



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: Virtual Meeting through Microsoft Teams

Date: Wednesday, 17th June, 2020

Time: 10.00 am

The meeting will be held remotely via Microsoft Teams. Members and Officers will be advised on the process to follow to attend the Audit meeting. Any members of the public or press wishing to attend the meeting by teleconference should contact Governance Services on 01302 736716/736723/ 737462 for further details.

BROADCASTING NOTICE

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Damian Allen
Chief Executive

Issued on: Tuesday, 9 June 2020

Governance Services Officer for this meeting: Andrea Hedges
(01302) 736716

Items for Discussion:

Page No.

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 30th January 2020	1 - 6
A. Reports where the public and press may not be excluded		
5.	Audit Committee Action Log.	7 - 12
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7.	Breaches and Waivers to the Council's Contract Procedure Rules.	21 - 32
8.	Annual Report of the Head of Internal Audit 2019/20.	33 - 54
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12.	Grant Thornton - Update to Audit Plan.	133 - 140
13.	Grant Thornton - Audit Scale Fee.	141 - 144

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

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 30TH JANUARY, 2020

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 30TH JANUARY, 2020, at 10.00 am.

PRESENT:

Chair - Councillor Austen White

Councillors Charlie Hogarth, Tosh McDonald, David Nevett and Co-Optee, Kathryn Smart

APOLOGIES:

An apology for absence were received from Councillor R. Allan Jones

ALSO IN ATTENDANCE:

Peter Jackson - Head of Internal Audit
Debbie Hogg - Director of Corporate Resources
Denise Bann - Strategic Lead, Adults, Health & Wellbeing Commissioning
Helen Potts - Principal Legal Officer
Paul Dossett - External Auditor, KPMG

27 Declarations of Interest, if any

There were no declarations made at the meeting.

28 Minutes of the meeting held on 24th October, 2019

RESOLVED that the minutes of the Audit Committee Meeting held on 24th October, 2019, be approved as a correct record and signed by the Chair.

29 Audit Committee Action Log

Members of the Committee considered the Audit Action Log which detailed all actions agreed at previous Audit Committee Meetings. It was noted that the four actions previously requested at the January and October 2019 meetings were all progressing well and would be cleared from the log in due course.

Members commended the presentation of the report and welcomed the clarity within it, expressing their thanks for the use of 'plain English' without any confusing jargon.

RESOLVED that the Audit Committee note the progress made against the actions agreed at previous Audit Committee Meetings.

30 Update Reports on Contract Commissioning in Adults, Health & Wellbeing

The Audit Committee were provided an update from Denise Bann, Strategic Lead, Adults, Health and Wellbeing with regard to the progress made in the past year.

The reporting of progress within Commissioning, had been in place since April 2017, due to a number of breaches of the Council's Contract Procedure Rules and also, a number of waiver requests.

The Chair reported that this area of the Council was now a well-governed section and he was pleased to see the improvements that staff had made in moving the teams forward.

Denise Bann informed the Committee that the department had a clear plan moving forward, and would be working closely with the Corporate Procurement Team in the future to ensure there was firm control of the issues remaining and to ensure any new issues that arose were picked up quickly and effectively. The Committee were assured that it was not anticipated there would be any significant increases in waivers or breaches in the future, as robust procedures were now in place. However, if there were, these would be picked up quickly and monitored regularly. However, it was suggested by Officers that there may not be the need to report to the Committee as regularly as in the past.

Members commended the work of officers and commented that the Team was a success story, having worked their way through considerable issues to ensure they were back on a level where they should be. The Officer stated that indeed, it was purely down to the hard work of the Team and that their aim was to remain on track in the future, but if there was any slide in performance it would be picked up straightaway.

RESOLVED that:-

- 1) The Audit Committee note the information contained within the report; and
- 2) Receive an update report in January, 2021, informing the Committee how the structure has been embedded and the further progress that has been made.

31 Internal Audit Progress Report for the period: October to December 2019.

Peter Jackson, Head of Internal Audit, presented a report to the Audit Committee, which updated Members on the work undertaken by Internal Audit for the period October to December, 2019. The report was an essentially positive report, and outlined the progress made with a series of actions.

It was noted that the level of planned audit work undertaken had reduced slightly due to the personal circumstances of staff members and whilst the work was being managed adequately, it obviously had some impact, but actions had been taken to further alleviate this in the coming months. Members noted that whilst there may be instances where pressure would mount due to lack of resources, there was still sufficient resources across the team to deliver a satisfactory level of audit work and provide the annual opinion on the organisations, risk, governance and control arrangements.

The report was positive and outlined the successful audit work undertaken throughout the period, including two extensive investigations that required a great deal of input.

Officers added that there were a number of pieces that had resulted in high-level recommendations that were all still in progress. There had been slippage on some of these

areas but appeared to be on track against revised dates, and the Committee would be updated on these at a future meeting.

The Committee were reassured by Officers that despite the staffing pressures alluded to in the course of the discussions, they still had the ability to deliver the required amount of audit work, and provide the required audit opinions as well as responding to any major pieces of work that came in.

RESOLVED that

- 1) The Audit Committee note the changes to the original Audit Plan;
- 2) The internal audit work completed within the period be noted;
- 3) The Committee note the progress made by Officers in implementing previous audit recommendations; and
- 4) The Audit Committee note the information relating to Internal Audit's performance within the period.

32 Covert Surveillance - Regulation of Investigatory Powers Act 2000 (RIPA) Update.

Helen Potts, Principal Legal Officer presented a six monthly update report to the Committee with regard to the Regulation of Investigatory Powers Act 2000 (RIPA). The Committee received an Annual report and a 6-monthly update with regard to the Councils use of RIPA Powers.

It was noted that the Council has had not authorised any new directed surveillance operations under RIPA since the last update report on 19 June, 2019, but work under three previous investigations had now been completed, with further information on these provided within the body of the report.

Members were informed that the Interim Chief Executive had been provided with training on RIPA, as it was essential that this particular role received specific training with regard to the use of juveniles as a human intelligence source and whilst this had never been utilised, it had to be demonstrated that the training had been done.

Additionally, a number of training sessions had been offered to Staff within the Enforcement Teams, which had been positively received, and the Principal Legal Officer reassured the Committee that she understood all staff had now been given the necessary training but would check on this.

RESOLVED that

- 1) The Committee note that the Council has had no directed surveillance operations since the last report to the Audit Committee in June 2019, but that work under three previous authorisations has been completed;
- 2) The Committee note that in accordance with the Council's revised RIPA procedure an error report was made to the Investigatory Powers Commissioners Office (IPCO) relating to a potential unauthorised use of CHIS; and
- 3) The Committee note that four training sessions have been delivered to Enforcement Officers within the Enforcement Team, covering 64 officers in 2019.

33 External Auditor (Grant Thornton) Audit Plan 2019/20 and Arrangements for the Preparation of the 2019/20 Accounts

The Committee considered a report which provided an overview of the programme of work that the external auditor, Grant Thornton, would undertake in order to deliver their audit of the 2019/20 Financial Year.

Paul Dossett, Engagement Lead, Grant Thornton, outlined the programme of work and the thoughts and practices behind it. It was reported that a similar pattern of work would be undertaken as in the previous year, and would cover all the work required for completing the review of the Council's 2019/20 financial statements and the value for money conclusion.

The report provided details of the timetable, with the statutory deadlines for the unaudited accounts and approved audited accounts remaining at 31st May and 31st July respectively, as in previous years. It was reported that it was an achievable deadline and a target that had been achieved by DMBC previously, putting them in only the 58% of authorities nationwide who had managed this.

The Committee asked a number of questions relation to the service provided and sought reassurance that once there had been a staff handover following Paul Dossett's departure from the Doncaster Team that there would still be a wealth of audit experience to maintain the momentum. Members were assured that high quality support would continue, and Perminder Sethi, who had been engaging with Doncaster over the past year, would continue to be part of the Team.

Through the course of the discussions, the Chair referred to the letter attached to the report regarding the fee increases for the coming financial year. Members of the Committee were very concerned with what was essentially a 20% increase in fees and queried what justification there was for this. Members were concerned that the taxpayer was getting value for money as a result of the fee increases as essentially; the cost was laid at their door. It wasn't a moderate increase but a substantial rise, for which the Council would get no better service or any additional benefits. The Committee commented that they wished for their concerns to be passed on to the PSAA in order for a rigorous review of the increases to be carried out. The Committee stated there needed to be moderation over these fee increases checking if this was standard across the country and that Doncaster was not being singled out. The Committee felt that they were paying a lot more money for the audit tendered only a relatively short time ago.

Paul Dossett, Grant Thornton, acknowledged the concerns of the Committee and confirmed he would refer these back and whilst he understood their frustrations, explained that there were now more challenges faced nationally by auditors, and new expectations placed on them continually which resulted in the bar being moved on a frequent basis. Many additional costs were currently being absorbed by the company nationally, with a great deal of additional work undertaken.

