaster based organisation
 - **Over £181,302 (Goods/Services) or £615,278 (LTR Services) or £4,551,413 (Works)** - use of an in-house supplier, council wide contract, third party framework agreement or carry out a public contract regulations compliant tender process.
8. Whilst the EU thresholds are set within the legislation and, therefore, cannot be waived, it is recognised that from time to time discretionary thresholds within the CPR's may be a barrier to the delivery of the service and, therefore, council officers can request that the CPR's are waived in specific instances via a CPR waiver report, which is approved by the CFO, in accordance with the following permissible exemptions.

- a) Where the Director is able to demonstrate that only one specialist firm is able to meet the requirement
- b) A contract to be placed as an emergency solution only where the Director is able to demonstrate immediate risk to persons or property or serious disruption to Council Services
- c) To allow for the safe exit from a contract or to decommission
- d) Forms part of a wider strategic programme of works

Breaches to CPR's

- 9. Breaches arise from either the aggregation of spend going over pre-prescribed limits, a complete absence of any identifiable contract, a failure to comply with requirements to obtain adequate competition or an extension of contract beyond its agreed term or lifetime.
- 10. It is therefore important that steps are taken to ensure breaches are identified, investigated and plans quickly put in place to rectify the position.
- 11. There have been **four** new breaches, as well as updates on **two** existing unresolved breaches and **six** resolved breaches.
- 12. **Appendix 1** shows the details of the new, unresolved and resolved breaches for this period.

Update to Breaches previously reported

- 13. In **April 2019**, there were **four** new breaches of the CPR's reported to Audit Committee as well as updates on **four** existing unresolved breaches and **five** resolved breaches.

Waivers to CPR's

- 14. **Twenty-five** waivers to CPR's have been approved this period (see Appendix 2 for the detail of each waiver) equal to the **twenty-five** reported in April 2019.
- 15. The waivers detailed in this report have been reviewed and agreed either by the CFO or the MO (for waivers linked to the Finance Department).
- 16. Changes to the CPR's were approved on the 17th May 19 which will result in a decrease in waivers due to the lower threshold limit for direct award increasing from £5,000 to £25,000.

REVIEW OF PROCUREMENT ARRANGEMENTS ABOVE £25,000

- 17. SPT continue to work closely with all Directorates to improve procurement practices and provide assurance that arrangements are robust and compliant with the CPR's. Where waivers and breaches are identified, they are recorded and added to the SPT Category Plan and actions agreed and monitored.

18. A structured CPR Training Programme is available to book through the HR Portal. This is designed to increase awareness on best practice procurement and required governance when officers contract on behalf of the Council. This training is being delivered up to February 2020 and then it will be offered as an e learn package with face to face training being offered as and when required. The training has received good feedback from officers who have attended and there has been a diverse cross section of departments attending.

OPTIONS CONSIDERED

19. Every waiver is examined and, where appropriate, challenged for alternative options prior to approval.

REASONS FOR RECOMMENDED OPTION

20. It is important that the council's CPR's are adhered to. Where breaches are identified, a corrective plan is in place to protect the council.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

21.

	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>The CPR's state that quotations/tenders should be sought from at least one Doncaster based company. This is to encourage local spend where possible. SPT work closely with Business Doncaster.</p>
	<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>Effective procurement governance ensures best value is achieved from the budgets available.</p>
	<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 	<p>Social value is considered in contracting activity. The CPRs state that for any procurement above</p>

	<p>experiences within and beyond school</p> <ul style="list-style-type: none"> • 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>£181,302 there must be a minimum of 10% factored into the evaluation criteria.</p>
	<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 home 	<p>Effective procurement mitigates the risks posed by contracting and ensures robust contracts are procured.</p>
	<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 procurement ensures best value, effective partnership working and robust specifications to attain the best from the markets.</p>

RISKS AND ASSUMPTIONS

22. Contractual arrangements with suppliers and breaches to the CPR's expose the Council to reputational, financial, legal and commercial risks. Compliance monitoring of the CPR's seek to counter these risks.

LEGAL IMPLICATIONS [Officer Initials...NJD... Date.....27/09/19.....]

23. There are no specific legal implications arising from this report. Legal advice has been provided on the individual contracts and waivers detailed within the report and continued legal support will be provided to the Service areas in relation to these matters.

FINANCIAL IMPLICATIONS [Officer Initials...AT..... Date...25/09/19.....]

24. There are no specific financial implications attached to this report. Each individual breach and waiver will consider the specific implications for that action. It is important to note that breaches to Contract Procedure Rules risk the Council overspending as checks for sufficient budget being available is not guaranteed to take place.

HUMAN RESOURCES IMPLICATIONS [Officer Initials KG Date 23/09/19.....]

25. There are no specific HR implications arising from this report.

TECHNOLOGY IMPLICATIONS [Officer Initials... PW Date 20/09/19.....]

26. There are no specific technology implications in relation to this report. Corporate Procurement continues to consult with ICT in relation to CPR waivers involving the procurement of technology to ensure that these have been considered by the Technology Governance Board (TGB), where applicable.

HEALTH IMPLICATIONS [Officer Initials... VJDate ...20/09/19.....]

27. There is no direct health implication of this report. The health implications will need to be addressed within each individual contract area identified in the breaches and waivers.

EQUALITY IMPLICATIONS [Officer Initials HW Date 20/09/19]

28. There are no direct equality implications associated with this report and a Due Regards Statement is not required.

CONSULTATION

29. There has been consultation with the various directorates and applicable officers.

BACKGROUND PAPERS

30. None.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

Contract Procedure Rules (CPR's)
Chief Financial Officer (CFO)
Monitoring Officer (MO)
Strategic Procurement Team (SPT)
Light Touch Regime (LTR)
EU (European Union)

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BREACHES

Appendix 1 details the:

- **New** CPR breaches that have been identified between the **1st March 2019 and the 31st August 2019**;
- **Unresolved** breaches, reported to the Audit Committee previously and;
- **Resolved** breaches reported previously

With a brief explanation of the reasons for the breach and their current status:

Directorate	Status New Unresolved Resolved	Date Reported to Audit Committee	Contract Description	Annual Value	Contract End Date	Reason for breach	Proposed action to be / has been taken in relation to the breach	Timescale for resolution
Adults, Health and Wellbeing	Resolved		Solar Centre	£746,000	No contract in place	A consultant has been employed, working to the current Assistant Director Adult Social Care and a Plan is now in place, ending in the procurement of new services by Jun 18. This milestone has moved to the 30 May 19.	<p>Oct19 Note - Agreement from Cabinet on the 4 June 2019 to enter into a Section 76 with Doncaster Clinical Commissioning Group from the 1 January 2020.</p> <p>Apr 19 Note - Report on the Solar Centre commissioning intentions going to the Cabinet on the 4 June 19.</p>	<p>30 Jun 18</p> <p>Revised 30 May 19</p> <p>Revised</p> <p>Revised 1 Jan 2020</p>
Adults, Health and Wellbeing	Unresolved	Apr 17	YMCA Goodall House	£170,000	Contract expired	Looking to review with the Doncaster Children's Trust.	<p>Oct 19 Note - Decision over the future of the service put on hold until the approval of the Homelessness and Rough Sleeping Strategy to be presented at cabinet on the 5th November 2019 The service will be considered as a part of the overall commissioning plan for the implementation of the Homelessness and Rough Sleeping Strategy</p> <p>Apr 19 Note - report written but still to be agreed – recommendation to decommission the contract – if agreed in April 19 then contract will require six months exit strategy period.</p> <p>Oct 18 Note - Review and potentially redesign.</p>	<p>Mar 19</p> <p>Revised: Sept 19</p> <p>Subject to Cabinet Report 5th Nov 19</p>

Adults, Health and Wellbeing	Resolved	Apr 17	Sheffield YWCA – Yorkshire Green Gables	£81,000	Contract expired	This work is planned for Year 2 of the Commissioning and Procurement Plan in Adults Commissioning.	Oct 19 Note - New contract awarded June 2019 Apr 19 Note - Currently out to tender, tender submission date 20 March 19, should be awarded by June 19 subject to submissions. Re-commission.	Mar 19 Revised: Jun 19
Economy and Environment	Resolved	Oct 17	Digital energy software for energy management functions.	£18,000	No contract in place	Provision of software for energy management functions including consumption data on gas, electricity, water and other fuels. Reporting features enables the Council and schools to meet statutory functions.	Oct 19 Note – contract awarded April 19 Apr 19 Note – tender out to market week commencing 11 Mar 19. Open Tender for a 7 yrs. contract, with a value of c. £126,000. Oct 18 Note – Original date delayed. Tender documentation is part complete and due to go out to market by the 10 Oct 18	30 Jun 18 Revised Jan 2019 Revised: 27 Mar 19 (award date) TBC if awarded Apr 19 – Contract awarded
Economy and Environment	Resolved	April 19	Provision of cleaning chemicals from ACE Janitorial	£54,254	No contract	Aggregated spend, no contract in place. Lack of understanding around calculating total contract value and aggregated spend.	Oct 19 Note - Provided service area with extra training regarding Contract Procedure Rules (CPRs). Conducted procurement and awarded contract via a compliant third party framework (NOECPC).	May 19
Economy and Environment	Resolved	Apr 19	Provision of security	£25,000	No contract	Emergency provision following the fire at Bentley Training Centre and an urgent requirement for onsite security due to members of the public entering site. A waiver should have been completed.	Oct 19 Note - Provided service area with extra training regarding Contract Procedure Rules (CPRs). Apr 19 Note - Will end once security provision no longer required.	Feb 19
Economy and Environment Page 20	Unresolved	Apr 19	Direct purchase with a Glass and Glazing supplier for the supply & install for doors, windows and board ups	£102,000	No contract	PBM unaware of the scope of the corporate contract in place related to the 'Provision of Building Materials and Associated Products' and that it does not cover the requirements of doors, windows and board ups and have been using it for that supply.	Oct 19 Note - SPT are working with the Service Area on completing a tender. Procurement exercise to be completed.	Apr 20

Economy and Environment	New	Oct 19	Consultancy Fee for Traded Services	£180,672	No Contract	Direct purchase albeit a compliant framework was available but was not used, lack of knowledge.	Oct 19 Note – SPT have worked with the area to ensure they comply with the CPRs in the future. Contract has now ended.	n/a - ended
Economy and Environment	New	Oct 19	Restoration works with Stone Edge	£16,330	No Contract	Direct purchase for the refurbish works at Priory Place. Contract Procedure Rules not followed.	Oct 19 Note - Spoken with service area to ensure that CPRs are complied with in future, under the new CPRs this would be allowed.	May 19
Economy and Environment	New	Oct 19	Provision of Flags, Kerbs, Edgings and Other Associated Highway Products	£108,000	Contract Expired	Continuation of purchase following contract expiry	Oct 19 Note - SPT are working with the Service Area on completing a compliant procurement process.	Dec 19
Adults, Health and Wellbeing	Resolved	Apr 19	Disabled adaptations	£9,298	One off purchase	Direct Award of contract without competition	Oct 19 Note - Service area procuring in compliance with CPRs Apr 19 Note – SPT worked with the service area to ensure that CPRs are complied with in future	Jan 19
Learning Opportunities and Young People (LOCYP)	New	Oct 19	Books to under 5's	£122,696	Contract Expired	Continuation of service following contract expiry in February 2019 with contract expenditure exceeding what that approved under the waiver CPR/16/01/ 005 dated 5 February 2016	Oct 19 Note - Service cessation as of September 19	Sept 19

WAIVERS

Appendix 2 details the CPR waivers that have been agreed covering the period **1st March 2019 to the 31st August 2019**, together with an explanation of the reasons for the waiver. The proposed action will need to be concluded in advance of the expiry of the waiver end date to prevent the occurrence of a breach (i.e. unless it is proposed that the arrangements will end).

Directorate	Title	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Waiver Category	Reason for the Waiver (brief description)
Economy & Environment	Johnston Sweepers	£130,000	01/09/2018	31/08/2020	1. Sole Provider/Niche Market	Johnston are the sole supplier and manufacturer of their vehicle sweeper's parts and repairs of which the authority has several. There are no other providers on the market able to compete to any procurement exercise to procure this equipment from.
Economy & Environment	Cusworth Hall Roof Repairs	£5,000	12/12/2018	01/03/2019	4. Emergency Situation	Vandal stripped lead off the roof of Cusworth Hall, Grade 1 listed building that houses valuable assets, urgent repairs needed as it leaves the building open to further vandalism and increases the risk for the building in fabric damage due to rain gaining access to the substructure and possible damage to building contents.
Economy & Environment	Annual NHT Public Satisfaction Survey	£15,000	01/04/2019	31/03/2022	1. Sole Provider/Niche Market	This is an annual survey undertaken by Local Authorities nationally. It is a requirement of DFT Level 3 Self-Assessment Funding, and without conducting these surveys the Council would not receive the level of funding it currently receives. These surveys are a requirement for DFT funding and there are no other providers on the market who can deliver this provision.
Economy & Environment	Mechanical & Electrical Maintenance of the CCQ Building	£31,114	01/04/2019	31/05/2019	3. Continuity of Existing Work	Direct award to the incumbent provider to allow time for completion of the procurement process which has taken longer than anticipated due to a high amount of clarifications. Tender submissions have been received with a varied and detailed amount of pricing clarifications which have been explored and clarified at length. Due to the complexity and intricate nature of the varied, maintenance services that are to be provided as part of this contract, every aspect of the requirements could not be detailed meticulously, with this in mind, further due diligence on the received bids is needed to further clarify with the tenderers.
Economy & Environment	5.194 Jubilee Bridge Strengthening Repair	£183,597	17/06/2019	14/10/2019	1. Sole Provider/Niche Market	There are no other providers within the UK or EU and therefore no call for competition can be completed. This pultruded system is not available from any other manufacturer or distributor in the sizes and load carrying capacity required.

Economy & Environment	Weather Station Upgrade	£32,000	01/05/2019	31/08/2019	1. Sole Provider/Niche Market	There are no other providers on the market able to upgrade this equipment. After researching the market, research shows that the supplier is the only provider able to deliver the upgrade. From undertaking market cost analysis the cost to replace the units, which is available from other supplier's would not be best value at a cost of £25k+ per unit (£50k total) as opposed to £32k to upgrade the existing units.
Economy & Environment	St Sepulchre Gate West – Peninsula Canopy	£161,163	09/05/2019	31/03/2020	4. Forms Part of a Strategic Plan/Review	The Peninsula Canopy is part of the wider Station Forecourt Improvements works. LNER having a 99 year lease on the property and the need to have a canopy covering the walk way to be identical to the station canopy they have in appearance, design, material, and construction. LNER have procured the whole canopy and DBC are part paying this amount.
Adults, Health & Wellbeing	First Aid Services UCI 19 / TDY 2019 / DCF 19	£8,000	08/10/2018	08/10/2019	5. Forms Part of a Strategic Plan/Review	Yorkshire Ambulance Service (YAS) are the only ambulance service provider that is able to integrate into bronze command for events and offer a blue light service.
Adults, Health & Wellbeing	Doncaster 1914-18	£9,643	01/01/2019	31/07/2019	3. Continuity of Existing Work	Hired to complete the Archaeological part of our project, this activity is paid for by the HLF grant.
Adults, Health & Wellbeing	Extra Care Housing	£624,413	01/04/2019	30/09/2019	5. Forms Part of a Strategic Plan/Review	Extension of the current contract requested to ensure continuity of service to enable a strategic review of the service to be conducted. Continuation of service imperative with the existing provider.
Adults, Health & Wellbeing	Domestic Abuse Victims Service	£36,247	01/04/2019	12/05/2019	3. Continuity of Existing Work	The tender timeline for this service proposes that a new contract will be in place with the successful provider by 13 May 2019. This includes a period of mobilisation should there be a change of provider as TUPE will apply. As a result, the timescales extend beyond the current contract end date. To prevent a contract breach, a short extension of the existing arrangement is required whilst the new contract is mobilised.
Adults, Health & Wellbeing	Homelessness Accommodation and Support	£52,466	29/04/2019	28/04/2020	3. Continuity of Existing Work	In 18/19 two full time outreach workers were funded by Better Care Fund (BCF) for 12 months to support an increase in rough sleepers. Further funding have again been secured for a further 12 months to aid in the continuation of improvements.
Adults, Health & Wellbeing	Homelessness Accommodation and Support - Backfill	£11,502	08/04/2019	30/06/2019	6. Other	Waiver requested for a term variation of the contract to cover the backfill costs for the continuation of two full-time additional Assertive Outreach Workers for a period of up to 12 weeks to enable existing staff to be seconded into the councils Complex Lives Team
Adults, Health & Wellbeing	Managed Accounts	£12,000	30-Apr-19	31/07/2019	3. Continuity of Existing Work	The waiver request is to extend the current contract with the incumbent Managed Accounts provider for up to three months to ensure that we fully adhere to legal guidance and meet our GDPR responsibilities upon transfer to the newly awarded provider.
Adults, Health & Wellbeing	Generalist Advice	£8,600	01/04/2019	31/03/2020	3. Continuity of Existing Work	This waiver is being requested to extend the current contract with the CAB Mexborough ensure continuity of the generalist advice service within Well North pilot area.