Members thanked Grant Thornton's representative for his response, but there was a consensus amongst the Committee that they were not satisfied with the principle of increasing the tendered fees and requested that a letter be sent on behalf of the Chair and the Committee to the PSAA stressing their dissatisfaction with the current position they faced.

Members acknowledged there might be small annual variations but it was a priority to ask the PSAA, as the appointing body to carry out a rigorous evaluation of the fees.

Prior to the conclusion of the item of business, Paul Dossett expressed his thanks and gratitude to the Committee. He was moving on to another area of the country, and wished to place on record his thanks for the warm welcome as well as the challenges and questions he had been presented with. He commended the Committee on their professional manner and polite and courteous behaviour.

RESOLVED that:-

- 1) The Audit Committee note the contents of Grant Thornton's Audit Plan 2019/20;
- 2) The Audit Committee note the arrangements, including the draft timetable to produce the 2019/20 accounts; and
- 3) A letter be sent to the PSAA on behalf of the Chair and Committee regarding the Committees concerns surrounding the fee increases for 2020/21.

CHAIR: _____

DATE: _____

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Doncaster Council

Report

17th June 2020

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 7 actions requested in the January 2020 and October 2019 meetings. There are no actions outstanding from earlier meetings. Of these:
 - Two are complete and the remaining five 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.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

7. 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

8.

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

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

RISKS AND ASSUMPTIONS

9. The 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 (SRF 16/03/20)

10. There are no specific legal implications associated with this report. Where necessary appropriate legal advice can be provided in relation to matters listed in the Appendix to this report.

FINANCIAL IMPLICATIONS [ST 13/03/20]

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

HUMAN RESOURCES IMPLICATIONS [KG 11/03/20]

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

TECHNOLOGY IMPLICATIONS [PW 11/03/20]

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

EQUALITY IMPLICATIONS [PJ 04/03/20]

14. 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 11/03/20]

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

CONSULTATION

16. 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

17. None

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

None

REPORT AUTHOR & CONTRIBUTORS

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Debbie Hogg
Director of Corporate Resources

AUDIT COMMITTEE ACTION LOG – APRIL 2020

Follow-up actions from previous meetings:-

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting January 2020			
Adults, Health and Wellbeing - Contract and Commissioning Report Committee to receive an update report in January 2021, informing the Committee how the structure has been embedded and the further progress that has been made.	A report is scheduled for Wednesday 27 th January 2021 Audit Committee	Denise Bann	Scheduled 27 th January 2021 Audit Committee
Internal Audit Progress Report – Update on Trading Standards Management Actions Committee requested an update on the status of the implementation of management actions outstanding from the audit	An update will be provided as part of the Annual Report of the Head of Internal Audit at 17 th June 2020 Audit Committee	Peter Jackson	Complete – information provided to 17 th June Audit Committee
RIPA Helen Potts to check and affirm that RIPA training has been delivered to all Trading Standards Staff	A further training session has been arranged for new staff in the area and other who were unable to attend the training provided in 2019	Helen Potts	Complete – virtual training session given 6 th May 2020
External Auditor Fees A letter be sent to the PSAA on behalf of the Chair and Committee regarding the Committees concerns surrounding the fee increases for 2020/21.	A letter is being drafted for the PSAA to consider the requested increase in external audit fees	Debbie Hogg	In Progress –letter received from PSAA

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting October 2019			
Breaches and Waivers Future reports to provide more analytical information, key for waiver types to be made clearer and each breach and waiver to be numbered for ease of reference.	Scheduled for 17 th June 2020 Audit Committee	Holly Wilson	Complete – provided within reports for June 2020 Audit Committee
Annual Governance Statement – Progress Report – This and all future reports for Audit Committee need use of Plain English	Arrangements made to improve quality of wording used in reports	Peter Jackson	In Progress – ongoing work to improve this area
Annual Fraud Report Staff to be reminded of the Whistleblowing arrangements in place	Reminders to be provided to staff upon release of revised policy	Helen Potts	In Progress – for completion by October 2020 Audit Committee



Doncaster Council

Date: 17 June 2020

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

ANNUAL REPORT OF MONITORING OFFICER

EXECUTIVE SUMMARY

1. This paper sets out the Monitoring Officer's (MO's) Annual Report on matters relating to ethical governance, including details of any complaint handling activity carried out in consultation with the Independent Person in relation to allegations of Member misconduct, details of disclosures made under the Council's Whistleblowing Policy during the last 12 months and any reports under the Money Laundering Policy.

RECOMMENDATIONS

2. It is recommended that the Committee:-
 - (i) notes the MO's annual report on complaint handling activity for the period 1st April 2019 to 31st March 2020;
 - (ii) notes the whistleblowing return for 2019/20.
 - (iii) notes the nil money laundering reports for 2019/2020.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

3. Having robust ethical governance policies and procedures in place helps to maintain openness, transparency and probity in the way in which the Council conducts its business. This in turn should help increase public confidence in local governance through maintaining high standards of conduct by Members and Officers.

BACKGROUND

4. In accordance with adopted practice, this committee receives a report by the MO on an annual basis, which summarises complaint handling and ethical governance activities during the previous 12 months.

Councillor Complaint Handling Activity – 1st April 2019 to 31st March 2020

5. The Monitoring Officer works closely with the Council's designated Independent Person (IP), Philip Beavers on matters of Member Behaviour and Complaints.

6. The Council's *Arrangements For Handling Complaints Regarding allegations of Member Misconduct* requires that all complaints are provided upon the Council's specified complaints form. In accordance with this process, the Monitoring Officer is only able to consider these formal complaints and it is those which are detailed within this report. Upon receipt of a formal complaint, the Monitoring Officer considers whether the complaint is a potential breach of the Council's Code of Conduct and consults with the Independent Person upon its contents. In consultation with the Independent Person, the Monitoring Officer considers whether the allegations are serious enough to potentially warrant a formal investigation and potentially a hearing of the Audit Committee (Standards Hearing) Sub-Committee. Since the law changed in 2010 that sub-committee has met on only two occasions. Wherever possible the Monitoring Officer will seek an alternative form of resolution, most usually an apology.

Borough Councillors

7. Over the last 12 months, four formal complaints against Borough Councillors have been received by the MO. Two complaints were not considered to be a breach of the code. Of the remaining two complaints, both Councillors made apologies upon realising the discomfort caused by their comments. On that basis the MO and the Independent Person determined that no further action was required.

This report only details those complaints which followed the Council's policy & were submitted on the Code of Conduct complaints form. Other matters were brought to the attention of the Monitoring Officer and were dealt with appropriately.

Parish & Town Councillors

7. The Monitoring Officer has received nine formal complaints against Parish & Town Councillors during the period 1st April 2010 to 31st March 2020. Most complaints received did not amount to breaches of the Code of Conduct.
8. Unfortunately, tensions at Hatfield Town Council remain and a number of serious complaints about behaviours have been made by both Members and employees of that Town Council. When the current Covid-19 restrictions have been relaxed a further investigation by the MO and his staff will be undertaken regarding a number of those complaints. Members of this Committee will recall the Audit Committee (Hearings Sub-Committee) which

took place during January 2019, when three Hatfield Town Council Councillors were censured as to their behaviour and had sanctions imposed against them as a result of that behaviour. Sadly those sanctions have not been complied with and similar behaviours as were ruled upon by the sub-committee appear to be continuing.

On a final positive note, I would reiterate my comments made in previous years that most Town & Parish Councils in Doncaster do not appear on my radar and that point should be noted by the Committee.

9. A detailed summary of all complaints dealt with by the MO in consultation with the IP during the 2019/20 Municipal Year is set out in **Appendix A** to this report.

General

10. In previous reports, the Monitoring Officer and the Independent Person have expressed their frustration about the lack of sanctions available to us since the changes introduced by the Localism Act 2011. Monitoring Officers and commentators have long suggested that the return of a balanced standards regime with appropriate sanctions would provide Monitoring Officers with the ability to deal with issues they come across and would encourage complainants to share their issues in the knowledge that a satisfactory outcome was possible. I reported to this committee last year that the Committee on Standards in Public Life had published a supportive report and had recommended to Government that it was time to provide Monitoring Officers and “Standards Committees” with greater powers such as the power of suspension from office. I had hoped to report this year that those suggestions had been incorporated but sadly national events overtook any such plans and this has not yet found parliamentary time. It remains my hope that these developments will bear fruit and I will keep this Committee updated on any proposals which emerge.

Whistleblowing Returns for 2019/20

11. The MO has overall responsibility for the maintenance and operation of the Whistleblowing Policy, which includes keeping a record of all whistleblowing cases and presenting a summary of these to the Audit Committee on an annual basis.
12. The Whistleblowing policy was revised in February 2018. This applied the policy to members of the public, stakeholders, and contractors as well as employees. Whistle blowers are asked to report their concerns to named senior officers. This ensured that senior management were aware of any matters and that the correct processes were followed and reported to the Monitoring Officer for the annual report.
13. We have had three whistleblowing matters during 2019/20 and the detail is below.

Date	Name of officer reported to	Brief Summary of Matter	Outcome
Dec 2019	Scott Fawcus	Concern over a payroll matter	Payments made were within the discretion of the

Jan 2020	Scott Fawcus	Safeguarding concerns about a DMBC facility	Council Investigation on-going
Jan 2020	Scott Fawcus	Concern about actions of a DMBC employee	No such staff member exists.

Anti- Money Laundering Returns for 2019/20

14. Money laundering is the method by which cash or funds obtained illegally are passed or “laundered” through financial systems to disguise their criminal origin. The “laundered” funds can then be used for legitimate transactions that do not arouse suspicion. Where an officer suspects (or knows) that money laundering activity is taking place it must be reported to the Money Laundering Reporting Officer, who is the Monitoring Officer, who will provide advice as to whether or not to continue the transaction.
15. For the period April 2019 to March 2020 there have been no reports made to the Money Laundering Reporting Officer.

OPTIONS CONSIDERED AND REASONS FOR RECOMMENDED OPTION

- 16 Not applicable – this report is primarily for noting.

IMPACT ON THE COUNCIL’S KEY OUTCOMES

- 17.

Outcomes	Implications
Connected Council: <ul style="list-style-type: none"> • Working with our partners and residents to provide effective leadership and governance 	The work of the Audit Committee in monitoring the Council’s ethical governance activities helps to: <ul style="list-style-type: none"> • ensure that Council arrangements are open, accountable and ethically strong; • promote high standards of conduct; • build a ‘bond of trust’ between the Council and its communities.

RISKS AND ASSUMPTIONS

18. There are no identified risks associated with this report.

LEGAL IMPLICATIONS [Officer Initials...NC... Date...08/06/20]

19. Section 27(1) of the Localism Act 2011 places a duty on relevant authorities to promote and maintain high standards of conduct by Members and Co-opted Members of the authority.
20. Section 28 of the Localism Act 2011 requires Principal Authorities to have in place arrangements for investigating allegations of Member misconduct (both Members of the Council and Parish/Town Councils in the Borough) and taking decisions on those allegations. It also requires Councils to appoint at

least one Independent Person who is to be consulted as part of the complaint handling process. The Council has in place arrangements for discharging these arrangements.

21. Whistleblowing protection for workers is provided in the Public Interest Disclosure Act 1998, incorporated into the Employment Rights Act 1996, and amended by the Enterprise and Regulatory Reform Act 2013. It gives protection from detrimental treatment of workers who disclose reasonable concerns about serious misconduct or malpractice at work. Workers are protected from detrimental treatment if their disclosure qualifies as a 'protected disclosure'. In order to ensure that they qualify for protection, the worker should follow a certain procedure as set out in our Policy.
22. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering and replace earlier Regulations which were previously in force. A key difference with the new Regulations is that they require the adoption of a more risk based approach towards anti-money laundering. Whilst the new Regulations do not directly place specific responsibilities on local authorities in respect of money laundering, it is accepted best practice for the Council, as a guardian of public finances, to comply with the spirit of the legislation and put in place appropriate anti-money laundering safeguards.

FINANCIAL IMPLICATIONS [Officer Initials...A Townsend Date...08/06/20.]

- 23 There are no specific financial implications associated with this report.

HUMAN RESOURCES IMPLICATIONS [Officer Initials RH Date 08.06.20]

24. There are no specific HR implications in relation to the parts of this report which refer to complaints made against elected members and anti-money laundering returns.

Whistleblowing complaints which relate to the conduct of council employees are dealt with in line with the appropriate HR policy and procedure and any action taken, as appropriate, within the framework of the relevant policy.

EQUALITY IMPLICATIONS [Officer Initials...SRF... Date...05/06/20.]

25. There are no specific equalities implications associated with this report.

BACKGROUND PAPERS

Whistleblowing Policy
Code of conduct for Councillor
Anti-Money Laundering Policy

REPORT AUTHOR & CONTRIBUTORS

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**Scott Fawcus
Monitoring Officer**

Summary of Member Code of Conduct Complaints Received in 2019/20

Date received/ Ref.	Complainant(s)	Subject Member/ Council	Details of Allegation(s)	Outcome
DC1-19 13/4/19	Member of the Public	DMBC	Failure to declare an interest	Councillors were not part of the committee and therefore had no obligation to declare an interest
20/09/19 DC3-19	Member of public	DMBC	Complainant was dissatisfied at what they considered a slow response to a request made of their elected.	No action taken. The Code of Conduct does not deal with such dissatisfactions. Councillors are free to deal with ward issues as they see fit.
26/07/19 DC4-19	Member of the public	DMBC	Alleged failure to treat with respect	The subject member issued an apology to the complainant. On that basis MO & IP agreed that no further action was required.
6/2/20 DC1-20	Member of the public	DMBC	Alleged that the Cllr had breached the Code of Conduct through posts on a Facebook discussion page.	In consultation with the Independent Person the Monitoring Officer concluded that as the member in question had clarified their comments during the Facebook conversation and apologised for any distress inadvertently caused that no further action should be taken.
21/05/19 PC2A-19	Member of the public	Thorne-Moorends	Alleged that Councillor had abused their position to the detriment of the complainant	The Monitoring Officer concluded that there was no evidence to support the complaint and that the Councillor was entitled to take the action alleged regardless of their position as a Councillor.
PC3-19 28 May 2019	Member of public	Thorne-Moorends	Use of social media	Did not amount to a breach of the Code

Summary of Member Code of Conduct Complaints Received in 2019/20

PC4-19 Sept 2019	3 Member of public 1 Councillor	Stainforth	Failure to treat with respect – 4 complaints	Did not amount to a breach of the Code but Councillor written to about future behaviour
PC5-19 Oct 2019	Member of public	Stainforth	Failure to treat with respect	MO & IP agreed not a breach of the Code
21/9/19 PC6 - 19	Councillor	Hatfield Council	Failure to treat with respect whilst chairing a meeting	MO determined complaint not to be a breach of the code
14/11/19 P7-19	Member of Public	Thorne & Moorends	Concerns raised about a Councillor taking part in a decision despite having a Disclosable Pecuniary Interest in the agenda item	Upon consideration the Monitoring Officer considered that the Councillor had acted appropriately and their actions did not amount to a breach of the Code of Conduct The complainant was advised that no further action was required
26/4/19 PC8-19	Employee	Hatfield	Failure to treat with respect/bullying	Complaint was paused due to external issues – will be commenced post covid-19
7/1/20 PC1-20	Employee	Hatfield	Failure to treat with respect	Investigation on-going
17/1/20 PC2-20	Councillor	Hatfield Council	Allegation by 1 Councillor that 2 fellow Councillors demonstrated a failure to treat with respect	1 complaint dismissed as not a breach of the Code Other complaint under investigation



Doncaster Council

Report

Date 17 June 2020

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
		Yes/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 September 2019** to the **29th February 2020**.
2. The table below summarises the number of new waivers and breaches recorded for each Directorate since the last audit report presented in **October 2019**. It also provides a comparison to October's Audit Committee. The details of each waiver and breach are summarised in the appendices to this report.

Directorate	1 st Sept 19 to 29 th Feb 20		1 st Mar 19 to 31 st Aug 19		1 st Sept 18 to 28 th Feb 19	
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers
AHW	0	5	0	16	1	10
LOCYP	0	2	1	2	0	3
CR	1	2	0	1	0	3
E&E	1	1	3	8	3	9
GRAND TOTAL	2	10	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 Monitoring Officer (MO) monitored compliance with the CPR's for the period covered by this report.

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 (£189,330 as of the 1st Jan 20)** – 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 (£189,330 as of the 1st Jan 20) and £615,278 (£663,540 as of the 1st Jan 20) (Light Touch Regime (LTR) Services) or £4,551,413 (£4,733,252 as of the 1st Jan 20) (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 (£663,540 as of the 1st Jan 20) (LTR Services) or £4,551,413 (£4,733,252 as of the 1st Jan 20) (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.

Category	Description
1	Where the Director is able to demonstrate that only one specialist firm is able to meet the requirement
2	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
3	To allow for the safe exit from a contract or to decommission
4	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 **two** new breaches, as well as updates on **four** existing unresolved breaches and **four** 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 **October 2019**, there were **four** new breaches of the CPR's reported to Audit Committee as well as updates on **two** existing unresolved breaches and **six** resolved breaches.

Waivers to CPR's

14. **Ten** waivers to CPR's have been approved this period (see Appendix 2 for the detail of each waiver) compared to the **twenty-five** reported in October 2019.
15. The waivers detailed in this report have been reviewed and agreed either by the MO or the CFO (for waivers linked to the Legal and Democratic Services Department).

REVIEW OF PROCUREMENT ARRANGEMENTS ABOVE £25,000

16. 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.
17. SPT operate a spend analysis system to track all transactions that go to providers. This system can pick up where spend is not linked to contracted spend and this is reported to each Directorates senior management teams.
18. A structured CPR Training Programme has been delivered to officers across the authority. This is designed to increase awareness on best practice procurement and required governance when officers contract on behalf of the council. This training will continue through a classroom based approach periodically and there will be the launch of an E Learn package in 20/21.
19. Appendix 3 shows the context of the figures given.