Adults, Health & Wellbeing	Well North Enterprises	£11,000	24/04/2019	31/03/2020	3. Continuity of Existing Work	Waiver requested to extend the current contract with Well North for a further year to support additional work required with local people in Edlington, Balby, Bentley and Stainforth to create wellbeing and protect health.
Adults, Health & Wellbeing	Get Doncaster Moving Sponsorship Agreement	£10,500	01/05/2019	01/05/2020	1. Sole Provider/Niche Market	This waiver is being requested to enter into a sponsorship agreement with Club Doncaster Foundation to improve the presence of the Get Doncaster Moving Brand. Separating the elements and procuring them that way would not have the positive exposure that this method will provide, nor would it be as easily achievable.
Adults, Health & Wellbeing	Well Doncaster Pilot	£10,000	01/05/2019	30/04/2020	3. Continuity of Existing Work	Waiver requested to extend the current contract to enable the provider develop their current peer support group network to cater for adults of all ages with a focus on the older population as part of the Well North Pilot programme.
Adults, Health & Wellbeing	Making Space Static Day Centres	£215,250	01/07/2019	31/03/2020	4. Forms Part of a Strategic Plan/Review	This waiver is being requested to 1. Allow further time to develop the revised service and undertake a recommission of the services on a revised offer. 2. Allow a full Condition of Buildings Survey to be undertaken. 3. To include the grant funded mobile day service provided by Age UK
Adults, Health & Wellbeing	Changing Lives Multi-Agency Hub	£124,000	17/06/2019	21/03/2021	1. Sole Provider/Niche Market	This waiver is being requested to enable the creation of bespoke consolidated service to vulnerable women with complex lives as part of multi-agency support hub and Team Doncaster Strategic Partnership.
Adults, Health & Wellbeing	Trauma Informed Worker	£50,000	01/04/2019	31/03/2021	1. Sole Provider/Niche Market	Waiver requested to enable the current provider to provide additional specialist support to the Complex Lives Team and Team Doncaster Strategic Partnership to manage the impact of childhood and adult trauma. Specialist role.
Adults, Health & Wellbeing	Cycle Circuit Concession / Lease Agreement	£207,000	05/08/2019	31/03/2036	4. Forms Part of a Strategic Plan/Review	Waiver requested to enter into a 17 year concession contract for the running of new cycle circuit ensuring this new agreement run co-terminus to the current concession agreement with DCLT for the running of its leisure centres.
LOCYP	Health mentors	£93,000	01/09/2019	31/08/2020	1. Sole Provider/Niche Market	This waiver is being requested as the provider offers a unique and sustainable mentoring model to promote health in schools and is the only provider able to be funded through schools' apprenticeship levy to train mentors who then become directly employed by schools. On this basis it is sustainable in a way competing offers would not be.
LOCYP	Capita One Extension	£159,046	01/04/2019	31/03/2020	3. Continuity of Existing Work	The current contract expires on 31st March 2019. Given the new Doncaster Integrated People Solution (DIPS) the education system will not be fully implemented until March 2020 there is a need to extend the contract to ensure provision and it would not be in the council's interests to re-procure and implement a system for such a short period of time.
Corporate Resources	Chamber Voting and Conference System	£65,363	01/04/2019	31/12/2022	1. Sole Provider/Niche Market	To ensure the necessary equipment can be purchased and installed in time for Annual Council on 17th May 2019. Only the current provider can provide this refresh and choosing to upgrade the current installed system offers significant discounts on the alternative of purchasing and installing an entirely new system.



Doncaster Council

Report

Date: 24th October 2019

To the Chair and Members of the AUDIT COMMITTEE

2018-19 Annual Governance Statement – Progress Update

EXECUTIVE SUMMARY

1. The Council's Annual Governance Statement (AGS) is an annual report which provides a review of governance arrangements for the authority. The final 2018-19 Annual Governance Statement was presented to the Audit Committee in July 2019. It identified issues and outlined actions that needed to be dealt with.
2. As in previous years Audit Committee members are provided with a brief update that outlines what progress has been made against the issues identified in the current Annual Governance Statement.
3. Attached to this report is an update on progress made against the improvement issues identified in the 2018-19 Annual Governance Statement (Shown in Appendix A).
4. Since the publication of the final Annual Governance Statement in July 2019 there have been a few changes to the responsible officers and this has been reflected within the attached progress report.

EXEMPT REPORT

5. N/A

RECOMMENDATIONS

6. Audit Committee are asked to note and comment on the content of this briefing paper and Appendix A

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. By ensuring that there is good governance and a sound system of internal controls in place the Council will be able to provide the citizens of Doncaster with services that are provided in accordance with the law and proper standards. It will also ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

BACKGROUND

8. The Council is required to prepare, approve and publish an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations and

professional accounting practice. The Council's governance arrangements in place during 2018-19 have been reviewed in line with the guidance and an Annual Governance Statement has been produced.

9. To ensure that there is good governance and a sound system of internal controls in place, issues contained within the Annual Governance Statement are reviewed as part of the quarterly Resource Management cycle and items that start to be a concern are raised during this process and elevated to the Governance Group. This allows the Council to react to emerging issues and possibly prevent entry onto a future Annual Governance Statement.

10. The Annual Governance Statement document is a valuable means of communication. It enables the Council to explain its governance arrangements and how the controls it has in place manages risks of failure in delivering its outcomes.

OPTIONS CONSIDERED

11. Alternative options to the successful approach implemented would require potentially significant re-design in terms of both procedures to be followed and staff involvement.

REASONS FOR RECOMMENDED OPTION

12. The streamlined approach that has been adopted by directorates has worked well for the last few years and continues to meet the requirements of the new guidance.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

13.

	Outcomes	Implications
	<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>The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place</p>

RISKS AND ASSUMPTIONS

14. The production of an Annual Governance Statement is a statutory requirement. The key risk is that failure to produce a statement to meet this requirement would result in an adverse audit report by the Council's external auditor and damage the Council's reputation. The original risk profile is 16 but by producing the Annual Governance Statement and addressing key corporate issues the risk profile is reduced to 8

LEGAL IMPLICATIONS [Officer Initials NC Date 14/10/19]

15. The Accounts and Audit Regulations (England) 2016 require Local authorities to produce and publish an Annual Governance Statement. The individual elements of the Annual Governance Statement have been the subject of legal advice where required.

FINANCIAL IMPLICATIONS [Officer Initials MS Date 14/10/19]

16. There are no direct financial implications resulting from this report. The individual elements in the Annual Governance Statement will be subject to specific reporting as required.

HUMAN RESOURCES IMPLICATIONS [Officer Initials RH Date 11/10/19]

17. There are no specific human resources implications resulting from this report. The organisational workforce requirements are addressed through work with directorates in relation to the workforce strategy.

TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 10/10/19]

18. There are no specific technology implications in relation to this report. Updates on progress made against the improvement issues identified in the 2018-19 Annual Governance Statement that involve technology are included in Appendix A

HEALTH IMPLICATIONS [Officer Initials RS Date 11/10/19]

19. Whilst there are no immediate health implications from the Annual Governance Statement effective governance of civil institutions is a key prerequisite for Health and Wellbeing. Decision makers should consider the extent to which the Annual Governance Statement provides this assurance.

EQUALITY IMPLICATIONS [Officer Initials SWr Date 10/10/19]

20. In line with the corporate approach for compliance against the equality act 2011 due regard must be shown across all activity within the council. As the Annual Governance Statement draws together a diverse range of activities at a strategic level a due regard statement is not required. All the individual components that make-up the Annual Governance Statement will require a due regard statement to be completed and reported as and when appropriate.

CONSULTATION

21. N/A

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

22. N/A

BACKGROUND PAPERS

CIPFA guidance –Delivering Good Governance in local Government Framework - 2016 Edition
Corporate Governance Framework

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2018-19 Annual Governance Statement - Progress Update

SECTION 1: Significant Governance Issues arising from the 2018-19 review

1. MAJOR TECHNOLOGY UPGRADES REQUIREMENT	Completion Date	Responsible Officer(s)
<p>Most of our current operating and desktop software has been set an ‘end of life’ deadline nationally which requires both council wide and partner server, databases and systems to be upgraded to ensure they all continue to be supported, secure and achieve Cabinet Office Public Service Network security accreditation.</p> <p>Also there has been a significant cost increase of Microsoft on premise licensing from 2019-20. Both these issues have initiated an extensive programme of work to move significant technology used into the Cloud so it is more cost efficient and implement the extensive upgrade of all servers, systems and desktops as required.</p> <p>ACTIONS:</p> <p>This large programme of work branded as ‘The Big IT Thing’ is well underway with strong governance, extra temporary resources where required and a re-prioritisation of technology projects workload delivered by the ICT/Digital team for Doncaster Council, Doncaster Children’s Services Trust (DCST) and St Leger Homes (SLHD) to ensure capacity within the Council’s permanent workforce. The following deliverables need to be achieved:</p> <ul style="list-style-type: none"> ▪ The upgrade of all desktop equipment to Windows 10; ▪ The upgrade of all servers; ▪ Compatibility of all systems ensured; ▪ Upgrades of systems not compatible if possible; ▪ Alternative arrangements for those that cannot be upgraded; ▪ New cloud email solution; ▪ Replacement of phone handsets with software telephony; ▪ Implementation of Office 365; and ▪ Lots of behind the scenes technical changes. 	<p>March 2020</p>	<p>Julie Grant – Assistant Director of Customers, Digital & ICT</p>
<p>Progress update</p>		
<p>This large programme of work branded as ‘The Big IT Thing’ is progressing well with strong governance, extra temporary resources where required and a re-prioritisation of technology projects workload delivered by the Customers, Digital & ICT team for Doncaster Council, Doncaster Children’s Services Trust (DCST) and St Leger Homes (SLHD) to ensure capacity within the Council’s permanent workforce. The following deliverables are being achieved: The upgrade of all desktop equipment to Windows 10 now about 85% complete; The upgrade of all servers now about 70% complete; Compatibility of all systems ensured; Upgrades of systems not compatible if possible; Alternative arrangements for those that cannot be upgraded; New cloud email solution about 15% complete; Replacement of phone handsets with software telephony about 30% complete; Implementation of Office 365 about 5% complete; and lots of behind the scenes technical changes.</p>		

2. ORGANISATIONAL WORKFORCE	Completion Date	Responsible Officer(s)
<p>Within this context the council needs to ensure it has the right people, with the right skills, working in the right way, within effective roles, programmes and flexible structures. This brings a series of core behaviours and key competencies that are needed to address both capacity and capability issues within the organisation to successfully drive through performance.</p> <p>As an organisation we need to systematically identify and address critical skills gaps now and for the future; develop and deploy resources to ensure services can be delivered to a high standard and are value for money.</p> <p>There are already a number of current and emerging recruitment difficulties and skill shortages for certain occupational groups, in particular IT, adult social workers and occupational therapists, which need to be addressed.</p> <p>ACTIONS: To be monitored and addressed through priority actions included in this year's workforce strategy 2019/20, specifically:</p> <ul style="list-style-type: none"> • Developing the Employee Resourcing Strategy to enable a shift from a functional approach towards a more flexible model based on behaviour and skills, supporting effective talent management • Promoting and enabling effective succession planning across the organisation and with Partners • Ensuring leadership development and learning programmes meet current needs including increased horizon scanning of future skills requirements 	<p>March 2020</p>	<p>Jill Parker – Assistant Director - HR, Communications & Executive Office</p>
Progress update		
<p>A range of succession planning initiatives are being undertaken for example where skills shortages are identified, to help address the age profile, to focus on more bespoke recruitment activities to attract more candidates and reach a wider pool. Activities are taking place across all directorates and include traineeships / career progression posts; flexible retirement; use of the apprenticeship levy (20 staff started on degree / higher apprenticeships this quarter); more effective workforce planning to reduce agency usage; focused leadership development; engaging with people about careers in local government / apprenticeships (this year have engaged with 1272 people over 8 events).</p>		

3. ALARM RECEIVING CENTRE (ARC)	Completion Date	Responsible Officer(s)
<p>Following the implementation of a new system and previous remediation work, there is still ongoing practice and service standard issues, which have highlight areas of risk which are being addressed through the implementation of a Rapid Improvement Plan</p> <p>ACTIONS: A full training programme has been rolled out to all staff which includes full details of the procedures, training from the system supplier and training on the new Case Management System. Workshops have also been held reinforcing the importance of these procedures.</p> <p>A daily reassurance meeting chaired by a member of the management team is in place to review all cases into the suite from the previous 24 hrs, as well as checking all staffing rotas to ensure that there are no gaps and that the staffing ratios are sufficient. The data from these meetings is providing an accurate baseline of information in terms of the number of calls received and the level of incidents requiring a response. Any issues arising from this meeting is immediately actioned and there is an escalation process in place for technical issues. A dedicated support has been allocated to the project from Doncaster Council IT, the system supplier and Doncaster Council Audit team.</p> <p>A review of all current activity, structures, budgets, income and expenditure for all areas of responsibility managed through the ARC suite has been completed to better understand the capacity demand and costs. This information will be utilised as part of developing future approaches to service provision.</p> <p>We are developing a more realistic, cost effective, fees and charges arrangement that ensure sustainability of the service, in line with other authorities.</p> <p>We have commissioned a strategic piece of work to inform how telecare will be aligned to delivering the Adult transformation going forward as well as identifying the most effective delivery model longer term. We expect this will be completed by September 2019.</p>	<p>March 2020</p>	<p>Bill Hotchkiss - Head of Service Community Safety</p> <p>Debra Smith – Head of Service In House Provision</p> <p>Debbie John-Lewis – Interim Assistant Director of Communities</p>
Progress update		
<p>The improvement plan remains in place and the daily reassurance meetings continue. This includes a review of staffing levels on a daily basis, we have also implemented all the technology identified in the improvement plan, which includes the upgrade to PNC (version 8) and the introduction of Service Manager which uses technology to improve the efficiency of the response service. The strategic review of telecare provision continues and this includes a consultation on the appropriate level of fees and charges to Service Users. The consultation commences in October 2019 and will result in a paper to cabinet in Feb 2020.</p>		