OPTIONS CONSIDERED

20. Every waiver is examined and, where appropriate, challenged for alternative options prior to approval. A robust process monitors CPRs and a SPT officer is assigned as per there category areas to each waiver. Each waiver is approved for escalation for authorisation by the Head of Strategic Procurement. Ones that fail to meet one of the four reasons for non-compliance to the CPR's are rejected.

REASONS FOR RECOMMENDED OPTION

21. It is important that the council's CPR's are adhered to. Where breaches are identified, a corrective plan is formed and monitored by a SPT Officer in liaison with the service area.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

22.

	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>	<p>Effective procurement governance ensures best value is achieved from the budgets available.</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>Social value is considered in contracting activity. The CPRs state that for any procurement above £189,330 and there must be a minimum of 10% weighting factored into the overall 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.</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

23. 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...SRF... Date.....16/03/20.....]

24. 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 the Service areas in relation to these matters.

FINANCIAL IMPLICATIONS [Officer Initials...AT..... Date...12/03/20.....]

25. 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 10/03/20.....]

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

TECHNOLOGY IMPLICATIONS [Officer Initials... PW Date 06/03/20.....]

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

HEALTH IMPLICATIONS [Officer Initials... VJDate ...12/03/20.....]

28. 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]

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

CONSULTATION

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

BACKGROUND PAPERS

31. 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)
Learning & Opportunities: Children & Young People (LOCYP)
Adults, Health & Wellbeing (AH&W)
Economy & Environment (E&E)
Corporate Resources (CR)

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BREACHES

Appendix 1 details the:

- **New** CPR breaches that have been identified between the **1st September 2019 to the 29th February 2020**;
- **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:

No.	Directorate	Status New Unresolved Resolved	Date Reported to Audit Committee	Contract Description	Annual Value	Reason for breach	Proposed action to be / has been taken in relation to the breach	Timescale for resolution
1.0	AH&W	Resolved		Solar Centre	£746,000	Failure to re-commission. Contract expired.	<p>March 20 Note Resolved Section 76 entered into with the CCG</p> <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 Jan 20.</p> <p>Apr 19 Note - Report on the Solar Centre commissioning intentions going to the Cabinet on the 4 Jun 19.</p>	<p>Revised 1 Jan 2020</p> <p>Revised 30 May 19</p> <p>30 Jun 18</p>
1.1	AH&W	Unresolved	Apr 17	YMCA Goodall House	£170,000	Contract expired. Looking to review with the Doncaster Children's Trust.	<p>March 20 Note Service included in the review of the Homelessness Strategy approved by Cabinet on 5th Nov 19. Awaiting service area decision end Sept 20.</p> <p>Oct 19 Note - Decision over the future of the service put on hold until the approval of the Homelessness and Rough Sleeping Strategy presented at cabinet on the 5th Nov 19 The service will be considered as a part of the overall commissioning plan for the implementation of the Strategy.</p> <p>Apr 19 Note - report written but still to be agreed - recommendation to decommission the contract – if agreed in Apr 19 then contract will require 6 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>

No.	Directorate	Status New Unresolved Resolved	Date Reported to Audit Committee	Contract Description	Annual Value	Reason for breach	Proposed action to be / has been taken in relation to the breach	Timescale for resolution
2.0	LOCYP	Resolved	Oct 19	Books to under 5's	£122,696	Continuation of service following contract expiry Feb 19 with contract expenditure exceeding what that approved under the waiver CPR/16/01/005 dated 5 Feb 16	Mar 20 Note Service Ceased Oct 19 Note - Service cessation as of September 19	Mar 20 Sept 19
3.0	E&E	Unresolved	Apr 19	Glass and Glazing supplier for the supply & install of doors, windows and board ups	£102,000	Area unaware of the scope of the corporate contract for the 'Building Materials and Associated Products' and that it does not cover their requirements and have been using it for that supply. No contract.	Mar 20 Note – Procurement are currently drafting specification with a view to award June 20 Oct 19 Note - SPT are working with the Service Area on completing a tender. Procurement exercise to be completed.	Revised Jun 20 Apr 20
3.1	E&E	Resolved	Oct 19	Consultancy Fee for Traded Services	£180,672	Direct purchase albeit a compliant framework was available but was not used, lack of knowledge.	Mar 20 Note - Service Area are now engaging with Procurement and complying with CPRS 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
3.2	E&E	Resolved	Oct 19	Restoration works with Stone Edge	£16,330	Direct purchase for the refurbish works at Priory Place. Contract Procedure Rules not followed.	Mar 20 Note - Service Area are now engaging with Procurement and complying with CPRS 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
3.3	E&E	Unresolved	Oct 19	Provision of Flags, Kerbs, Edgings and Highway Products	£108,000	Continuation of purchase following contract expiry	Mar 19 Note – Due to run a further completion using Barnsley Council's Framework with a view to awarding July 20. Oct 19 Note - SPT are working with the Service Area on completing a compliant procurement process.	Revised: Jul 20 Dec 19
3.4	E&E	New	Apr 20	Autocad Software Licences	£32,000	CPR waiver rejected Continuation of service for a further one year following contract expiry	CPR waiver submitted Direct award for an annual license subscription. Declined as other licence resellers have been identified. Project to commence April 2020 to seek competitive quotes for a longer-term agreement.	Nov 20
3.5	CR	New	Apr 20	Grave Digging	£90,000	Continuation of service following contract expiry	Project on-going to procure service via YPO framework. Awaiting T&C's and information from service area.	May 20

WAIVERS

Appendix 2 details the CPR waivers that have been agreed covering the period **1st September 2019 to the 29th February 2020**, 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).

No.	Directorate	Title	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Waiver Category	Reason for the Waiver (brief description)
1.0	LOCYP	Oversight and management of curriculum peer reviews	£72,000	01/09/2019	31/07/2020	1. Sole Provider/Niche Market	To improve the quality of teaching, the Doncaster OA commissioned curriculum peer reviews in the three core subjects. The supplier used operates in a niche market and had already delivered complimentary works. Use of this supplier ensured continuity of delivery for schools and engagement.
1.1	LOCYP	Nexus Package Contract Renewal	£33,000	01/11/2019	31/10/2022	1. Sole Provider/Niche Market	There are no alternatives on the market, the Nexus system and its additional components are a fundamental part of our statutory services around education data.
2.0	AH&W	Extra Care Housing	£681,392	01/10/2019	31/03/2020	4. Forms Part of a Strategic Plan/Review	The current contractual arrangements were established following a tender in 2015. Extended to allow for re-commissioning of the services. A full procurement exercise is taking place and it is due to be awarded Feb 20.
2.1	AH&W	Archives Specialist Cleaning & Restoration	£262,778	01/10/2019	30/09/2020	2. Emergency Situation	The archives premises on King Edward Road, Balby, has severe structural problems and the situation is continuing to deteriorate at a rate more rapid than previously anticipated. The archives collections on site therefore need to be moved as soon as possible, and alternative interim storage found.
2.2	AH&W	Archives Specialist removal	£82,740	07/10/2019	30/03/2020	2. Emergency Situation	The archives premises on King Edward Road, Balby, has severe structural problems and the situation is continuing to deteriorate at a rate more rapid than previously anticipated. The archives collections on site therefore need to be moved as soon as possible, and alternative interim storage found.
2.3	AH&W	Archives Specialist storage	£81,975	07/10/2019	31/03/2020	2. Emergency Situation	The archives premises on King Edward Road, Balby, has severe structural problems and the situation is continuing to deteriorate at a rate more rapid than previously anticipated. The archives collections on site therefore need to be moved as soon as possible, and alternative interim storage found.

No.	Directorate	Title	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Waiver Category	Reason for the Waiver (brief description)
2.4	AH&W	Capita One	£71,105	01/04/2020	31/03/2021	1. Sole Provider/Niche Market	Given the new Doncaster Integrated People Solution (DIPS) education system will not be fully implemented until Jul 20 there is a need to extend the contract to ensure continuation of services until the new system goes live.
2.5	E&E	Active Travel Officers in Schools (STAF funded programme)	£250,000	01/04/2020	31/03/2021	4. Forms Part of a Strategic Plan/Review	DMBC currently manage the Sustainable Transport Access funding (STAF) provided by the Department for Transport (DfT) across the 4 Sheffield City Region areas of Barnsley, Doncaster, Rotherham and Sheffield. The initial funding window was Apr 17 – Mar 20. This funding has been extended by 12 months so to ensure continuity of services and value for money the contract has been extended by 12 months. It would not be feasible to tender a 12 months contract.
2.6	CR	Sophos UTM and Antivirus	£56,000	01/02/2020	31/03/2021	2. Emergency Situation	Waiver is to extend the education Contract for a further 13 months to bring this in line with the Corporate contract with the same expiry date and ensure continuity of services. This will allow the ICT department to complete a full procurement exercise in 2020 with one software vendor, which in turn will save the council money and offer a better service.
2.7	CR	Sparc Enterprise Server including Solaris 10	£14,445	06/03/2020	05/09/2020	3. Safe Exit from a contract	Support and maintenance contract for supporting the Solaris 10 environment on which OLM- Care First resides. Systems will be replaced by the new DIPS implementation in March 2020, however the go live date for Adults is now forecast to be mid July 2020 and therefore there is a need to extend the support for the existing legacy systems.

Breaches and Waivers to the Contract Procedure Rules (CPRs)

Directorate	No.of Live Contracts	No. of Contracts Awarded 1 st Mar 19 to 29 th Feb 20	Breaches 1 st Mar 19 to 29 th February 20	Waivers 1 st Mar 19 to 29 th February 20
AH&W	446	86	0	21
LOCYP	197	55	1	4
CR	309	86	1	3
E&E	250	242	4	9
Total	1202	469	6	37

Breaches accounted for **1.3%** the total contracts awarded 1st Mar 19 to 29th February 20

Waivers accounted for **7.9%** of the total contracts awarded 1st Mar 19 to 29th February 20



Doncaster Council

Report

Date: 17th June 2020

To the Chair and Members of the
AUDIT COMMITTEE

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2019/20

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

EXECUTIVE SUMMARY

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

Head of Internal Audit Annual Report 2019/20

- 1.1 It is a requirement of the United Kingdom Public Sector Internal Audit Standards (UKPSIAS) that an annual report is produced by the Head of Internal Audit on the work undertaken by the Audit Section. Headlines from the annual report, which is attached at **Appendix 1**, are as follows:
 - The team have delivered a lower level of coverage this year than anticipated, however, with management of the resources and revising the audit plan the Head of Internal Audit has been able to provide a positive opinion over the Council's risk, governance and control arrangements.

Internal Audit Plan v Actual Days April 2019 to March 2020

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

The key issues are shown below:

Issues within customer directorates

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

Issues within Internal Audit

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

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

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

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

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

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

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

Internal Audit conformance with the Public Sector Internal Audit Standards

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

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

EXEMPT REPORT

2. Not applicable, for information only.

RECOMMENDATIONS

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

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. Effective Internal Audit arrangements add value to the Council in managing its risks and achieving its key priorities of improving services provided to the citizens of the borough.

BACKGROUND

5. This report provides the Audit Committee with information on the outcomes from internal audit work and allows the Committee to discharge its responsibility for monitoring Internal Audit activity.

OPTIONS CONSIDERED

6. Not applicable - for information only.

REASONS FOR RECOMMENDED OPTION

7. Not applicable - for information only.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

8. Internal Audit assesses how effectively the Council is managing risks that

threaten the achievement of the Council's objectives. Any improvement in the management of the risks will have a positive impact thereby increasing the likelihood of the Council achieving its objectives. Internal Audit's work is, therefore, relevant to all priorities but in particular the following:

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

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

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS (SRF 04/06/20)

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

FINANCIAL IMPLICATIONS (ST, 18/03/20)

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

HUMAN RESOURCE IMPLICATIONS (KG 19/03/20)

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

TECHNOLOGY IMPLICATIONS (PW, 23/03/20)

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

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

HEALTH IMPLICATIONS (RS, 20/03/20)

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

EQUALITY IMPLICATIONS (PRJ, 11/03/2020)

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

CONSULTATION

16. There is consultation with managers at the outset, throughout and at the conclusion of individual audits in order to ensure that the work undertaken and findings are relevant to the risks identified and are accurate.

BACKGROUND PAPERS

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

REPORT AUTHOR & CONTRIBUTORS

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**Peter Jackson FCCA
Head of Internal Audit**

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2019/20

1. Purpose of the report

- 1.1 The purpose of the report is to present the Head of Internal Audit's annual report, which supports the Council's annual governance assessment and its Annual Governance Statement.
- 1.2 The report also contributes to the requirements of the Accounts and Audit [England] Regulations 2015, which require the Council to maintain an effective Internal Audit.

2. Introduction

- 2.1 The report has been prepared by the Council's Head of Internal Audit. The aim of the report is to provide information on the role of Internal Audit and the work undertaken during the past year, and to support the statement prepared by the Head of Internal Audit on the Council's Risk, Governance, and Control arrangements.
- 2.2 It is not the intention of this report to give a detailed summary of each of the audits that have been undertaken during the year but to provide a broad review of the work of the service, which alongside other arrangements leads to the issuing of an annual opinion on the Council's risk, governance and control arrangements.

3. Legislation Surrounding Internal Audit

- 3.1 Internal Audit is a statutory requirement for all local authorities in accordance with Section 151 of the Local Government Act 1972 and the Accounts and Audit [England] Regulations 2015. The main thrust of these statutes is that every authority shall have arrangements for the proper administration of its financial affairs.
- 3.2 The Accounts and Audit Regulations 2015 require councils to maintain an effective internal audit.
- 3.3 It is a requirement of the United Kingdom Public Sector Internal Audit Standards (UKPSIAS) that an annual report is produced by the Head of Internal Audit on the work undertaken by the Internal Audit Service.

4. Reviewing the Service

Internal Audit Resources

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

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

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

Audit Work Undertaken

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

Internal Audit Plan v Actual Days April 2019 to March 2020

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

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

Issues within customer directorates

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

Issues within Internal Audit

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

- 4.7 There were variances across the original categories of work, but priority was given to ensuring sufficient work was completed to enable the Head of Audit to form an opinion on the Council’s risk, governance and control arrangements. Significantly greater levels of work were delivered in supporting arrangements in some areas highlighted within the Annual Governance Statement.

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

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

Implementation of Recommendations

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

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

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

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

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

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

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

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

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

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

Customer Satisfaction

4.14 At the end of every completed audit, clients are asked to feedback their rating of the auditor's performance. Based upon the team's customer survey responses, the service was again rated as 'satisfactory or very satisfactory' in 100% of all surveys received.

Performance Indicators

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

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

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

Compliance with the Public Sector Internal Audit Standards (PSIAS)

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

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

External Assessment

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

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

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

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

Quality Assurance Improvement Programme

4.24 This year's quality assurance improvement programme included:

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

5. Summary of Findings from Audit Reviews

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

Main Financial Systems

- 5.3 As part of the annual audit plan, Internal Audit undertakes a programme of reviews that covers the main financial systems of the Council. Internal Audit work in these areas is examined by the External Auditors who utilise it as appropriate for their own audit of the Council’s annual accounts. The External Auditor for 2019/20 is Grant Thornton with whom we have developed effective working relationships since their appointment in December 2017.
- 5.4 We were able to give positive assurances about the control arrangements in the Council’s main financial systems and around arrangements managing the risk of fraud and corruption.

Fundamental Weaknesses Arising

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

Other Significant Issues Arising

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

Strategic Asset Management – Income Management Review Follow Up

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

North Bridge Stores

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

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

Weaknesses / improvements identified included:

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

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

Civic Office – Governance Service

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

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

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

Mobile Devices and ICT Inventories

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

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

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

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

6. Schools

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

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

7. Responsive Work.

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

7.2 Examples of suspected irregularities and other supportive / advisory work included below do not change the audit opinion that, overall, the arrangements in place for preventing and detecting fraud and corruption are satisfactory and do not have a detrimental impact on the overall control environment.

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

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

Audit Area	Work Undertaken
	processes.
Doncaster East Internal Drainage Board (DEIDB)	<p>Support was provided to the Board in finalising a governance review of a major project. Independent consultants were engaged to support this review and their findings assessed by the Board.</p> <p>Ongoing support and advice to the Portfolio Holder and Chair of Board regarding residual matters is still being provided to resolve these issues.</p>
Data Matching - Supplier to Payroll Payments	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	A full review of the workings of this service was undertaken at the request of senior / statutory officers after complaints have been received. This resulted in a significant number of recommendations which are currently being implemented by the Sections.
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 added value by helping to ensure that Local Authority maintained schools can continue to comply with the Schools Financial Value Standard and is now complete.
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 on a consultancy basis.
Big Picture Learning 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 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

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

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

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

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

Risk Management

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

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

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

Governance

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

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

Control

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

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

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

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

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

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

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

Peter Jackson
Head of Internal Audit
18th March 2020

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Doncaster Council

Report

Date: 16th June 2020

To the Chair and Members of the Audit Committee

2019-20 DRAFT ANNUAL GOVERNANCE STATEMENT

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Ros Jones	N/a	No

EXECUTIVE SUMMARY

1. An annual review of the Council's governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS) are statutory requirements by virtue of the Accounts and Audit Regulations (England) 2015. The council's governance arrangements in place during 2019-20 have been reviewed and an Annual Governance Statement has been drafted which shows our governance compliance.
2. Last year the AGS contained 10 significant issues and due to the continued commitment to embed good governance we have effectively managed 6 significant issues and removed them from the AGS. During this year's process we have identified 3 new areas of significant risk and these have been added. This gives us a total of 7 key areas of focus on our current AGS, a reduction of 3 compared with last year.
3. Members are asked to note that the Draft Annual Governance Statement was prepared PRE coronavirus. The AGS assesses governance in place during 2019/20 so the majority of the year was unaffected by coronavirus. However coronavirus will have impacted on governance during March 2020 and going forward.