4. THE LOCAL PLAN	Completion Date	Responsible Officer(s)
<p>The Council need to have updated policies and allocations in line with national planning policy and legislation to ensure central government do not intervene to prepare a plan on our behalf.</p> <p>ACTIONS: Maintain regular contact with the Planning Inspectorate (PINS) and keep them updated on the progress of the Local Plan, particularly the anticipated submission date for the Local Plan.</p> <p>Agree a delivery timeframe with the Mayor and Portfolio Holder.</p> <p>Ensure that the agreed corporate reporting timelines for the Local Plan are achieved through engaging with the Mayor, Cabinet and Chief Executive. Also, to provide professional advice in relation to the plan and where necessary seek appropriate legal advice.</p> <p>Following Full Council publish the Local Plan for at least 6 weeks ensuring that the requirements of Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012 are being met.</p> <p>Submit the Local Plan to Government for its Independent Examination in Public in accordance with Regulation 22 of the Town and Country Planning (Local Planning) (England) Regulations 2012 and ensuring all the requirements of the Regulations are being met.</p>	<p>Ongoing throughout the Local Plan process up to submission date January 2020.</p>	<p>Scott Cardwell – Assistant Director of Economy and Development</p> <p>Roy Sykes – Head of Planning</p>
Progress update		
<p>The Local Plan was agreed for publication at Full Council on 25th July 2019. The Plan was published for seven weeks and publication ended on 30th September. The representations received are being summarised and evaluated in advance of a meeting in October 2019 with the legal support to discuss any identified key issues and/or risks.</p> <p>Subject to the outcome of this meeting the Plan and associated evidence base will be progressed to submission to the Planning Inspectorate.</p>		

5. DONCASTER CHILDRENS SERVICES TRUST	Completion Date	Responsible Officer(s)
<p>Doncaster Children’s Services Trust governance model changed on the 1st April moving from a wholly owned independent company to an ALMO (Arm’s Length Management Organisation). This model was supported by the Secretary of State for Education as the preferred approach which allows operational independence whilst at the same time providing financial security. As we move into Phase 2 of the organisational maturity it’ll be important to maintain</p>	<p>Revised Date December 2019</p>	<p>Allan Adams - Chief Executive Doncaster Children’s Services Trust</p>

<p>focus on its core activities to deliver better outcomes for children, young people families and ensure that the Trust remains efficient and sustainable in the medium and longer term.</p> <p>ACTIONS:</p> <ul style="list-style-type: none"> • Establishment of revised board & effective governance requirements to reflect new ALMO structure • Review service specification & commissioning expectations jointly • Review performance metrics jointly • Establish revised contract performance monitoring & reporting • Joint work on Future Needs Placement Strategy • Review of new arrangements with Department for Education (DfE) after 6 months 		<p>Riana Nelson – Director of Learning, Opportunities and Skills</p>
<p>Progress update</p>		
<p>The board and new governance arrangements to support the ALMO structure was established 1 April 2019 and performance metrics were reviewed and agreed in Quarter 1. The revised contract performance monitoring and reporting was established from April 2019 and are working well. The Department for Education (DfE) review has been undertaken and completed by the deadline.</p> <p>The contract performance measures are being further reviewed and the Future Needs Placement Strategy is being presented to Cabinet 17 December 2019.</p>		

6. FINANCIAL CHALLENGES WITHIN ADULTS HEALTH & WELLBEING	Completion Date	Responsible Officer(s)
<p>Adult's services are currently facing increasing demographic and service financial pressures. This is currently underpinned & funded by short term funding sources such as Better Care Fund. Doncaster is not alone in experiencing these challenges and like many other council's we need to find effective solutions to support individuals live as well and independent life as they possibly can.</p> <p>ACTIONS:</p> <ul style="list-style-type: none"> • Embed strength based social work practice and activity • Transform customer interactions into and between health and social care bodies. • Strengthen communities support arrangements • Commission effective community based support within the independent sector • Joint commissioning with health partners and better engagement with providers and the market • Greater use of technology to improve independence • Rigorous day to day performance & financial monitoring • Implementation of 2019-20 savings plan 	<p>March 2020</p>	<p>Phil Holmes – Director of Adults Health & Wellbeing</p> <p>Rupert Suckling – Director of Public Health</p> <p>Assistant Directors within the Adults Health & Wellbeing Directorate</p>

<ul style="list-style-type: none"> Improved integrated front door 		
Progress update		
<p>There has been targeted improvement in key areas, for example Occupational Therapy support to people who needed two carers for each homecare visit, enabling a reduction to one carer via the provision of aids and adaptations as well as training of carers themselves to use them. This saves money while also improving experience of the cared-for person.</p> <p>There has been significant work embedding strength-based practice and evidence that this has improved experience both for Doncaster people and front-line staff. This work on practice is being underpinned by the introduction of a new case management system that will reduce bureaucracy, increase productivity and give staff more time to focus on prevention to both improve the experience of Doncaster people and reduce costs.</p>		

7. ADULT SOCIAL CARE MARKET SUSTAINABILITY	Completion Date	Responsible Officer(s)
<p>The potential impacts of this fragile market includes:</p> <ul style="list-style-type: none"> Provider failure and associated disruption of care for people of Doncaster Lack of investment from providers to develop services and innovate together with potential contraction of existing offer Restricted choice of services and the providers of services for people of Doncaster <p>ACTIONS: This will be a staged work stream with individual milestones to be reported against.</p> <ul style="list-style-type: none"> Co-produce a 'Market Position Statement' to support the market to make informed commercial and service planning decisions in order to stimulate a sustainable, diverse social care market to meet the current and future needs of the people of Doncaster. Implement the two year Joint Health and Social Care Commissioning Strategy which commenced Spring 2019 and associated plans Develop and maintain an ongoing awareness of local business environment for providers, providers business models and other intelligence to inform commissioning actions Ongoing engagement with providers through partnership arrangements, contract management and contract monitoring activity to maintain oversight of the social care market in Doncaster 	March 2020	Denise Bann – Strategic Lead Commissioning

Progress update		
<p>LGA self assessment was undertaken jointly by Adults Health and Wellbeing, Learning and Opportunities and the Programme Management Office (PMO) to assess capability and readiness to effectively shape the market/produce a Market Position Statement (MPS). Mitigating actions identified and implemented include:</p> <ul style="list-style-type: none"> Convening of MDT one council Market Position Statement (MPS) task and finish group established, core membership identified, meetings commenced 		

Pages 3

- Dedicated SME staff resources secured from Adults Health and Wellbeing and Learning and Opportunities
- Workstreams scoped (including data/intelligence, Communications, stakeholder engagement) and associated leads identified
- Programme Management Office (PMO) facilitated internal workshop which is planned to be held in October 2019
- Interdependencies with other Your Life Doncaster (YLD) Transformation Programme projects have been mapped, work packages developed and agreed to feed into Market Position Statement (MPS) project

SECTION 2: An update on key improvement areas that were previously identified and remain an issue in 2018-19

8. DATA QUALITY ARRANGEMENTS	Completion Date	Responsible Officer(s)
<p>An improvement area has been identified around the quality of historic data, as well as resilience of current plans to embed a good data quality culture. It is important to ensure that historic data being migrated between information systems is of good quality. Proposals were approved to make resources available to address these areas.</p> <p>ACTIONS:</p> <p>A six-month exercise aimed at addressing historic data quality issues has begun. This work put particular focus on data being migrated into the Doncaster Integrated Peoples Systems (DIPS) case management system to ensure that existing issues are not replicated in the future. Significant progress has been made in this area and resources have been made available to extend this exercise to December 2019. In order to address potential future data quality concerns, an additional 18-month programme of work has also commenced, focusing on embedding a more resilient approach to data quality into the organisation.</p> <p>A Data Quality Project Board was formed to oversee this progression into 2019/20, replacing the Data Quality Working Group</p>	Ongoing	Lee Tillman – Assistant Director of Strategy & Performance
Progress update		
<p>The six-month programme aimed to cleanse historic data quality issues has been completed, with good progress made. In line with changing business needs, the decision was taken to extend this cleansing programme to March 2020.</p> <p>A data quality project board is established and is overseeing both the cleansing work, and the wider-reaching data quality strategy decisions. A revised training programme due to be rolled out towards the end of 2019 to improve future resilience.</p>		

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9. IMPLEMENTATION OF THE INTEGRATED PEOPLES SYSTEM	Completion Date	Responsible Officer(s)
<p>The implementation of this integrated technology solution for Adult and Children Social Care and Education Management highlighted in last year's statement is progressing well but due to its importance and how it will transform these services over the next year and thereafter, it is remaining as a key issue to monitor. This is a very complex programme that is implementing best practice and improved processes. It involves new ways of working with 3,000 users from the Council and partners</p> <p>ACTIONS: The programme is being tightly led and managed with Director sponsorship and effective governance throughout with appropriate preparation across the Council and Doncaster Children's Services Trust (DCST). All areas are contributing a resource to ensure the programme has every chance of succeeding.</p> <p>A phased completion is underway and the following continue to be implemented across the Council and Doncaster Children's Services Trust (DCST):</p> <ul style="list-style-type: none"> ▪ Best practice processes; ▪ Adult social care & children's social care case management; ▪ Social Care financials; ▪ Citizen, provider, professional and parent portals; ▪ Education management; ▪ Integrated digital care record; ▪ Integration with other key systems; <p>Training staff across the organisations.</p>	Ongoing	Julie Grant – Assistant Director of Customers, Digital & ICT
Progress update		
<p>The programme continues to be tightly led and managed with Director sponsorship and effective governance throughout with appropriate preparation across the Council and Doncaster Children's Services Trust (DCST). All areas are contributing a resource to ensure the programme has every chance of succeeding.</p> <p>A phased completion is underway and the following continue to be implemented across Doncaster Council and Doncaster Children's Services Trust (DCST): Best practice processes; Adult social care case management; Childrens social care case management; Social Care financials; Citizen Portal; Provider Portal; Professional Portal; Education Management; Parent Portal; Integrated Digital Care Record; Integration with other key systems; Training 3,000 staff across organisations.</p>		
10. GENERAL SIGNIFICANT FINANACIAL CHALLENGES 2019/20 AND 2020/21	Completion Date	Responsible Officer(s)
<p>The Council faces a number of significant financial challenges which if not managed carefully in 2019/20 could potentially lead to an overspend position and a reduction in the level of general reserves, these include:</p>		

<ul style="list-style-type: none"> • Potential shortfall on the delivery of savings which are increasingly more challenging to achieve such as the Your Life Doncaster programme which will also deliver significant service changes. • Managing emerging budget pressures e.g. Services traded with schools, project support. <p>The Council also needs to produce a balanced budget plan for 2020/21, to meet the forecast budget gap estimated at circa. £13m.</p> <p>ACTIONS:</p> <p>The financial position will be closely monitored; including the continued development of monthly monitoring by managers, improving the financial information provided to enable them to carry out their role.</p> <p>To undertake further scenario planning for the 2020/21 funding position and agree the strategy to identify options to deliver the budget gap.</p> <p>Prepare a robust Medium-term Financial Strategy with savings proposals to meet the 2020/21 gap for approval by Cabinet.</p>	<p>Regular monitoring until 31st March 2020.</p> <p>31st July 2019</p> <p>October 2019</p>	<p>Faye Tyas – Assistant Director of Finance</p>
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Progress update

The most recent report to Directors showed the position at the end of month 5 – a projected underspend of £1.1m for 19/20. This includes the impact of £18.7m of savings targets for the year. The month 6 update will be provided to Directors on 28th October and to Cabinet on 19th November. Changes have been made to the Collaborative Planning (the Council’s forecasting tool) to make it easier for managers to use.

On 1 October Cabinet approved an updated Medium-term Financial Strategy (MTFS) for 2020/21 to 2022/23. This includes detail of the assumptions made in the business planning process around funding from central government and local taxation and pressures on services from inflation, demand etc. The report refers to a funding gap of £16.8m over 3 years and then details savings proposals to address that gap (there is currently a £0.2m shortfall over the 3 years). The proposals have been assessed against a framework based on the Corporate Plan to evaluate the strategic alignment (strong disalignment, weak alignment, good alignment and strong alignment). This has resulted in the prioritisation and filtering of the initial options to arrive at the proposals set out in this report. The proposals have also been reviewed to understand how deliverable the proposals are based on a number of factors, which take into account the size and scale of the proposal. This assessment ensures our proposals are congruent to the Council’s priorities in the Corporate Plan and deliverable. The Medium Term Financial Strategy (MTFS) will be updated in December when central government confirms the provisional local government financial settlement. The budget report is due to be approved by full Council on 5th March 2020.



Doncaster Council

Report

Date: 24th October, 2019

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

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

PREVENTING AND DETECTING FRAUD AND ERROR – October 2018 to September 2019

EXECUTIVE SUMMARY

1. This attached Report summarises the work done by the Council during the period October 2018 to September 2019 to prevent, detect and investigate fraud and corruption in line with the Government's *Fighting Fraud and Corruption Locally Strategy* and minimise errors whether caused by fraud or not.
2. The report shows that the overall incidence of fraud remains very low in general terms, taking into account the scale of the Council's activities. Proactive counter fraud activities to prevent and detect fraud and error early continue to be a big focus in the Council's strategy, and the results of the proactive activity now surpass the results of reactive, referral based investigative work.

3. Fraud and error highlighted in the report include:

- 1054 Council Tax Single Persons Discounts cancelled **£265,500**
- 16 prosecutions, 24 cautions / warnings and 26 pending cases relating to blue badge fraud. ----
- 521 Blue Badges cancelled ----
- Housing Benefit – the reinstatement of recovery proceedings for 568 historic benefit overpayment cases after further information was obtained on the claimant. **£144,365**
- 118 people removed from the social housing waiting list. ----

4. Additionally, proactive checks by the Council have prevented (or recovered) duplicate invoice payments of £1,592,700 and made recovery of £29,403 across the Council and its partners St Leger Homes and the Children's Trust.

EXEMPT REPORT

5. This report is not exempt.

RECOMMENDATIONS

6. The Audit Committee is asked to support the production of the Preventing and Detecting Fraud and Error report and agree to appropriate publicity being produced to highlight the outcomes from the Council's anti-fraud activity and to act as a deterrent to fraud.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. Fraud and corrupt activity divert scarce resources away from Council services. They cost the tax payer money that could have been used for the benefit of local citizens. Maintaining a strong counter fraud stance helps to minimise fraud losses and deter fraudulent activity.

BACKGROUND

8. The production of an annual fraud response report, which details the work done to counter fraud and corruption, is in line with good practice recommended by CIPFA. In Doncaster, we take that further and include detected error and recoveries in our reporting, hence the production of an annual Preventing and Detecting Fraud and Error report. Doncaster Council adopts a risk based approach to fraud and seeks to educate staff on identifying fraudulent behaviour, educate managers to assess the risks of fraud in their areas and to detect and investigate fraud where it is identified. The Council's commitment to combatting fraud and corruption is contained in the Anti-Fraud and Corruption Framework which is approved by the Audit Committee and is due for review in July / October 2020 in line with expected revisions to the Government's Fighting Fraud Locally Strategy which are due in 2020.

OPTIONS CONSIDERED

9. Not applicable

REASON FOR RECOMMENDED OPTION

10. Not applicable

IMPACT ON THE COUNCIL'S KEY OUTCOMES

	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 	No implications.
	<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>Fraud and error reduces the money available to the public purse and, therefore, has an impact on the Council's ability to provide services and develop Doncaster for its citizens.</p> <p>Blue badge fraud has a direct negative impact on the available parking spaces in the town centre for individuals with reduced mobility.</p>
	<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 	No implications
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p>	No implications.

	<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>Error and fraud against the Council directly affect the public purse by reducing the amount of monies available to the Council to provide services and improvements for Doncaster citizens.</p>

RISKS AND ASSUMPTIONS

11. Failure to address fraud and corruption risks causes:-

- reputational damage to the Council from fraud and corrupt practices;
- diverts scarce resources away from priority services to the detriment of our citizens.

LEGAL IMPLICATIONS [Officer Initials NC Date 4.10.19]

12. The Council is obliged to minimise the loss of resources resulting from fraud and corruption. It is also obliged to publish the data in this report under the requirements of the Government's Transparency Agenda which assists the Council in demonstrating it is delivering value for money. This information will be published on the Council's website.

FINANCIAL IMPLICATIONS [Officer Initials AT Date 04/10/19]

13. The costs of the publicity to highlight anti-fraud work of the Council will be met from existing budgets and so will not put further pressure on the Council's budgets.

14. Failure to minimise and effectively deter and combat fraud and corruption detracts from Council funds and therefore Council service delivery at a time of increased

budgetary pressure and service demands, as the examples highlighted below reflect.

15. The cancellation of Single Person's Discount of £265k has meant the Council Tax element of the Collection Fund is estimated to increase and will provide an on-going benefit to the Council. The Council is seeking to recover £144k from over-paid housing benefit which if recovered will provide a one-off benefit to the Council. £5,593k of payments were prevented from being incorrectly paid or have been recovered, which would have otherwise have put further pressure on the Council's revenue budget.

HUMAN RESOURCE IMPLICATIONS [Officer Initials...KG..... Date...04/10/19.]

16. Whilst there are no resource implications directly caused by this report, there are implications for Human Resources where employees undertake fraud, (or are alleged to have undertaken). In these cases, Human Resources are involved in all investigations to ensure that these are conducted properly, and appropriate and timely action is taken against the employee.

TECHNOLOGY IMPLICATIONS [Officer Initials...PW Date...04/10/19]

17. There are no technological implications as per the attached.

HEALTH IMPLICATIONS [Officer Initials...RS..... Date.....04/10/2019.....]

18. There are no direct health implications in this report. Effective audit and governance should contribute to improved health and wellbeing by maximising the effectiveness of public spending. Preventing and detecting fraud and error is a contributor to good governance.

EQUALITY IMPLICATIONS [Officer Initials NFW - Date04/10/19]

19. Every citizen in Doncaster is affected by fraud both as a result of fraud committed against them and fraud committed against the Council. Whilst every citizen is affected, fraudsters generally target citizens with protected characteristics such as the young, the elderly, those with mental health issues or those with learning disabilities. Similarly, reductions in the Council's spending power as a result of fraud and error reduce monies available to support Doncaster Citizens. Whilst every citizen is again affected by this, groups with protected characteristics are the most vulnerable to these affects as they access a higher proportion of Council services.

CONSULTATION

20. None

BACKGROUND PAPERS

21. The Council's Anti-Fraud and Corruption Framework (available on the Council's website and approved by the Audit Committee).

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

22. All abbreviations and acronyms are written in full in the report with their abbreviations used only after the first instance. Items used are:

- NFI – National Fraud Initiative
- DWP – Department of Work and Pensions
- IPCO – Investigatory Powers Commissioner’s Office
- CTRS Council Tax Reduction Scheme
- SFIS – Single Fraud Investigation Service (the benefits fraud investigatory arm of the Department of Work and Pensions)
- HBDS – Housing Benefits Debt Service
- DEA – Direct Earnings Attachments

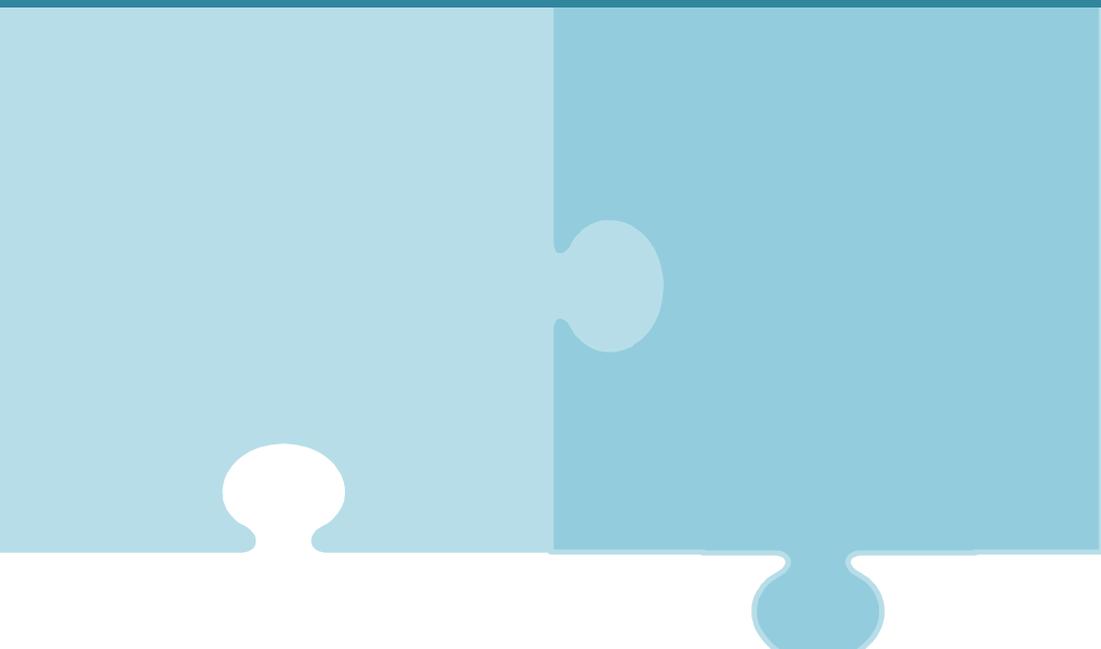
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Appendices

Appendix 1 – Preventing and Detecting Fraud and Error – October 2018 to September 2019

Debbie Hogg
Director of Corporate Resources



Doncaster Council

Preventing and Detecting Fraud and Error Report

October 2018 to September 2019

Introduction – The Overall Picture



Doncaster Council is committed to protecting the public purse and preventing (and detecting) fraud and corruption against public monies.

How the Council delivers its services is constantly changing and technology changes on a continual basis. This means that the Council's approach to counter fraud work is constantly under review. New initiatives (both internal and external) are continually sought and we actively participate in pilot exercises where appropriate.

The investigation of fraud within the Council is not centralised as it is in some Councils. Most investigative work is carried out by Internal Audit Services but additional investigative work is undertaken within Parking Enforcement (in respect of Blue Badge fraud) and within Revenues and Benefits (in respect of Council Tax and occasionally Business Rates).

This report documents the Council's activities in respect of fraud prevention, detection and pursuit and reports on both proactive counter fraud work and responsive investigative work. Our strategy in this respect is documented in the Council's Anti-Fraud and Corruption Framework which is available on the Council's internet site at <http://www.doncaster.gov.uk/>. Our strategy is aligned to the Government's Fighting Fraud Locally 2016-2019 strategy (shown visually below).



Information within this report is required to be published under the Government's Transparency Agenda.

The Overall Picture

The Council remains exposed to fraud risks but is consciously aware of them and their effects and takes proactive steps to prevent and detect fraud across the Council.

The overall level of fraud experienced by the Council remains very low for a council of this size and proactive detection and data matching is helping to further mitigate any such risks. Because each of our activities is different, consolidating everything into one set of figures is not appropriate. Instead, KEY STATISTICS boxes against all activities give information on the success (and context) of each of our activities individually.

The remainder of this report documents our counter fraud and investigative activities for the period October 2018 to September 2019.

Counter Fraud Activity – Acknowledge

The shape and activities of the Council are constantly changing to keep pace with the changes in economy, society and political environmental within the UK. These changes represent risk both in terms of business risks and in fraud risks that must be taken into account to effectively tackle fraud and corruption.



Roles and Responsibilities

- *The Council has a duty to protect the public purse in all of its activities.*
- *The Council's Anti-Fraud and Corruption Framework outlines the roles and responsibilities across the Council in fraud matters.*
- *Internal Audit remains a key player in the investigation, prevention and detection of fraud.*
- *It remains the responsibility of managers throughout the Council to implement robust controls that prevent and detect fraud where it occurs.*

- *The Council has a Fraud Risk Register that is in use that is currently maintained by Internal Audit. This is a very comprehensive list of fraud risks containing 30 different fraud risks.*
- *New and emerging fraud risks are added to the register and risk assessed as they are uncovered locally and across the sector.*
- *Areas of risk are considered for inclusion, as appropriate, on the Internal Audit Plan and Internal Audit work with services to provide advice to further mitigate any existing fraud risks.*



Fraud Risks



Training and Policies

- *The Council will refresh its Counter Fraud training again in 2020. A new Local Government Counter Fraud Strategy is due for release in April 2020 (this is currently being written and consulted on). This will need to be incorporated into training and a programme of training relaunched.*
- *The above will also affect the Council's Anti-Fraud, Bribery and Corruption Framework and this too will be refreshed in 2020 and will be re-submitted to the Council's Audit Committee for approval. This is anticipated to be in July 2020 (subject to the release date of the updated Local Government Counter Fraud Strategy).*

Counter Fraud Activity– Prevent and Detect

The Council aims to prevent fraud through robust internal controls and governance arrangements controlling how the Council is run. These arrangements are the subject of audit reviews and are reported regularly to the Audit Committee.

Detection, however, comes in the forms of many different initiatives.



The National Fraud Initiative (NFI)

The Council actively participates in the NFI annually run by the Cabinet Office. It matches the data of over 1300 public and private sector bodies in order to identify data conflicts and anomalies that could be fraud or error for investigation. This is a significant piece of work for the council.

NFI matches are released annually although the data checks run follow a 2 year cycle. In 2018/19, a full exercise was undertaken covering:

- Blue Badge parking permits
- Creditor payment information
- Housing tenant information and housing waiting list information
- Market trader information
- Personal budget recipient information
- Pensions and payroll information
- Right to buy information
- License information (taxis and personal alcohol licenses)
- Private supported residential care home information.

Key Statistics

Reports Released	128
Total Matches Released	7616
Completed Matches	2958
Review Not Needed	4170
Matches In Progress	488

A risk based approach is in use to target resources against the reports received and these are checked to identify fraud and error.

A large number of our matches are listed as “Review Not Needed”. This is because the Council has alternative internal arrangements for detecting fraud and error in this data and operates these arrangements on a more frequent basis. Reports in these areas are sampled where appropriate, in order to ensure that internal arrangements continue to detect fraud and error but are not checked in full unless the sampling reveals a problem or a gap in our internal arrangements.

The results of the exercise are included on the next page of this report.



Information on the National Fraud Initiative is available on the Council’s website at www.doncaster.gov.uk or by searching the www.gov.uk website for the full information on the initiative, data used and how it is operated.

Counter Fraud Activity– Prevent and Detect

The National Fraud Initiative - Results



Key Statistics

Number of Detected Frauds **0**

Number of Detected Errors **716** **Number** **Value**

Blue Badges Cancelled **521** **£0**

These are disabled parking permits cancelled because the owner had died. Cancelling these prevent their fraudulent use.

Housing Benefit Errors **2** **£2432**

These errors where the claimant did not declare all income or did not update us of changes in income received.

Housing Tenancy Errors **28** **£0**

These are errors where a tenant or joint tenant of our social housing had left the property or had died. Tenancy records were updated but no fraudulent or inappropriate passing on of the tenancy was detected.

Housing Waiting List Removals **118** **£0**

These are applicants for social housing that had died and were subsequently removed from our waiting list.

Duplicate Creditors **45** **£0**

These are errors where a creditor has been set up in our payments system twice. The duplicate has been removed to prevent the payment of duplicate invoices but no overpayments had been made.

Duplicate Invoices Detected **3** **£6,778**

These were invoices where, on checking it was found that the invoice was paid twice in error. These are normally detected by our internal checks but were not.

Other Errors **1** **£0**

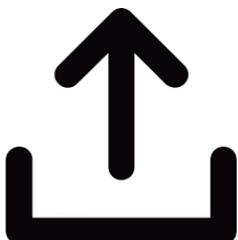
This was an employee who had not declared a personal interest. This was not found to have caused any loss to the Council.

716 **£4,167**

Our approach to the National Fraud Initiative and regular use (internally) or other data matching initiatives means that the level of detected fraud and error from the NFI is very low. In fact, no fraud has been detected, however, some errors were.

Where available, we have included the actual cost of the errors detected in the statistics shown. It should be noted that this differs from figures used by the National Fraud Initiative in their reports as they use notional savings to calculate the value of potential fraud that may have been stopped by, for example, removing a blue badge from circulation. The Council chooses not to use notional values as these are theoretical and subjective and instead reports on actual losses.

Recoveries are being made against all of the losses shown.



Preparations for council tax single persons discount matching are now underway and data will be submitted to take part in next year's exercise in December 2019. Data matches for investigation will be released in February 2020.

Counter Fraud Activity– Prevent and Detect



Blue Badge Fraud

Blue badge fraud occurs where individuals misuse use a blue badge (issued to someone with reduced mobility). This can include the use of badges by family or friends where the disabled person is not present or the use of badges where the individual the badge was issued to is now deceased.

Blue badge fraud reduces the Council's parking revenue and takes up valuable spaces for less mobile and / or elderly persons.

Operations are currently planned for the remainder of this year to detect further cases and act as a deterrent to other badge holders / badge users.

Key Statistics

Result		Fine including awarded court costs
Cautions Issued	2	
Written Warning	22	
Prosecuted	16	£8,664
Ongoing cases	26	Not yet available

Housing Benefit Overpayments

Housing benefit overpayments occur for a variety of reasons for example through error or fraud by the claimant, error or fraud by the landlord or the agent, a change to entitlement that is not reported or delays in reporting changes to circumstances for the claimant. Most overpayments happen because there has been a change in the claimant's circumstances that was not communicated to the Council or was communicated late. Housing benefit fraud happens when these changes are deliberately not reported. Regardless of the cause, the Council pursues all eligible housing benefit overpayments. (This is any amount which has been paid to which there was no entitlement).



**HOUSING
BENEFIT**

In April 2018, the Department for Work and Pensions implemented the Housing Benefit Debt Service (HBDS) project. The service provides local authorities with a solution that allows access to real time employment and income information to help with the recovery of Housing Benefit debt via Direct Earning Attachments (DEAs – this is where a specified proportion of the earnings income of the debtor is paid to the Council to repay the debt). The new service also has the ability to locate debtors who have changed address since the debt was created.

Key Statistics

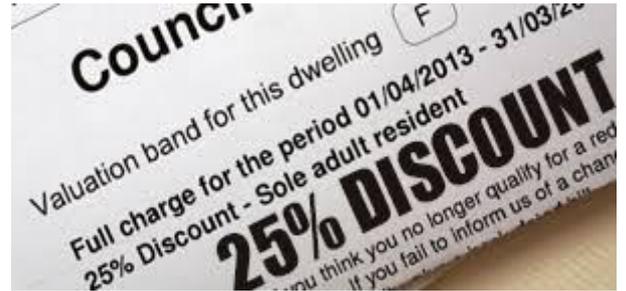
Cases Referred to the Department for Work and Pensions	2,611
Direct Earning Attachments	890
New Invoices Produced	568
Value of Debt Reinstated	£144,365

Large amounts of debt, some dormant for many years, are now back in recovery nationally due to local authorities now having the access to real time employment and income information allowing recovery through these Direct Earning Attachments. Doncaster Council is actively participating in this project and has reinstated debt for recovery to the value of £144,365.