CURRENT POSITION

4. The current AGS shows the following:
 - 6 key areas of improvement have been completed or have been effectively managed to the extent that they were no longer significant. (Page 8-9)
 - 3 new significant issues arising from the 2019-20 review of effectiveness of the corporate governance arrangements and including the (Pages 4)
 - updates on the 4 key areas identified during previous years that remain an issue in 2019-20 (Pages 5-6).

5. Whilst the AGS consider the period 1st April 2019 to 31st March 2020, it must also reflect any significant events or developments relating to the governance system that occur between the year-end and the date on which the Statement of Accounts are signed off which will not be until October 2020. The COVID-19 situation is present at the point of this draft Annual Governance Statement and is clearly a significant event for this Council and a challenge on its governance arrangements. At the point that the report is being considered in June 2020, the full impact of the pandemic is clearly not known. However its governance arrangements appear to have held strong during the response period and a detailed evaluation will be undertaken to consider the impact when the Annual Governance statement is finalised in October 2020 for consideration alongside the Statement of Accounts.
6. The Accounts and Audit Regulations require proper practice to be followed in the production and approval of the Statement. 'Proper practice' requires the Council Leader (in Doncaster's case, the Mayor) and the Chief Executive to sign the statement to confirm their satisfaction with the governance framework and the procedures for reviewing it, and their acceptance of the significant issues highlighted in the statement, along with actions for tackling the issues raised. This should be done prior to the publication of the Statement of Accounts by October 2020.

EXEMPT REPORT

7. Not Applicable

RECOMMENDATIONS

8. The Chair and Members of the Audit Committee are asked to review and endorse the initial outline of the draft Annual Governance Statement:
 - prior to being published for consultation as part of the Draft Accounts in June 2020 (revised timescales).

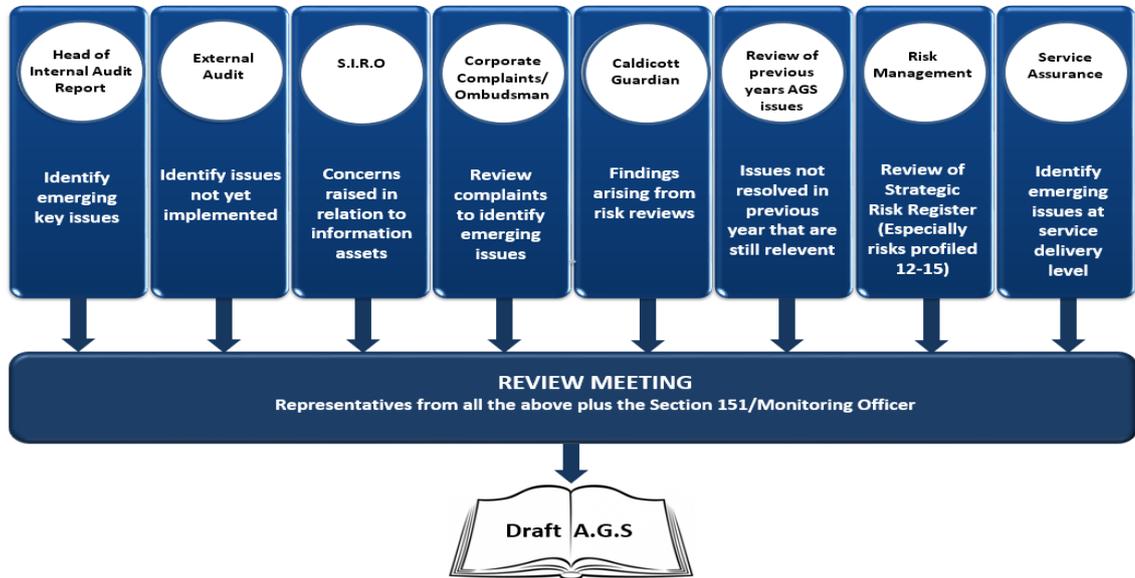
WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

9. 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

10. 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 must ensure that there is good governance and a sound system of internal controls in place.
11. Last year we have reviewed and simplified the process to amalgamate a top down and bottom up approach, whilst still maintaining confidence in the process. This simplified process was followed again this year and has helped sustain our continued commitment to embedding good governance and processes across the Council. Issues identified that make it onto the AGS are reviewed as part of the quarterly Resource Management cycle and any items that start to be a concern are elevated to the Governance Group. This allows the Council to react to emerging issues and possibly prevent entry onto a future AGS.

12. Pentana continues to be used to record compliance and/or areas for development and to provide updates for the quarterly Resource Management process
13. A review meeting considers relevant information from a diverse range of internal sources, as identified in the diagram below. This meeting facilitates the top down bottom up approach that will produce the 2019-20 Annual Governance Statement from the emerging issues.



14. The production of the AGS has been aligned with the production of the Head of Internal Audit report to allow them both to be considered at the same Audit Committee meeting.
15. The AGS document is a valuable means of communication. It enables the Council to explain its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

OPTIONS CONSIDERED

16. Not Applicable

REASONS FOR RECOMMENDED OPTION

17. Not Applicable

IMPACT ON THE COUNCIL’S KEY OUTCOMES

18.

	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 	<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>

	self-reliance by connecting community assets and strengths <ul style="list-style-type: none"> • Working with our partners and residents to provide effective leadership and governance 	
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RISKS AND ASSUMPTIONS

19. 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 12/3/20]

20. The production and publication of an Annual Governance Statement is a statutory requirement by virtue of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, following a review of the Council’s effectiveness of internal controls in terms of the exercise of its functions, financial and operational management and management of risk. The 2015 Regulations and the Council’s Constitution also require the findings of that review to be considered by the Audit Committee.

FINANCIAL IMPLICATIONS [Officer Initials AG Date 12/03/20]

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

HUMAN RESOURCES IMPLICATIONS [Officer Initials KG Date 11/03/20]

22. There are no specific human resources implications resulting from this statement

TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 13/03/20]

23. There are no specific technology implications arising from this report. As outlined in the draft AGS, good progress has been made to address historic data quality concerns in support of the DIPS programme with the remaining key areas due to go live between April and July 20. The extensive programme of work in relation to major technology upgrades has been successfully completed within the required timescales, ensuring they continue to be compliant, supported and secure

HEALTH IMPLICATIONS [Officer Initials RS Date 13/03/2020]

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

EQUALITY IMPLICATIONS [Officer Initials SWr Date 10/03/2020]

25. 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 may require a due regard statement to be completed and reported as and when appropriate.

CONSULTATION

26. Throughout this process consultation is undertaken with Heads of service, Directors, as well as assurance from key areas of governance, which supports the production of the final Annual Governance Statement.

BACKGROUND PAPERS

27. CIPFA/ SOLACE delivering good governance in Local Government Framework
Accounts and Audit Regulations (England) 2015.
2018-19 Annual Governance Statement
Annual Report of the Head of Internal Audit 2019-20

REPORT AUTHORS AND CONTRIBUTIONS

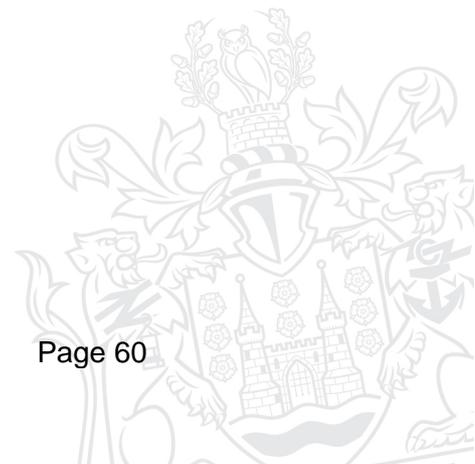
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Debbie Hogg
Director of Corporate Resources



Doncaster
Council

DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20



Scope of responsibility

Doncaster Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, we are responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Doncaster Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government*'. A copy of the Doncaster Council's Corporate Code of Governance is on our website at www.doncaster.gov.uk or can be obtained from The Strategy & Performance Unit, 01302 862533.

This statement explains how we have complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises of systems and processes, culture and values by which we are directed and controlled and our activities through which we account to, engage with and lead our communities. It enables us to monitor the achievements of our strategic objectives and to consider whether those objectives have led us to delivery appropriate services that are value for money.

The system of internal control is a significant part of our framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. Our system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

Whilst the AGS consider the period 1st April 2019 to 31st March 2020, it must also reflect any significant events or developments relating to the governance system that occur between the year-end and the date on which the Statement of Accounts are signed off which will not be until October 2020. The COVID-19 situation is present at the point of the draft Annual Governance Statement and is clearly a significant event for this Council and a challenge on its governance arrangements. At the point that the report is being considered in June 2020, the full impact of the pandemic is clearly not known. However its governance arrangements appear to have held strong during the response period and a detailed evaluation will be undertaken to consider the impact when the Annual Governance statement is finalised in October 2020 for consideration alongside the Statement of Accounts.