Counter Fraud Activity– Prevent and Detect

Single Persons Discount Reviews

The Council carries out a 12 month rolling review of single occupier discounts in a bid to ensure only those entitled receive a discount. This is done with a view to reviewing the discounts in place and identifying and correcting fraud or error within the Council Tax base.



The rolling review targets the borough by postcode issuing review letters to each of the claiming households. These letters prompt individuals to notify us of changes in circumstance that may otherwise have been missed. Where individuals do not respond to the review letter within the specified timescale, discounts are cancelled.

<u>Key Statistics</u>	October 2018 to September 2019
Households reviewed	30,837
Cancelled discounts	1,054
Estimated value of cancellations	£265,500

Single Person Discount is currently applied to around 30,000 non benefit households in the Doncaster area with an average cost (based on a Band A property) of £250 per claiming household (for a full year).

In the 12 months ended September 2019, 1054 single persons discount cancellations have been effected. This is estimated to bring in £265k of additional income to the Council (this is estimated based on the cancelled discount of a Band A property remaining cancelled for 1 year).

Local Authority and DWP Joint Fraud Investigations

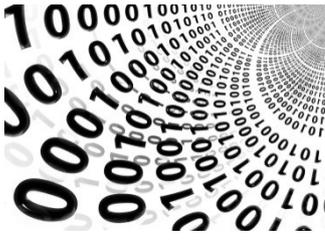
Since the implementation of SFIS (the Single Fraud Investigation Service) all Social Security benefit fraud has been investigated by the Department of Work and Pensions (DWP).



Council Tax Reduction Scheme fraud (CTRS) is not a social security benefit and is, therefore, not considered in any criminal investigation by SFIS. However, there is a high degree of correlation between those committing social security benefit fraud and those also committing council tax reduction scheme fraud. Joint working between councils and the DWP enables those committing both types of fraud to be dealt with under 1 combined investigation.

Joint working arrangements were put in place by the Department of Work and Pensions on 28th May, 2019. 3 joint working investigations are currently underway. There are no available results of these at this time.

Counter Fraud Activity– Prevent and Detect



Internal Data Matching Initiatives

Doncaster Council holds lots of information in lots of different information systems. This information can be analysed and cross matched in order to detect fraud and error. 2 different initiatives have been undertaken during the year. These are highlighted here.

Creditor Invoice Matching

The Council runs software on a daily basis against invoices paid (or due for payment) to prevent and detect any possible fraudulent (or more likely duplicated) invoices. These results are worked through by the Council's Accounts Payable team and payments cancelled or recovered as appropriate.

The statistics included here include preventions / recoveries from the Council, St Leger Homes and the Doncaster Children's Trust. This is due to the fact that all of these partners use the same system to prevent, detect and record fraud and duplications.

Key Statistics

	<u>No of Invoices</u>	<u>£</u>
Prevented payments	95	£1,592,700
Recovered Overpayments	19	£29,403

Payroll to Creditors Matching

Internal Audit run data comparisons on a monthly basis between Payroll and Creditors data in order to detect employees who are incorrectly remunerated through the creditors system or conflicts of interest that are improperly managed and could expose the Council to fraud.

Conflicts of interest occur when the activities of the employee conflict with the activities of the Council or service area. Not all matches will reveal an actual conflict of interest, but where they exist, these can be exploited to the detriment of the Council. An annual declaration of interest process is in place through which the Council manages declared interests. This work ensures that this process is being followed and that conflicts are being declared and properly managed.

This work ensures that this process is being followed and that conflicts are being declared and properly managed.

Resulting matches are investigated and acted on as appropriate. No frauds have been detected as a result of this work but safeguards are put in place as potential conflicts of interest are investigated. This work gives significant amounts of positive assurance over creditor payments and procurement activity.

Key Statistics

Under review / investigation	8
Completed Reviews (Oct 18-Sept 19)	<u>2,386</u>

Of Which:-

Match correct but no conflict detected	2,375
Conflict of Interest (Now Resolved)	<u>11</u>
	<u>2,386</u>

Counter Fraud Activity– Pursue

The Council aims to take action against any fraud or error that it detects during any of its activities.

The pursuit of individuals responsible for fraud is on 3 main levels.

- 1) Internal pursuit through the disciplinary policy ;
- 2) Civil recovery of any losses; and
- 3) Criminal action where possible through the Police and Courts.



The cases listed here give as much detail as possible under the Data Protection Act. Where a case is ongoing, any information that could prejudice the case has been withheld.

Internal Audit Services has worked on the following case in the 12 months to the end of September 2019.

Early Years Funding

Concerns were identified during the year regarding discrepancies in grant claims made by an early years education provider to the Council for funding. These discrepancies were reviewed and totalled £11,857 over a 2 term period in 2018. The claims themselves and the relevant supporting paperwork were reviewed and the discrepancies attributed to errors by the provider. Support and training was put in place for the provider to ensure that errors were corrected and did not continue. The value of the overpayment has been agreed with the provider and the monies are being recovered.

Raising Concerns

Concerns about fraud and corruption against the Council are always accepted. This section gives details on how these concerns can be referred in for investigation.



If you have any concerns, please report your suspicions as quickly as possible together with all relevant details. We would prefer you not to provide information anonymously as any subsequent investigation could be compromised if we cannot contact you to help gain a full understanding of the issues. However, we will still consider anonymous information that is received. All reported suspicions will be dealt with sensitively and confidentially.

Blue Badge Fraud Concerns



Blue Badge misuse can be reported on line on the Doncaster Council website at

<http://www.doncaster.gov.uk/report-it>

Benefits Fraud Concerns



Suspected benefits fraud can be reported on line on the Doncaster Council website at

<http://www.doncaster.gov.uk/report-it>

OR



By telephoning the National Benefits Fraud Hotline on 0800 854 440

Other Fraud Concerns

Other concerns can be reported to using any of the methods outlined in the Whistleblowing Policy or by:



Writing to : -

The Head of Internal Audit, Internal Audit Services,
Civic Office, Waterdale, Doncaster, DN1 3BU

Please mark the envelope "CONFIDENTIAL — TO BE OPENED BY THE ADDRESSEE ONLY".



By telephoning the Council's Fraud Hotline on 01302 862931



Doncaster Council

Report

Date: 24th October 2019

To the Chair and Members of the
AUDIT COMMITTEE

INTERNAL AUDIT REPORT FOR THE PERIOD: JULY TO SEPTEMBER 2019

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		No

EXECUTIVE SUMMARY

1. The report attached at **Appendix 1** updates the Audit Committee on the work undertaken by Internal Audit for the period July to September 2019, and shows this in the context of the audit plan for the year. The report includes details on the implementation of internal audit recommendations and the Internal Audit Team's performance information.
2. The attached report is in four sections:
 - Section 1. The Audit Plan / Revisions to the Plan
 - Section 2. Audit Work Undertaken During the Period
 - Section 3. Implementation of Audit Recommendations
 - Section 4. Internal Audit Performance
3. A summary of the main points from each of the sections is provided in the following paragraphs:

Section 1: The Audit Plan / Revisions to the Plan

4. Section 1 of the attached update report shows that 5 new jobs have been added to the plan or have increased in scope due to anomalies identified. The changes are in response to emerging risks and concerns.

5. Some planned work has been removed from the plan to help accommodate this. Current progress in delivering the audit plan is commented in more detail within Section 2 of this report.

Section 2: Audit Work Undertaken During the Period

6. The audit work done continues to confirm the Council generally has appropriate controls in place and that the controls are operating effectively. More details are provided in paragraph 2.5 and Appendix A of the attached report.
7. Internal Audit continues to deliver unplanned work, either in response to requests from management or contingency work identified by Internal Audit. This work is important as it helps to address weaknesses and potential errors and/or irregularities, and Internal Audit's support is highly regarded in these circumstances.
8. Considerable resources continue to be applied in working with Management in the implementation of audit recommendations and further detail is set out in the following section.

Section 3: Progress on the implementation of audit recommendations

9. The number of actions currently awaiting implementation has reduced significantly this period which is a much more positive picture to report. The reasons for this are twofold. Internal Audit and Directorate Management have continued the practice of rigorously pursuing the completion of all actions alongside the concerns of Audit Committee noted above. Secondly, only a limited number of new actions have been added this period, as the majority of work undertaken has resulted in substantial assurance opinions being given or has been advisory work.
10. There are now only 2 overdue major recommendations against the 8 reported last period; these fall within Adults, Health and Wellbeing and details are recorded at Appendix B.
11. The current number of audit recommendations outstanding overall is now 37 (76 reported last period), of which 24 (46 reported last period) of these have passed their original agreed implementation date. Further information is set out in Section 3 of this report.

Section 4: Performance Information

12. Performance on four out of the service's six key performance indicators are on or above target and is only slightly below on the other two. No issues of concern are highlighted though these indicators. Full detail is provided in Section 4 of the report

RECOMMENDATIONS

13. The Audit Committee is asked:
- To note the changes to the original audit plan
 - To note the internal audit work completed in the period
 - To note progress made by officers in implementing previous audit recommendations
 - 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.

OPTIONS CONSIDERED

16. Not applicable - for information only

REASONS FOR RECOMMENDED OPTION

17. Not applicable - for information only

IMPACT ON THE COUNCIL’S KEY OUTCOMES

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.

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</p>	

<p>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

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

LEGAL IMPLICATIONS [SRF 11/10/19]

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.

Legal advice can be provided on individual items on the work plan as required.

FINANCIAL IMPLICATIONS [ST 26/09/19]

21. There are no specific financial implications associated with this report. Internal Audit's budget forms part of the monthly monitoring process and is not reporting any significant issues.

HUMAN RESOURCE IMPLICATIONS [KG 10/10/19]

22. There are no specific human resource implications associated with this report.

TECHNOLOGY IMPLICATIONS [PW 25/09/19]

23. There are no specific technological implications associated with this report.

EQUALITY IMPLICATIONS [PJ 10/10/19]

24. 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.

HEALTH IMPLICATIONS [RS 08/10/19]

25. Good governance is important for healthy organisations and for healthy populations. Specific health implications should be addressed through individual audits and action plans.

CONSULTATION

26. 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. Regular meetings are held with

Senior Management to ensure there is effective and relevant Internal Audit coverage provided.

BACKGROUND PAPERS

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

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

Doncaster Children's Services Trust (DCST)

REPORT AUTHOR & CONTRIBUTORS

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Peter Jackson
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Appendices Attached

Appendix 1 - Internal Audit Progress Report July to September 2019



**Doncaster
Council**

Appendix 1

Doncaster Council

Internal Audit Progress Report

July to September 2019

Section 1: Revisions to the Audit Plan

- 1.1. The 2019/20 Audit Plan was approved by the Audit Committee on 11th April 2019. As the audit year progresses, the plan is reviewed to take into account new and emerging risks and any responsive work arising. Additional work undertaken / added to the plan is resourced by the deletion or deferral of the assessed lowest risk current plan items. Significant amendments to the plan, this quarter, are set out below.
- 1.2. The following jobs have been added to the plan, or have increased in scope:
 - Vibe / Garden Café Stock Advice
 - Administration within the Civic office, Governance Services.
 - Doncaster Children’s Services Trust (DCST) - Service Review Advice
 - Expect Youth Grant verification
 - Schools Financial Value Standards Support
- 1.3. The following jobs have been deleted from the plan or deferred to be undertaken / considered for inclusion in future years plans, or have been significantly reduced:
 - School Deficit Budgets (time reduced to reflect joint working with financial management team)
 - Core Financial Processes – Benefits (substantial assurance gained from 18/19 review so justifies lesser work required)
 - Core Financial Processes - Council Tax (substantial assurance gained from 18/19 review so justifies lesser work required)
 - Continuing Health Care Payments (time reduced to reflect joint working with financial management team)
 - Password and User Account Management (deferred to 2020/21)

Section 2: Audit Work Undertaken During the Period

Internal Audit Opinion

- 2.1 Internal Audit provides an opinion on the control environment for all systems, services or functions which are subject to planned audit review. The opinions given are taken into account when forming our overall annual opinion on the adequacy and satisfactory operation of the Council’s governance, risk management and internal control arrangements at the end of the year.
- 2.2 A “*substantial*” opinion is given where there are no or low levels of concern. A “*partial*” opinion is given where there are issues of concern that need to be addressed but represent a reasonable level of

assurance. A *'limited'* opinion is given in any area under examination where one or more concerns of a 'fundamental' nature are identified or where there are a considerable number of issues of concern arising which need addressing. A *'no assurance'* opinion is given where the area under review is considered to be fundamentally exposed to critical risks, although *'no assurance'* opinions are extremely rare.

Summary of Findings from Audit Reviews

2.3 Summary conclusions on all significant audit work completed July to September 2019, are set out in **Appendix A**.

Audits providing 'limited' assurance opinions

2.4 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 are now in place.

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

Responsive Audit Work and Investigations

2.5 In addition to our planned assurance work, we also investigate allegations of fraud, corruption or other irregularity and/or error, and respond to requests for assistance from services and functions in the Council. A summary of the significant pieces of work that have been completed or are ongoing is provided below:

Audit Area	Update
Review of Alarm Receiving Centre Practices	<p>The newly procured system is now in operation in a live environment and teething problems are currently being addressed. Internal Audit continue to work 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>Some necessary development work is still required / is ongoing and this is expected to be complete by the</p>

Audit Area	Update
	end of October.
Income Management Project Support	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 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 Portfolio Holder and Chair of Board regarding residual matters still to be resolved.</p>
Data Matching - Supplier to Payroll Payments	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.
Trading Standards and Food and Animal Safety Review	<p>A full review of the workings of this service is being undertaken at the request of senior / statutory officers after complaints have been received.</p> <p>The fieldwork of this review is nearing completion.</p>
Schools Financial Value Standards Support	Internal Audit identified the changes / requirements to the Schools Financial Value Standard and amended the Authority's documentation accordingly. This piece of work adds value by helping to ensure that Local Authority maintained schools can continue to comply with the Schools Financial Value Standard and is now complete.
Continuous Improvement Framework	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 as consultancy and is now complete.
Big Picture Learning (Educational Establishment) Grant	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

Audit Area	Update
Verification Work	eligible to be paid over to Big Picture Learning.
Doncaster Children's Services Trust (DCST)	Internal Audit provided help and support with the methodology for the DCST service specifications. This is to be used by the commissioning team within Learning & Opportunities with the first reviews beginning in September 2019. This work is now complete.
Payroll System Implementation	Internal Audit are involved in the meetings regarding the implementation of the new Rotherham Payroll / Human Resource System to support the project to meet its intended results.
Music Service Instrument Inventory – Follow Up Audit	<p>A follow up of outstanding actions from a previous years audit resulted in further Internal Audit time being spent giving advice and support to progress remaining issues.</p> <p>This work is now complete.</p>

Section 3: Implementation of Audit Recommendations

- 3.1 Following the completion of audit work, improvement plans are produced in consultation with service management containing details of actions and dates agreed by management for their implementation. Final reports, incorporating agreed improvement plans, are then formally issued to the appropriate Director, Assistant Director and Head of Service.
- 3.2 Internal Audit subsequently seeks assurance that agreed actions arising from audit work have actually been implemented. This involves contacting the officer allocated to complete the action to obtain evidence that agreed actions have been implemented or, where they have not, that appropriate progress is being made. Where fundamental weaknesses in internal control arrangements have been identified, more detailed follow up work is undertaken.
- 3.3 Any major recommendations that are not implemented in line with agreed timescales are reported as part of the Council's Quarterly Resource Management processes and consequently monitored through that process. The total number of overdue recommendations, in addition to major ones, is now being reported. Additionally, Assistant Directors are provided each month with details of all actions outstanding in their area and these are then reviewed with Internal Audit and the Director and their management teams

each quarter. Major recommendations outstanding are reported routinely by Internal Audit to the Audit Committee.