Our Governance Framework

Audit Committee

Our Audit Committee is a key component of Doncaster Council's Corporate Governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit Committee is to provide independent assurance to the Members on the adequacy of the risk management framework and the internal control environment. It provides an independent review of Doncaster Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Committee has a programme of work in place to ensure it fulfils its responsibilities. The Committee has overseen and supported positive progress in a number of areas during the year, including:

- Helping to maintain and improve the Council's system of risk, governance and control by reviewing internal and external audit work carried out during the year;
- Supporting improvement in the Council's control arrangements by ensuring appropriate action is taken to implement audit recommendations and calling officers to account where explanations over any lack of progress are required;
- Critically assessing the Council's governance arrangements and supporting the production of an accurate Annual Governance Statement;
- Supporting the maintenance of the good standards achieved in producing the Council's Statement of Accounts, while meeting shorter timescales now required;
- Supporting the Council's antifraud and corruption arrangements and noting progress in this area as set out in the annual fraud report;
- Ensuring the Council's surveillance policies are kept up to date and reviewing surveillance carried out by the Council;
- Recognising the further improvements in Adults Services

The Audit Committee produces an Annual Report which is available doncaster.gov.uk

Governance Group

The Group which is chaired by the Monitoring Officer leads on the development of governance arrangements at the Council and ensures the Council complies with best practice guidance issued by CIPFA / SOLACE and any other sector-leading advice.

Role of Internal and External Audit

The council has both internal and external auditors. Internal Audit and External Audit aim to coordinate their work to get best value from the resources in use and to do this aim to work closely together to achieve our objectives.

The role of Internal Audit is to:

- give independent assurance that risk, governance and control
- alert managers to areas of potential weakness and to make recommendations for improvements
- give unbiased professional advice on policies, procedures, practices and systems
- All councils are subject to ongoing scrutiny by External Audit and their role is to:

- Review the accuracy and completeness of the Council's financial accounts and specified grant claims submitted for payment to various Government Departments
- Review the Council's arrangements for the achievement of economy, efficiency and effectiveness in the use of its resources, in accordance with Best Value principles.

Grant Thornton were appointed as External Auditors to the Council for the 2018/19 audit onwards and in their first annual report, presented to Audit Committee in July 2019 they gave an "unqualified audit opinion" on the Council's financial statements for 2018/19 and an unqualified Value for Money (VFM) conclusion for 2018/19. This is consistent with the opinions provide by the Councils previous external auditors, KPMG Internal Audit were able to provide a positive opinion in their annual report for 2019/20, which alongside the good VFM conclusion, indicates there is sound, risk governance and control arrangements in place.

Overall the Grant Thornton annual report is an extremely positive one as it has been in previous years and with the "unqualified audit opinion", recognises the further improvements that have been made by the Council in preparing the Statement of Accounts for audit. The quality of the working papers and the supporting information has improved year-on-year with the working papers, once again, meeting the standards specified in the Accounts Audit Protocol with a clear audit trail provided and responses to audit queries were provided in a timely manner. Audit trail provided and responses to audit queries were provided in a timely manner.

Our Approach to Risk Management

Doncaster Council recognises that risk management is an integral part of good governance and management practice.

Managing our risks effectively contributes to the delivery of the strategic and operational objectives of the authority. Doncaster Council manages risks via a Risk Management Framework that has been designed to provide structure and guidance to support our organisation, and the individuals within it, to take positive risks in an informed way.

Review of effectiveness

Doncaster Council has responsibility for conducting, at least annually, a review of the Effectiveness of its governance framework including the system of internal control. The Strategy and Performance Unit led the Annual Governance review.

The review of effectiveness is derived from two perspective, corporate and service areas. The corporate perspective is taken from existing intelligence proved by colleagues holding key governance position within the authority including the Head of Internal Audit, the Caldicott Guardian, Senior information Risk Owner, Section 151 Officer and the monitoring Officer. The current strategic risk register and complaints received are also reviewed. The service area perspective is proved by each Head of Service via a series of governance statements in the form of a self-assessment.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Executive Board and Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined on the following pages.

Significant governance issues identified in 2019-20

Whilst we are satisfied with the effectiveness of corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance the following new issues have been identified for improvement as part of the 2019-20 Annual Governance Statement process:

<p>ISSUE: Assurance over Financial Resilience and Service Sustainability in response to COVID 19</p> <p>Whilst the Council's governance arrangements currently appear to have held strong during the COVID-19 response period, our financial position is exposed and dependent upon central government full reimbursing it for the cost incurred in implementing the government's instruction in awarding grants etc.</p>	
<p>Actions:</p> <p>Financial and governance uncertainty will require Doncaster Council to reconsider financial forecasts, resilience and governance arrangement currently in place to support its ongoing recovery during these uncertainties for a period of at least 12 months from the date of approved audited financial statements</p> <p>Responsible Officer: Debbie Hogg – Director of Corporate Resources</p>	<p>Completion Date: March 2021</p>
<p>ISSUE: Governance Functions</p> <p>An improvement area has been identified around knowledge and understanding of various key governance policies and procedures that are in place to help support senior managers with their roles and responsibilities E.g. Financial Procedures Rules and Corporate Procurement Strategy.</p>	
<p>Actions:</p> <p>A series of mandatory training sessions will be developed and rolled out for all senior staff (down to Head of service) to attend to improve awareness of key governance policies, procedures and arrangements that are in place to support senior's managers</p> <p>Responsible Officer: Scott Fawcus - Assistant Director Legal & Democratic Services</p>	<p>Completion Date: December 2020</p>
<p>ISSUE: Data Quality Arrangements within the Assistive Technology Service</p> <ul style="list-style-type: none"> Continue to maintain daily assurance arrangements to ensure that each call has been dealt with and responded correctly, according to established procedures. New charging protocols rollout, planned to commence in April 20 Data cleansing exercise to be completed as part of the rollout of the new charging protocols Managing new contract arrangements to be issued to new service users from April 20 Ensure vulnerable service users are taking correct decisions relating to their new contract arrangements from April 20 	
<p>Actions:</p> <ul style="list-style-type: none"> Maintain current daily assurance arrangements during implementation and post implementation phase of ARC/ HEART review Introduce phased approach to implementation from April 20 to October 20, including a data cleansing exercise and issuing new contracts with a dedicated resource team. Ensure the cohort of vulnerable service users are identified and a strengths based conversation takes place to ensure their best interests are maintained prior to variation or cancellation of the service. <p>Responsible Officers: Debbie John-Lewis - Assistant Director Communities, Bill Hotchkiss – Head of Service Community Safety, Lisa Rockcliff Registered Manager</p>	<p>Completion Date: October 2020</p>

An update on Key Improvement Areas that were previously identified and remain an issue in 2019-20

<p>ISSUE: Adult Social Care Market Sustainability</p> <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:</p> <ul style="list-style-type: none"> • Continue 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. This will be primarily delivered through updating and reviewing the impact of published (April 2020) 'Market Position Statement' • Implement year two of the 2019-2021 Joint Health and Social Care Commissioning • Progress The establishment of a Voluntary Community and Faith (VCF) Sector Cooperative to provide strong voice and representation, infrastructure support and a point of access for commissioning/partnership working. • Develop a locality approach to commissioning of services as part of the 'One Council' Locality Working Programme • 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 <p>Responsible Officer: Rupert Suckling – Director of Public Health Mark Wakefield - Head of Service Commissioning and Contracts</p>	<p>Completion Date: March 2021</p>

<p>ISSUE: Organisational Workforce</p> <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 2020/21, specifically:</p> <ul style="list-style-type: none"> · Development and implementation of a Recruitment and Resourcing Policy, focusing on effective ways of recruiting people with the right attitude and behaviours and a more flexible model for the types of skill needed · Attracting and engaging a talented workforce including apprenticeship and 	<p>Completion Date: March 2021</p>

graduate talent · Ensuring leadership development and learning programmes meet current needs including increased horizon scanning of future skills requirements Responsible Officer: Jill Parker – Assistant Director - HR, Communications & Executive Office	
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ISSUE: Data Quality Arrangements
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.

Actions: Good progress has been made to address historic data quality concerns, particularly in support of the DIPS programme. A refreshed data quality strategy and policy were developed during 2019/20, as well as a revised e-learning and classroom training suite to support sustained improvements. Data quality will remain a focus area in the policy, insight and change unit into 2020/21. The Data Quality Project Board, comprising colleagues from across the organisation, continues to oversee delivery of data quality improvements. Alongside improvements led by this board, a self-assessment toolkit, currently in development, will support proactive identification and resolution of data quality problems by teams across the council. Responsible Officer: Lee Tillman – Assistant Director of Strategy & Performance	Completion Date: Ongoing
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ISSUE: Doncaster Integrated People System (DIP's)
The implementation of an integrated technology solution for Adult and Children Social Care and Education Management highlighted previously has achieved Education Management deliverables and the remaining key areas are due to go live. Due to its importance and how it will change these services and ways of working, it is remaining as a key issue to monitor.