- 3.4 At July's Audit Committee, members expressed their concern over some long standing overdue management actions. Consequently the Chair wrote to the Chief Executive regarding this issue. The Chief Executive has raised this with his Directors and emphasised the importance of implementing audit actions.. He stressed that there is a need to apply direction and focus and expedition to accurately and realistically profile time available to complete outstanding actions, prioritising the 'higher level' ones. Internal Audit continue to work with the Directorate Management Teams and support managers where needed in implementing their agreed actions.

The number of actions currently awaiting implementation has reduced significantly this period. The reasons for this are twofold. Internal Audit and Directorate Management have continued the practice of rigorously pursuing the completion of all actions alongside the concerns of Audit Committee noted above. Secondly, only a limited number of new actions have been added this period, as the majority of work undertaken has resulted in substantial assurance opinions being given or has been advisory work.

Further detail on this is set out below.

- 3.5 A summary of overdue major recommendations is provided in **Appendix B**. The number of both major and lower level recommendations that are currently overdue for completion is distributed as follows:

Directorate	Number of high/major recommendations overdue				Number of lower level recommendations overdue			
	At 15/01/19	At 20/03/19	At 09/07/19	At 07/10/19	At 15/01/19	At 19/03/19	At 09/07/19	At 07/10/19
Adults, Health and Wellbeing	10	4	7	2	29	30	13	4
Economy & Environment	0	0	1	0	7	9	18	13
Corporate Resources	0	0	0	0	1	3	5	5
Learning & Opportunities (Children & Young People)	0	0	0	0	2	3	2	0
Council Wide	0	0	0	0	1	0	0	0
TOTAL	10	4	8	2	40	45	38	22

3.6 The majority of the Adults, Health and Wellbeing overdue recommendations listed above are in respect of the audit of the Deprivation of Liberties Safeguards. The Economy and Environment overdue actions are, in the main, in relation to the North Bridge Stores. Further information in respect of these is detailed below.

Deprivation of Liberties Safeguards – 9 actions remain outstanding, of which 2 are overdue major recommendations and 3 are overdue lower level recommendations

5 recommendations have been implemented this period. The 2 remaining major recommendations are interdependent and the required reports, in order to progress the completion of these recommendations, are currently in development.

North Bridge Stores – 11 actions are outstanding, of which 10 are overdue lower level recommendations, including 1 which is the responsibility of Corporate Resources

Significant work has been undertaken in this area with 15 of the original 26 actions having been fully implemented since the audit completion. All of the outstanding actions are in various states of progression and continuous support is being given to the Stores Supervisor by Internal Audit in order to bring these to a satisfactory conclusion. Additionally, 3 sessions have now taken place between Stores and Financial Development and Business Support officers to discuss some of the most problematic processing tasks, provide coaching and / or identify further developments that would improve operational efficiency and control. Regular cyclical stock checks are now in place and the evidence provided so far has not indicated any significant discrepancies.

3.7 The number of major level recommendations overdue has decreased this period from 8 to 2. The number of outstanding lower level recommendations has also decreased significantly. Internal Audit will continue to rigorously pursue their implementation with senior management.

3.8 The number of audit recommendations currently awaiting implementation is 37 (76 reported last period) of which 24 (49 reported last period) have passed their original agreed implementation date. The above noted Deprivation of Liberties Safeguards and North Bridge Stores audits account for half of the recommendations currently awaiting implementation. Internal Audit are working closely with these sections to promote the timely implementation of these recommended actions.

3.9 The spread of recommendations still awaiting implementation is shown below:

Directorate	Number of rec's at April 2019	Plus New rec's in year	Less Rec's implemented	Number rec's at 7 th October 2019
Adults, Health and Wellbeing	37	+5	-28	14
Economy & Environment	17	+26	-29	14
Corporate Resources	7	+9	-10	6
Learning & Opportunities (Children & Young People)	8	+1	-6	3
TOTAL	69	+41	-72	37

Section 4: Internal Audit Performance

Performance Indicators

4.1 The Audit Committee has previously agreed the key performance indicators that should be reported to it relating to the performance of the Internal Audit service. The indicators are shown below along with actual performance for the 2019/20 Internal Audit Plan:

Performance Indicator	Target	April to September 2019	Variance (positive is good)
Percentage of planned audit work completed	45%	43%	-2%
Draft reports issued within 15 days of field work being completed	90%	95%	+5%
Final reports issued within 5 days of customer response	90%	100%	+10%
% of critical or major recommendations agreed	100%	100%	0%
Percentage of Customer Satisfaction Surveys rated Satisfactory or above	90%	100%	+10%
Percentage of jobs completed within 110% of budget	90%	88%	-2%

- 4.2 The percentage of planned audit work completed at 43% is slightly below target but the plan for the remainder of the Financial Year has been assessed and the Head of Internal Audit considers that sufficient work will be delivered to be able to provide his opinion on the Council's, risk governance and control arrangements
- 4.4 Results relating to major recommendations and customer satisfaction remain very positive, with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above.
- 4.5 Issuing draft reports within 15 days of fieldwork completion is above target at 95% and issuing final reports within 5 days of client feedback on the draft report is at 100% which is good performance in this area.
- 4.6 The percentage of jobs completed within 110% of the time allocated is slightly below target but not considered an issue.

Planned Audit Work Completed in Period / Not Previously Reported

APPENDIX A

Audit Area	Assurance Objective	Final Report to Mgmt.	Overall Audit Opinion	Summary of Significant Issues
LEARNING AND OPPORTUNITIES:CHILDREN & YOUNG PEOPLE - Nothing to Report				
CORPORATE RESOURCES				
Core Financial Processes – Human Resource System and Payroll Processing	To ensure that the systems and processes remain well controlled whilst the newly procured Payroll system is implemented.	20/06/19	Substantial Assurance	None
Core Financial Processes – Benefits	To ensure that the right benefits are paid to the right individuals at the right time.	02/07/19	Substantial Assurance	None
Core Financial Processes – Treasury Management	Examine the extent to which the operational risks and operational processes are effectively managed, ensuring that: Effective monitoring is undertaken on all bank accounts. All Investments made are good value for money and made at the right time and within Council's financial means. Loans made are best value and appropriately accounted for and effectively monitored.	03/07/19	Substantial Assurance	None

Audit Area	Assurance Objective	Final Report to Mgmt.	Overall Audit Opinion	Summary of Significant Issues
Civic Office, Governance Services	Ensure that there are appropriate budgetary and financial processes in controls in place within the service.	23/09/19	Limited Assurance	<p>We were asked by the service areas manager to carry out an audit. The service area had not been audited since 2012 so was seeking assurances that there was a compliance and adherence to new systems such as P2P and changes to financial procedure rules. The service area sought assurance that systems were appropriate and to suggest improvements which could be made.</p> <p>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.</p> <p>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 are now in place.</p>

Audit Area	Assurance Objective	Final Report to Mgmt.	Overall Audit Opinion	Summary of Significant Issues
				No losses were found to have actually been incurred during the audit examination.
ECONOMY AND ENVIRONMENT				
Bus Service Operators Grant (June Claim)	Confirm expenditure and that it is in keeping with the conditions of the grant. Sign off the grant statement as true and fair as stipulated by the grant.	18/06/19	Not Applicable – Grant Claim	Grant signed, no issues raised.
Highways Grants – No’s 31/3224, 31/3224 & 31/2951	Confirm expenditure and that it is in keeping with the conditions of the grant allowing DMBC sign off.	12/08/19	Not Applicable – Grant Claim	Grant signed, no issues raised.
ADULTS AND COMMUNITIES				
Troubled Families Grant (April to July)	Confirm expenditure and that it is in keeping with the conditions of the grant allowing DMBC sign off.	02/08/19	Not Applicable – Grant Claim	Grant signed, no issues raised.
Building Community Capacity – Community Investment Programme	Internal Audit undertook an oversight role to review and assess the arrangements for the Community Investment Programme as part of building community capacity.	24/09/19	Substantial Assurance	None

Overdue Major Recommendations

APPENDIX B

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
ADULTS AND COMMUNITIES						
Contract Monitoring Review - Supported Living	The CareFirst system is not currently capable of being used to record service delivery and associated payment. A project is currently being progressed under the Council's Digital Transformation Programme, which should address this issue.	Changes to client related data may not be updated on a timely basis by both the Council and the CCG. This issue is reinforced as at the 21st July 2017, circa £2.4M of debt was in the process of being recovered from the Clinical Commissionin g Group, of which circa £1.3M related to Supported Living.	As part of the scope of the CareFirst project the intention is to move all elements of care packages onto CareFirst which will include Service Provider payment processes. Progression of the project will be closely monitored in order to ensure that project deliverables are met including improved payment processes.	31/05/18	31/07/19	Complete Positive intervention has happened with the Supported Living financial controls since the Provider Payments Team absorbed responsibility for Supported Living Financial admin and plan to use the Doncaster Integrated Peoples System project to enable further improvements including forcing records to be recorded through the Mosaic Case Management System. Therefore, there is some level of assurance that the Provider Payments Team is actively working to improve the financial controls and data cleansing. Provider Payments cannot do this all alone so need teams in Adults and the Supplier to help facilitate the

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
						needed future improvements.
Direct Payments / Personalised Budgets Follow up Review	There is still a backlog of care plan reviews to be undertaken to ensure all existing service users have been reviewed within the year. The backlog figure as at December 2017 was 242 reviews overdue out of 760 current Direct Payment service users.	The service user may not be getting the care they require and incorrect payments may be being made.	The Programme Management Office team will work with area teams to reduce the backlog figure and ensure these are as up-to-date as possible.	30/06/18	31/03/19	<p>Complete</p> <p>Extensive work has been undertaken with the locality teams to reduce the number of outstanding Direct Payment reviews. This is now being managed at the monthly performance clinic, weekly senior leadership teams and manager's one to ones.</p> <p>A backlog report has been produced by the Strategy & Performance Unit validating the reduction in the backlog of Direct Payment reviews and this is utilised by management on a regular basis.</p>
Direct payment follow up review	Whilst there has been a positive increase in Direct Payment uptake of 91%, there is however a concerning increase of 22% in the average	Inconsistency of decisions for service users and therefore inappropriate plans may be	The team are currently undertaking a deep dive audit of all Direct Payments authorised to date	31/12/18	31/04/19	<p>Complete</p> <p>The number of Direct Payments has continued to increase, however evidence from the financial system and from the social care database</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	cost of a Direct Payment.	agreed. Budgetary pressures on Adult Social Care.	this financial year to ensure the costs associated are reasonable and appropriate plans are in place for service users care needs.			indicates that whilst the average cost of all Direct Payments has remained relatively unchanged at £254 (excluding Continuous Health Care), the average cost of new direct payments is now only £203. DPs continue to be monitored through the homecare project board, the monthly Adult Social Care and Support Clinics, weekly Senior Leadership Team meetings and during staff one to ones to ensure that we have oversight of Direct Payments going forward.
Deprivation of Liberties Standards (DOLS)	The DoLS team have not determined a series of specific exception reports that they require to provide management information on the processes carried out by the team. These would help inform them of any part of the process taking	Management information is not available to enable performance monitoring ensuring key targets are met. Data quality	The DoLS team will determine what their exception reporting requirements are and arrange for the Strategy and Performance Team to develop the appropriate reports.	30/06/18	30/04/19	The reports are being developed using a reporting software tool, PowerBI, by the Strategy & Performance Unit.

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	longer than expected, any cases stuck at particular stages, parts of the process not being completed or data quality errors that require correction.	and processes issues cannot be detected and corrected.				
Deprivation of Liberties Standards (DOLS)	The DoLS team have not determined a series of specific exception reports that they require to provide management information on the processes carried out by the team. These would help inform them of any part of the process taking longer than expected, any cases stuck at particular stages, parts of the process not being completed or data quality errors that require correction.	Management information is not available to enable performance monitoring ensuring key targets are met. Data quality and processes issues cannot be detected and corrected.		31/08/18	31/01/19	Once the reports have been finalised in PowerBI, management will be able to utilise this information to ensure key targets are met.

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
Deprivation of Liberties Standards (DOLS)	<p>Data quality within the DoLS element of the CareFirst system is poor. A monitoring exercise was carried out during the audit on cases that had already been validated by the allocated admin worker and issues were found on every case checked which raises serious concerns over the data quality of the information contained in the CareFirst system and consequently the information reported to Audit Committee and the Annual Report. It would be difficult for the team to produce an accurate data response in the event of a Data Subject</p>	<p>Data quality issues may affect the annual return to Government.</p> <p>Poor data quality may lead to inappropriate service decisions and an inability to answer any litigation brought against the Council.</p> <p>Breach of the Data Protection Act (Principle 4 - Accuracy).</p>	<p>Management will ensure that data quality issues within the Carefirst system for 2018/19 cases are investigated and rectified.</p> <p>Once other actions resulting from this audit have been implemented the number of data quality problems should decrease, thereby reducing the number of corrections required.</p>	30/06/18	18/02/19	<p>Complete</p> <p>Validation work was completed which enabled the 2019 annual return to be completed by the deadline.</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	Access Request.					
ECONOMY AND ENVIRONMENT						
Strategic Asset Management – Income Management Review Follow Up	There are 2 recommendations that still require implementation from a review completed in 2017. The most significant of these requires the Assets Team to conduct a full reconciliation between the lease / rent recording system, Technology Forge Cloud and Accounts Receivable to ensure that all income is being collected. Although this has been started, it has not been completed.	Income may be lost as errors may have occurred resulting in income not being collected and this would not be routinely identified for correction.	A full end of year reconciliation between Technology Forge Cloud and Accounts Receivable will be completed to ensure that all income is being collected.	31/05/19		<p>Complete</p> <p>All 1956 entries held on the Technology Forge cloud download of all lettings (leases, licenses etc.) have now been matched to a download from the Accounts Receivable system (full year).</p> <p>Further work evidencing the reconciliation and identified anomalies and corrections is now complete.</p>

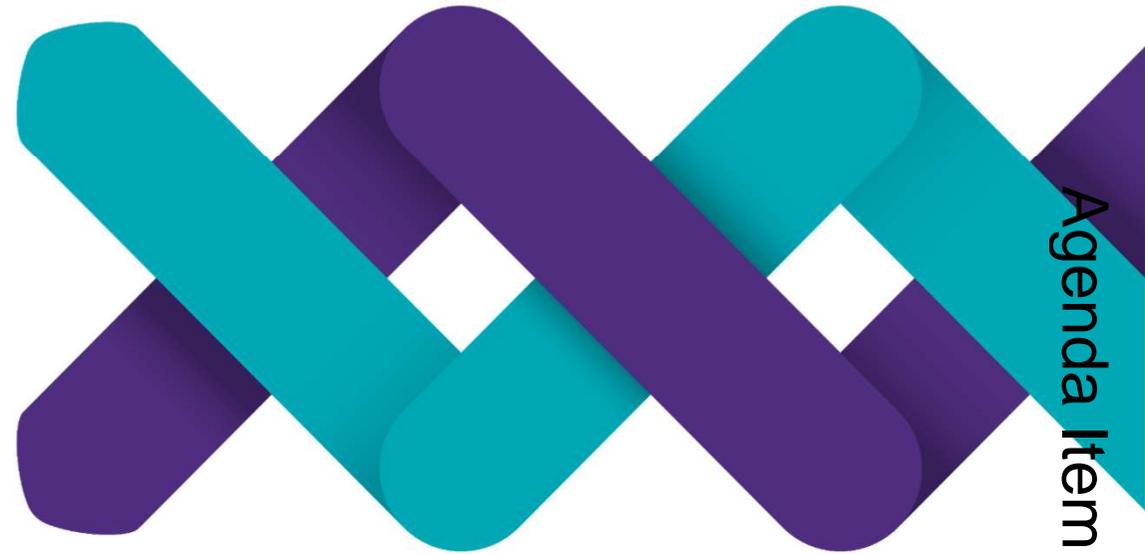
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Audit Progress Report and Sector Update

Doncaster Metropolitan Borough Council

Year ending 31 March 2020

11 October 2019



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Introduction

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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk ..

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Paul or Perminder.

PSAA Contract Monitoring

Doncaster Metropolitan Borough Council opted into the Public Sector Audit Appointments (PSAA) Appointing Person scheme which starts with the 2018/19 audit. PSAA appointed Grant Thornton as auditors. PSAA is responsible under the Local Audit (Appointing Person) Regulations 2015 for monitoring compliance with the contract and is committed to ensuring good quality audit services are provided by its suppliers. Details of PSAA's audit quality monitoring arrangements are available from its website, www.psaa.co.uk.

Our contract with PSAA contains a method statement which sets out the firm's commitment to deliver quality audit services, our audit approach and what clients can expect from us. It will also be a benchmark for you to provide feedback on our performance to PSAA via its survey in Autumn 2019.

Progress at 11 October 2019

Financial Statements Audit

We issued our opinion on your 2018/19 Statement of Accounts on 29 July 2019.

We will begin our planning for the 2019/20 audit in November and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2019/20 financial statements.

We will begin our interim audit in March 2020. Our interim fieldwork includes:

- Updating our review of the Council's control environment
- Updating our understanding of financial systems
- Reviewing Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by the statutory accounts publication date of 31 July 2020.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by the statutory accounts publication date of 31 July 2020.

Other areas

Certification of claims and returns

We will certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for 2018/19 is in progress and will be completed by the 30 November deadline. We will also certify a number of other returns including Housing Capital Receipts and the Teachers' Pension return.

Meetings

We continue to meet with Finance Officers as part of our regular liaison meetings and continue to be in discussions regarding emerging developments and to ensure the audit process is smooth and effective. We have also recently met with the Chief Finance Officer and Director of Corporate Resources, and are scheduled to meet with your Chief Executive in January 2020 to discuss the Council's strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. As last year, we plan to run a Financial Reporting Workshop in February 2020 for Finance Officers, to help ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2018/19 Deliverables

	Planned Date	Status
Audit Findings Report The Audit Findings Report was reported to the July Audit Committee.	July 2019	Complete
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Complete
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Complete

2019/20 Deliverables

	Planned Date	Status
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.	January 2020	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	April 2020	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audit Committee.	July 2020	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2020	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2020	Not yet due

Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:



Public Sector



Local
government

CIPFA – CFO confidence survey

In July, the Chartered Institute of Public Finance and Accountancy (CIPFA) reported the results of their annual confidence survey.

The survey found that the majority of local government finance officers have lost confidence in their future financial positions over the last year.

Seventy per cent of respondents said they were either slightly less or much less confident in their financial position this year compared to 2018-19.

The survey also found that 68% said they were either slightly less or much less confident in their ability to deliver services in 2020-21. Sixty-two per cent expressed equal confidence in their financial position for 2019-20 as they had last year.

CIPFA found that the area of greatest pressure for top tier authorities was children's social care, with the number of authorities rating it as the biggest pressure rising by six percentage points.

For districts the greatest pressures were housing, cultural services and environmental services.

Rob Whiteman, CIPFA chief executive, said: "Local government is facing greater demand pressures than ever before, with particularly pressures in adults' and children's social care and housing. Local authorities also lack certainty about their future financial positions, so it's unsurprising to see confidence on the decline.

"We have repeatedly pointed out that local government is in need of a sustainable funding solution, but meeting this demand requires more than pennies and pounds. The sector as a whole must come together to address the challenges of effective service delivery."

CIPFA's survey received a total of 119 responses from authorities in the UK - 56 top tier authorities, 47 English districts, 12 Scottish authorities, and 4 Welsh authorities.



On the same theme, a Local Government Association (LGA) survey, also reported in July, found that almost two-thirds of councils believe cash for services like adult social care, child protection and preventing homelessness will dry up by 2024-25.

The survey got responses from 141 of the 339 LGA member councils in England and Wales.

It also found that 17% of councils were not confident of realising all of the savings they had identified this year (2019-20).

The LGA said that councils needed a guarantee they will have enough money to meet growing demand pressures in particular in adult social care, children's services, special educational needs, homelessness support and public health.



Financial confidence



Challenge question:

How confident over its' financial position is your Authority? Has this changed from previous years?

MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”

In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded”, but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.



National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfill their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

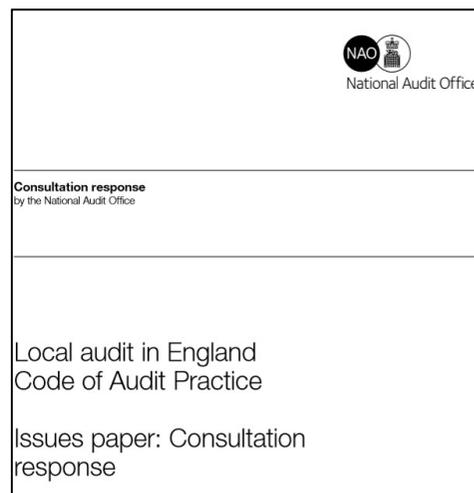
Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation is open until 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>



Local Government Association – Profit with a purpose – delivering social value through commercial activity

The Local Government Association (LGA) report 'Profit with a purpose' focuses on some of the practicalities of how councils can deliver social value through their commercial activity.

Through 'key questions' to ask, the guidance supports councils to face the challenge of how to undertake commercial activity and achieve greater value for the public purse in ways that better meet society's needs and outcomes for people and communities.

In addition, the publication features a number of short case studies highlighting some of the innovative commercial practice already achieving results for communities.

The LGA comments that the best approaches ensure the generation of social value is the primary factor driving commercial activity; from the initial decision to develop a commercial vision to how the approach is developed, and implemented, councils which are pulling ahead ensure social value is placed centre stage.

The guidance starts with an overview of what the LGA understands by 'profit with a purpose', the guidance explores different types of social value and the role of councils in driving social value alongside their commercial ambition.

The guidance then looks at how consideration and delivery of social value should be practically considered when deciding on whether to embark on commercial activity, the need for social value to be prioritised alongside financial return and the key questions councils should consider when embarking on a commercial initiative.

Following on from this, there are specific chapters on; embedding social value in governance of alternative service delivery vehicles, the role of procurement in contracting services that deliver social value and finally how to contract and performance manage social value through your service providers.

Each chapter outlines the factors that need to be considered and the 'key questions' councils should be asking themselves.

In addition, a number of short case studies are provided to highlight some of the innovative commercial practice already achieving results for communities.

The report can be downloaded from the LGA website:

<https://www.local.gov.uk/profit-purpose-delivering-social-value-through-commercial-activity>



Profit with a purpose

Delivering social value through commercial activity

Profit with a purpose

Challenge question:



If your Authority is looking at commercial activity, have you considered the LGA report?

MHCLG – Brexit preparations

Councils should be fully prepared to leave the European Union by the end of October, the Communities and Local Government Secretary announced on 3 August as he ramped up preparations.

Mr Jenrick thanked councils for all the work they have already done, but said they must step up vital preparations and committed £20 million for councils across England to prepare for delivering Brexit on 31 October, whatever the circumstances.

He has asked each council to designate a Brexit lead to work with central government and oversee teams in every community who will work with stakeholders in their area to plan intensively for Brexit.

The new funding comes in recognition of the central role councils will play to make sure their residents are ready for Brexit, and is expected to support a range of activity including communications, training and the recruitment of staff.

The Secretary of State said:

“From Whitehall to town halls – everyone needs to be ready to fulfil our democratic mandate to leave the European Union by the end of October.

Local government has a vital role in helping to make Brexit a success and it is absolutely right that together we intensify preparations in every community.

And to do this successfully I have asked every council to appoint a Brexit lead to work with government. We’ll be providing £20 million for councils to support the major step up in preparations.

I want all of us – central and local government – to be fully prepared for leaving the EU on 31 October whatever the circumstances. I know that we can achieve this, by continuing to work side by side with renewed national focus and intensity.”



Brexit preparations



Challenge question:

Who is your Brexit lead and how is your authority supporting Brexit preparations?

Public Accounts Committee – Local Government Governance and Accountability

The Public Accounts Committee has found that the Government has not done enough to ensure that, at a time when local authority budgets are under extreme pressure, governance systems are improved.

The Ministry of Housing, Communities & Local Government (the Department) is responsible for: ensuring that this framework contains the right checks and balances, and changing the system if necessary. The Secretary of State also has powers to intervene in cases of perceived governance failure. The framework includes: officers with statutory powers and responsibilities; internal checks and balances such as audit committees and internal audit; and external checks and balances such as external audit and sector-led improvement overseen by the Local Government Association. These arrangements represent a significant reduction in the level of central oversight in recent years following the government's decision to abolish the Audit Commission and the Standards Board for England as part of a broader reform of local audit, inspection and reporting.

The Public Accounts Committee report summary notes “Local authorities have a good overall track record with governance arrangements generally robust across the sector, and there is evidence that local authority governance compares favourably to that of the health sector. However, this is not universal and in some authorities governance is under strain, as funding reduces and responsibilities and exposure to commercial pressures change. We are worried to hear about audit committees that do not provide sufficient assurance, ineffective internal audit, weak arrangements for the management of risk in local authorities’ commercial investments, and inadequate oversight and scrutiny. This is not acceptable in the more risky, complex and fast-moving environment in which local authorities now operate.

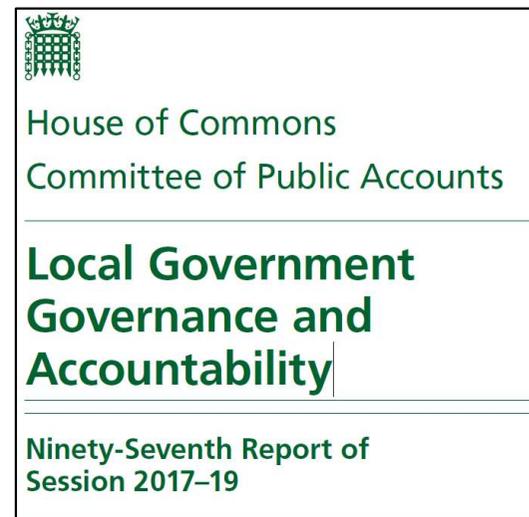
The Department has been reactive and ill-informed in its approach to oversight of the local governance system. However, the Department has now recognised that the network of bodies with responsibility for the local governance framework is fragmented and lacking the leadership needed to drive change. Encouragingly, the Department has now committed to enhancing its oversight role and producing a proactive work programme to deliver this change. We urge the Department to ensure that this activity leads to concrete actions and outcomes on a timely basis. When a local authority fails this has a significant impact on local people and the Department has a responsibility to work with local government to ensure that problems are caught early and that it can pinpoint at-risk councils. Since the abolition of the Audit Commission and other changes culminating in the Local Audit and Accountability Act 2014 there is no central assessment of value for the money, which means the Department's work is fundamental.”

The report makes five conclusions, with associated recommendations:

- 1) The Department is not yet providing effective leadership of the local governance system.
- 2) The Department does not know why some local authorities are raising concerns that external audit is not meeting their needs.
- 3) The Department lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils.
- 4) The Department's monitoring is not focused on long-term risks to council finances and therefore to services.
- 5) There is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.

The Government response is available on the website below:

<https://www.parliament.uk/documents/commons-committees/public-accounts/Gov-response-to-Public-Accounts-on-the-93-98-reports.pdf>



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External Audit Reform

Jon Roberts
Head of Public Policy

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Agenda Item 11

'Crisis' in confidence in audit



Regulators, Stakeholders, Government, Media, all want to see change

The UK review programme – corporate audit



Prem Sikka report
Kingman final report
CMA interim findings
Donald Brydon announced as
Chair of 'Project Flora'



BEIS
Select committee



CMA
final report



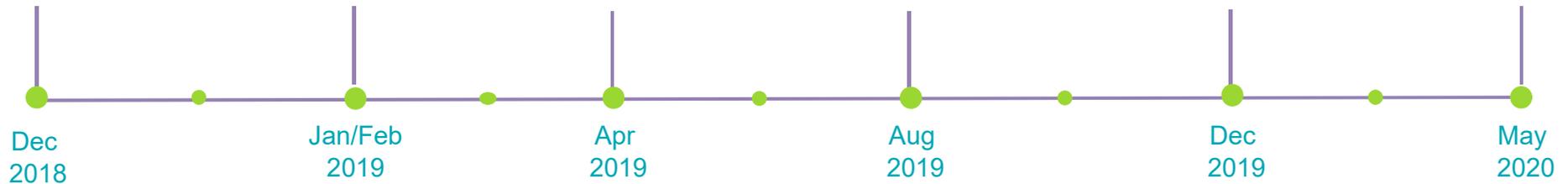
BEIS consultation on
CMA
FRC consults on ethical
standards and ISAs
Preparations for ARGAs



Brydon
review complete



Window for
Legislation starts



But change is already happening

In the public sector ...

What did the Audit Commission ever do for us?

- Delivered audits
- Set the Code of Audit Practice
- Set fees
- Mandated work
- Regulated quality



Local Authority audit in a Pickle(s)

Abolition of the Audit Commission

August 2010

Outsourcing the Commission's audit practice

February 2012 –
October 2012

Local Audit and Accountability Act (LAAA)

2014

Transitional arrangements needed as Audit Commission closes and
Public Sector Audit Appointments Ltd (PSAA) created by LGA

May 2015

Transitional arrangements apply

2015-2019

Appointed Person's Regulations

2015

Full impact of LAAA

Summer 2019

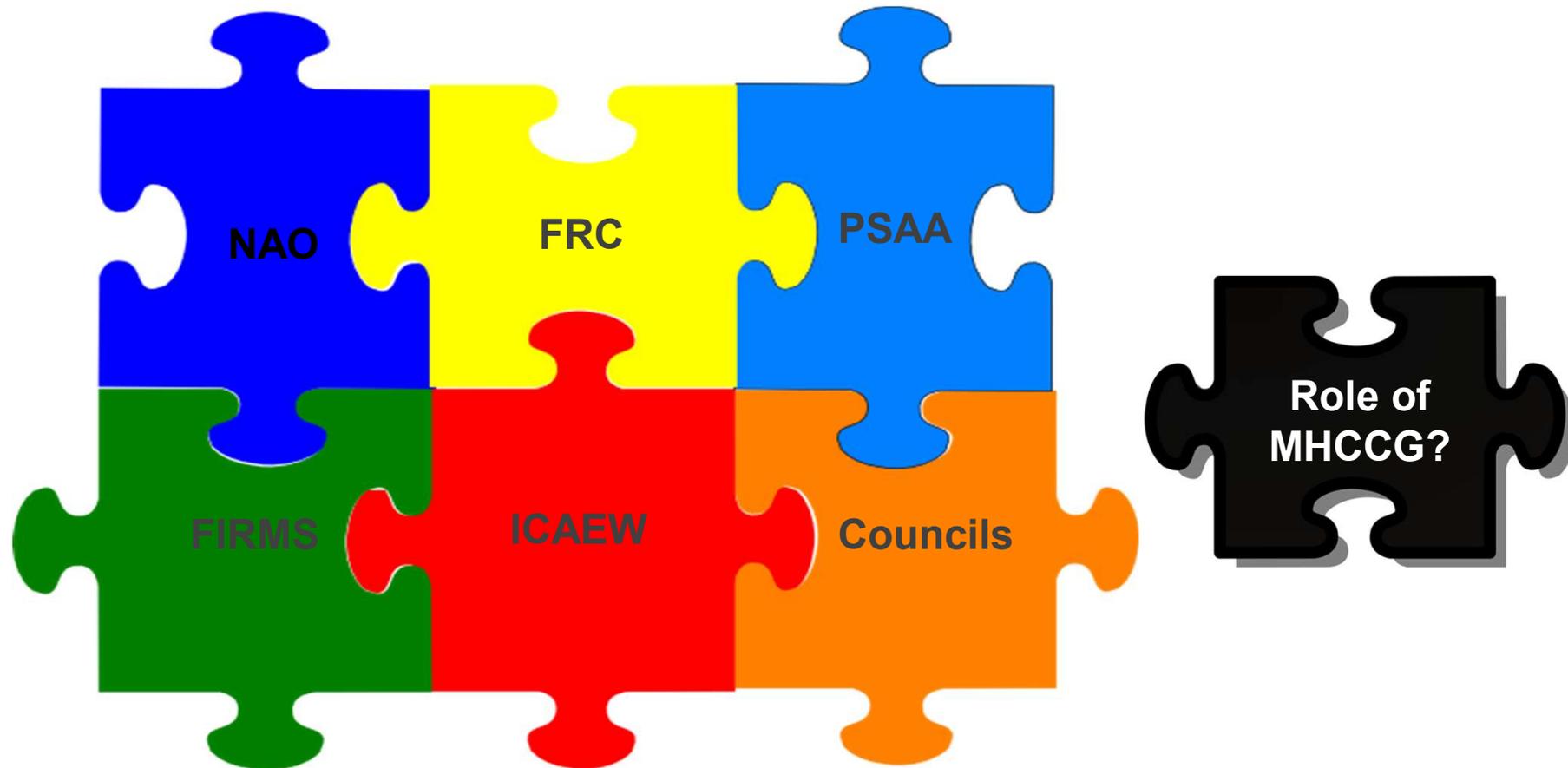
Early close

Accounts and Audit Regulations

Draft Accounts	30 June	→	31 May
Published Accounts	30 September	→	31 July
Audited Accounts <u>target</u>	30 September	→	31 July

Full effect from Summer 2018

Responsibilities under the Act



2019 Summer of discontent

- Over 40% audits not signed at 31 July
- More work = fee variations
- Accounts preparation and quality slippage
- Retention of audit teams under strain

The position is not sustainable

Redmond to the rescue

“A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but also service delivery and ultimately, our faith in local democracy”.

James Brokenshire

Review to cover: reporting, governance, audit quality and scope. Focus on users and sustainability.

If I had a magic wand ...

- ✓ Simplify accounts
- ✓ Redesign VFM audit
- ✓ De-couple accounts and VFM work
- ✓ Agree delivery plan up to 30 September
- ✓ Appropriate not excessive fees
- ✓ Clarify system leadership
- ✓ Tailored regulation



Redmond – are you responding?



Questions and comments



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The Annual Audit Letter for Doncaster Metropolitan Borough Council

Year ended 31 March 2019

21 August 2019



Contents



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Section

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2. Audit of the Financial Statements
3. Value for Money conclusion

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Appendices

- A Reports issued and fees

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Doncaster Metropolitan Borough Council (the Council) and its subsidiary (the group) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 24 July 2019.

Our work

Materiality	We determined materiality for the audit of the Council's financial statements to be £12,000,000 (Group £12,075,000), which is 1.5% of the Council's (and Group's) gross revenue expenditure.
Financial Statements opinion	We gave an unqualified opinion on the Council and Group's financial statements on 29 July 2019.
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 29 July 2019.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2019. We will report the results of this work to the Audit Committee separately.
Certificate	We certified that we have completed the audit of the financial statements of Doncaster Metropolitan Borough Council in accordance with the requirements of the Code of Audit Practice on 19 August 2019.

Working with the Council

In our first year of audit at Doncaster Metropolitan Borough Council, we believe we have developed professional working relationships with you and your officers and have delivered a number of positive outcomes, including:

- regular liaison with senior finance managers and members of the Audit Committee to understand the issues facing the Council
- an efficient audit - we delivered an efficient audit with you in June and July ahead of the local government target of 31 July 2019
- understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness

- sharing our insight – we provided regular Audit Committee updates covering best practice. We also shared our thought leadership reports
- providing training – we provided your teams with training on financial statements and annual reporting
- supporting development – we provided a workshop for members of the Audit Committee on the roles and responsibilities of audit committees including governance issues, accounting developments and value for money arrangements.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
August 2019

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council and Group's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to be £12,075,000, which is 1.5% of the group's gross revenue expenditure. We determined materiality for the audit of the Council's financial statements to be £12,000,000, which is again 1.5% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

We also set a lower level of specific materiality for senior officer remuneration.

We set a lower threshold of £600,000 (Group £604,000), above which we reported errors to the Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed
- the significant accounting estimates made by management are reasonable
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the financial statements, the narrative report and annual governance statement published alongside the financial statements to check it is consistent with our understanding of the Council and with the financial statements on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management over-ride of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We identified management over-ride of controls as a risk requiring special audit consideration.</p>	<p>We have:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of accounting estimates and critical judgements applied and made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any significant changes in accounting policies, estimates or significant unusual transactions. 	<p>There were no issues arising from our work which we needed to bring to your attention.</p>

Audit of the Financial Statements

Significant Audit Risks continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings (rolling revaluation) including the Council's 3 PFI schemes in the first year of audit</p> <p>The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (over £1 billion) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p> <p>Page 113</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work evaluated the competence, capabilities and objectivity of the valuation experts discussed with the valuers the basis on which the valuation was carried out challenged the information and assumptions used by the valuers to assess completeness and consistency with our understanding tested revaluations made during the year to see if they had been input correctly into the Authority's asset register considered how management has confirmed assets valued at 1 April 2018 have not significantly changed in value by the year end, 31 March 2019 evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end reviewed the Authority's 3 PFI schemes to consider the appropriateness of the accounting entries. 	<p>Our audit work did not identify any issues except for:</p> <ul style="list-style-type: none"> Schools and Children's Centres had been valued as at 1st April 2018 and then again as at 31 March 2019. No depreciation had been charged on these assets for 2018/19 and the net cost of services was consequently understated and the revaluation reserve overstated by £5.7m. Management amended the accounts for this error The valuation of the CAST Theatre was previously undertaken in 2013 and prior to a 23 year lease being granted at a peppercorn rent. The current year valuation recognised the Theatre is subject to a lease at a peppercorn rent and has resulted in a downward revaluation of £17.5m reflecting the leasehold nature of the facility. The Theatre should properly have been valued on a leasehold basis in 2013, at which time, the impairment resulting in the downward revaluation should have been recorded in the 2013/14 financial statements. To correctly account for this impairment, a Prior Period Adjustment was required impacting on the Authority's opening balances. Management amended the accounts for this error Council Dwellings were revalued as at 1st April 2018 using the Beacon methodology. The District Valuer Services (DVS) confirmed there was no impairment in Beacon values to 31 March 2019. DVS initially did not provide an indication of whether Beacon values had increased in value. Further correspondence with DVS indicated Beacon Values had increased between 0% and 2%. The Council considered the midpoint, 1%, as an appropriate increase which equated to £6.4m. Management has adjusted the accounts for this error and also included a disclosure note in the financial statements to explain the increase Capital additions to Council housing totalled £22m for 2018/19 of which the Council had impaired £6m as adding no value. Following audit work, management undertook a further review of capital additions which confirmed an additional impairment to the CIES was required of £14.5m. Management amended the accounts for this error.

Audit of the Financial Statements

Significant Audit Risks continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of the pension fund net liability</p> <p>The pension fund net liability, as reflected in the Authority balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls • evaluated the instructions issued by management to their management expert for this estimate and the scope of the actuary's work • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary PwC (as auditor's expert) and performing additional procedures including: <ul style="list-style-type: none"> ○ review of the scope of the actuary's work ○ review of the source data provided to the actuary to confirm its validity / completeness ○ performed checks on accounting policy disclosures in relation to IAS 19. 	<p>Our audit work identified that the Council used the figures for its pension fund net liability of £457.1m, issued by its actuary in April 2019. The figures provided by the actuary were based on asset valuations as at 28 February 2019 and projected to 31 March 2019.</p> <p>Following audit work, we asked the Council to obtain an updated asset valuation as at 31 March 2019 to identify any material difference in pension fund asset values between the projected figures used by the actuary for the last month of the year and the actual position at the year end. The Council's actuary confirmed the difference between the estimate of asset values at 31 March 2019 based on a projection for the final month of the year, and the actual outturn was not material.</p> <p>The Council requested updated reports from its actuary to take into account the impact on the Council's pension numbers as a result of the McCloud judgement. The revised reports resulted in an increase in the Authority's pension fund liability of £14.5m, which was adjusted in the final accounts approved on 24 July 2019.</p> <p>Our audit work did not identify any other issues.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the Council and Group's financial statements on 29 July 2019.

Preparation of the financial statements

The Council presented us with draft financial statements in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit Committee on 24 July 2019.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website alongside the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO . We issued an assurance statement which did not identify any issues for the group auditor to consider.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Doncaster Metropolitan Borough Council in accordance with the requirements of the Code of Audit Practice on 19 August 2019.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Financial standing</p> <ul style="list-style-type: none"> Doncaster Metropolitan Borough Council as other authorities, continues to operate under significant financial pressures. For 2018/19, the Council planned to deliver a balanced outturn position but to achieve this, needed to deliver savings of some £7.8m whilst managing cost pressures within Children's Services and Adult Social Care at a time of reduced funding The Chief Financial Officer planned a balanced budget in 2019/20, however, he had concerns about on-going budget pressures and the impact on the medium-term financial strategy for 2019/20. 	<p>As part of our work we:</p> <ul style="list-style-type: none"> reviewed key financial and operational documents discussed key relevant matters with senior management. 	<ul style="list-style-type: none"> The Council delivered an outturn General Fund underspend for 2018/19 of £2.1m compared to a budgeted balanced position for the year. Whilst there were some overspends in directorates, the main areas of underspend were in Corporate Resources (£1.4m) and Regeneration and Environment (£1.5m) Actual savings delivered by directorates totalled some £9.9m compared to a savings target of £7.8m for 2018/19. The Council contributed £2.1m to the General Fund Reserve at the year end increasing the General Fund Reserve to £14.4m at 31 March 2019. The increase supports the Council's strategy to increase reserves to strengthen its financial resilience The Housing Revenue Account also delivered an outturn underspend of £1.4m for 2018/19 mainly due to lower management fees, lower bad debts and general underspends in other areas with a marginal increase in income of £0.2m Capital spend during the year totalled £87.1m (General Fund) compared to a budget of £100.2m, the variance arose as a result of a number of high values sales expected in 2018/19 slipping into 2019/20 and delaying capital spending. Key developments during 2018/19 included the new central library and museum and the Herten Triangle development The Council approved the 2019/20 budget in March 2019, Council Tax for 2019/20 increased by 1.99% plus an additional 2% for the Adult Social Care precept, a total increase of 3.99%. The budget gap for 2019/20 is £21.4m, the Council has proposed to use £3.2m of one-off reserves in year reducing the savings required to £18.2m for the year. <p>Conclusion</p> <p>The Council continues to operate under significant financial pressures, however, it has effective arrangements in place to routinely monitor its budget and take appropriate action to mitigate against any significant variances or additional calls on resources. This has helped deliver an underspend of £2.1m for 2018/19.</p> <p>Whilst the Council has a challenging savings target for 2019/20 of £18.2m, it has a good record of delivering the savings required and considers the savings achievable.</p> <p>Overall, we concluded that the Council has proper arrangements in place to ensure sustainable resource deployment.</p>

Value for Money conclusion

Value for Money Risks continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Brexit</p> <p>The UK was due to leave the European Union on 29 March 2019 (now 31 October 2019). There are national and local implications resulting from Brexit that will impact on the Authority, which the Authority will need to plan for</p> <p>We considered the Authority's arrangements and plans to mitigate any risks on Brexit. We also considered areas such as workforce planning, supply chain analysis, regulatory risk and the impact on finances including investment and borrowing as well as any potential impact on the valuation of the Council's assets.</p>	<p>As part of our work we:</p> <ul style="list-style-type: none"> • reviewed key financial and operational documents • discussed key relevant matters with senior management. 	<ul style="list-style-type: none"> • The UK was initially expected to leave the European Union on 29 March 2019, this was extended to 12 April, after which EU leaders agreed a further extension to 31 October 2019 • Following the result of the June 2016 referendum, Doncaster MBC continued to monitor developments. The first report on Brexit was presented to the Scrutiny and Overview Management Committee on 27 February 2018. This report recognised the possibility of a no deal Brexit and highlighted that planning was underway for a range of possible scenarios. It also confirmed a multi-agency approach, and the preparation of contingency plans • The majority of the Council's work to prepare for Brexit has been undertaken as part of normal business arrangements at the Council. However, co-ordination of activity has been undertaken by existing teams based within the Corporate Services and Regeneration Directorates. There is also recognition that should an emergency situation arise, Council officers may need to be temporarily redeployed as part of response and recovery arrangements. • A report to Cabinet on 7 May 2019 provided an update on the Council's preparations for Brexit and set out to provide dedicated support to businesses and established a flexible Contingency Fund to allow Doncaster to address the challenges created by Brexit as they emerge. <p>Conclusion</p> <p>The Council has continued to monitor Brexit developments following the referendum in June 2016 and has continued to liaise with neighbouring authorities and other agencies to ensure a co-ordinated approach to an EU exit</p> <p>Given the date of Brexit has now been extended to 31 October 2019, the Council continues to monitor developments and liaise with its partners to ensure it remains prepared for Brexit</p> <p>The Council recognises Brexit may impact on local businesses and has set up a fund to support the challenges faced as they arise and has also secured matched support from the private sector through Doncaster Chamber of Commerce.</p> <p>Overall, we concluded the Council has proper arrangements in place to plan for Brexit and can demonstrate appropriate working with partners.</p>

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit. There were no fees for the provision of non audit services.

Reports issued

Report	Date issued
Audit Plan	January 2019
Audit Findings Report	July 2019
Annual Audit Letter	August 2019

Fees

	Planned £	Actual fees £	2017/18 fees £
Statutory audit	126,930	**133,430	164,844
Housing Benefit Grant Certification	*15,500	*15,500	17,603
Total fees	142,430	148,930	182,447

* Estimate

** Additional fee of £6,500 subject to PSAA approval

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Audit fee variation

As outlined in our audit plan, the 2018-19 scale fee published by PSAA of £126,930 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table.

Area	Reason	Fee proposed £
Assessing the impact of the McCloud ruling	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	1,500
Pensions – IAS 19	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this.	500
PPE Valuation – work of experts	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	500
Resolution of additional issues relating to PPE	Our audit work on PPE identified a number of issues requiring further work to resolve relating to valuations, capital additions and depreciation.	4,000
Total		6,500

Fee variations are subject to PSAA approval.



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