Actions: Due to the Covid situation, some of the timescales have had to be delayed or changed. New Children's Social Care Management solution to go live in September 2020 used by the Council, Doncaster Children's Services Trust and other key partners. New Adult Social Care Management solution to go live in February 2021 used by the Council and key partners. Some Education Management deliverables have been achieved and further will be phased through to Autumn 2020. Many key integrations with other key systems including joining up with health, financials etc. to go live May to July 2020. Citizen, Professional & Provider Portals to go live July 2020. Responsible Officer: Julie Grant – Assistant Director of Customers, Digital & ICT	Completion Date: March 2021
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Statement of Commitment

We have been advised of the implications of the result of the 2019-20 review of the effectiveness of the governance and internal control frameworks by the Audit Committee and of the plans to address identified weaknesses and ensure continuous improvement of the system in place. We propose over the coming year to take steps to address the above matters to enhance further the Council's governance and internal control arrangements.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and that we will monitor their implementation and operation over the next year and as part of our next annual review of effectiveness.

Signed on behalf of Doncaster Council:

Ros Jones
Mayor of Doncaster

Damian Allen
Chief Executive

DRAFT

Key Areas of Improvement from previous Statements that have been completed

There are a numbers of areas requiring improvement that have been identified in previous statements that have been effectively managed to the extent that they are no longer significant in 2019-20. These are:

- ❖ **Alarm Receiving Centre** - Following the implementation of a new system and previous remediation work, there was an ongoing practice and service standard issues, which highlight areas of risk and where being addressed through the implementation of a Rapid Improvement Plan. The Improvement plan remains in place, together with daily reassurance meetings.
- ❖ **Financial Challenges within Adults Health and Wellbeing** - Adult's services are 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 needed to find effective solutions to support individuals live as well and independent life as they possibly can. While we are still facing increasing demographic and service financial pressures, Strong progress has been made in recent years across the service that have included; embedding strength-based practice and evidence that this has improved experience both for Doncaster people and front-line staff; the introduction of a new case management system that will reduce bureaucracy, increase productivity and give staff more time to focus on prevention; Effective performance, finance and management information is produced regularly and is presented and discussed at a range of senior management meetings and the new Joint commissioning arrangements with health partners are being progressed and a new commissioning structure is being implemented.
- ❖ **Major Technology upgrade requirements** - Major Technology upgrade requirements - Most of our technology both council wide and across the key partners we provide technology to, had to be upgraded by January 20 to ensure they all continue to be compliant, supported and secure. Also a significant cost increase of licensing from 2019-20 meant we needed to revisit to achieve value for money. Both these issues 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. This extensive programme of work has now been completed.
- ❖ **Doncaster Children's Services Trust** - 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 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. The new governance and Board arrangements to support the ALMO structure was established 1 April 2019. Performance metrics have been reviewed and updated and a revised performance monitoring and reporting contact has been established and continues to work well.

- ❖ **The Local Plan – I** The Council needs 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. Following the Publication of the Local Plan in August 2019, the representations received have been summarised, evaluated and discussed and no significant new issues were identified. The Local Plan was submitted to the Planning Inspectorate in March 2020 and the Secretary of State has appointed an independent examiner. The dates of the examination hearings are yet to be agreed but are likely to commence in the spring with the aim of adopting the Plan by winter 2020.
- ❖ **General Significant Financial Challenges - Issue:** The Council faced 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, the Council also needed to produce a balanced budget plan for 2020/21, to meet the forecast budget gap estimated. At quarter 3, the Council is forecasted a year-end underspend of £1.3m. This is a positive position and demonstrates the continued effort to manage the significant cost reductions in 2019/20. Planned savings for 2019/20 are largely on track with £17.5m expected to be delivered, leaving a projected shortfall of £1.4m. Given the ongoing funding uncertainty facing local government we will need to be ever more diligent to ensure managers form value for money decisions when making spending decisions and delivering or commissioning services. In addition the leadership will continue to exercise effective stewardship of the council resources this will continued to be monitored throughout the year.

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Doncaster Council

Report – Internal Audit Plan 2020/21

To the Chair and Members of the
AUDIT COMMITTEE

17th June 2020

INTERNAL AUDIT PLAN 2020/21

EXECUTIVE SUMMARY

1. This report presents the Annual Internal Audit Plan for 2020/21 which has been created following a review of risks and controls of Council activities (including partnership activities).
2. The plan (attached to this report) conforms to UK Public Sector Internal Audit Standards (UKPSIAS); these are the professional internal audit standards.
3. The level of audit resource has slightly fallen from 9.0 FTEs in 2020/21 to 8.61 FTEs in 2020/21. The Head of Internal Audit will be assessing the structure of the team against the needs of the Council in the future to ensure the team are appropriately resourced to deliver its services to the Council, St Leger Homes and other partner organisations.
4. This plan was properly prepared to our relevant standards as set out in sections 2-4 of the report and this process started in December 2019. The original plan was drafted before the Covid-19 pandemic crisis became apparent. The plan now reflects the work of the audit team:
 - During the response period,
 - Action taken to understand the impact of the Covid-19 pandemic on the Council's services from an Internal Audit perspective including setting aside resources to assess these and undertake any work required and
 - Other planned work for the team for the remainder of the year.Paragraphs 1.4 to 1.7 set out our actions in the response period and the strategy for our work in the remainder of the year.
5. Section 7 of the report highlights important factors we have taken into account including an assessment of improving governance noted in the Annual Governance Statement and closer working with other teams within Corporate Resources. It also summarises the impact on planned work within the Directorates.
6. The risk assessment involved in this review culminates in the production of a long list of risks potentially subject to audit. The list was reduced through discussions with management about items that may be given lower priority. This list has subsequently been further amended following our first assessment of the impact of the Covid-19 pandemic with the plan set out in Appendix A. A list of the items included in the long list but excluded from the initial audit plan is included in Appendix B within the attached report.

7. As a result of the work already done this year and anticipated to be done in the remainder, the summary plan for last year and this year as it currently stands are as follows:

+

2019/20 Audit Plan

2020/21 Audit Plan

Breakdown of the Plan By Type of Work

	Days	Plan %		Days	Plan %
Assurance Work	967	63.0%	Assurance Work	729	53.9%
Consultancy Work	87	5.7%	Consultancy Work	61	4.5%
Responsive Work*	349	22.7%	Responsive Work*	475	35.1%
Followup Work	132	8.6%	Followup Work	87	6.5%
<i>Total</i>	1535	100%	<i>Total</i>	1352	100%

*Responsive work includes time set aside to deal with in year identified issues, an allowance to give proactive advice where needed and an allowance for contingency items.

8. O
 ur audit planning has always involved the regular review of the plan and this is needed this year more than ever. The plan at this stage is still very subjective dealing with many unknown factors and as such it is important to understand the principles, strategies and constraints associated with the production of the plan.

9. T
 he plan is an important element for the Head of Internal Audit to arrive at his opinion on the adequacy of the Council's risk, governance and control arrangements. Whilst audit resources have been used in a different way in the first few weeks of the year as summarised above, there has been assurance gained over these arrangements that have been subjected to maximum stress because of the pandemic and this is reassuring. These arrangements will be subject to more full and formal review and consideration during the financial year. This is done when the 2019/20 Annual Governance Statement is reviewed and revised as required to reflect the impact of the pandemic when approved alongside the Statement of Accounts, currently scheduled for the October meeting of the Audit Committee. It will also be done when the 2020/21 Annual Governance Statement is drafted and considered alongside the Head of Internal Audit Opinion for 2020/21. There are also embedded and ongoing arrangements within the Council such as the quarterly reporting processes which form part of our risk governance and control arrangement.

10. A
 s has been explained above, the plan has had a considerable reprioritisation to assess areas of greatest risk and where core assurance is required. Additionally, services are and will be using technology to work smarter and more efficiently, which also includes the Internal Audit team.

11. A
 ccordingly, with the assurance from the year to date in managing with the pandemic, the ongoing assessment of risk and reprioritisation of the audit plan, the Head of Internal Audit considers that sufficient internal audit work will be able to be delivered alongside the other factors that are taken into account when arriving at his annual opinion on the Council's risk,

governance and control arrangements. There are many caveats associated with this opinion made at this point in time which are as far ranging as the impact of a second spike of the pandemic, central government funding and more local issues such as an unmanageable demand for audit support in investigating irregularities. These and other factors will be under constant review and any concerns will be raised with management and reported accordingly to the Audit Committee.

RECOMMENDATIONS

12. The Audit Committee is asked to
- support the principles and strategy underpinning the 2020/21 Internal Audit Plan set out in section 1 and expanded upon in section 7 of the Internal Audit Plan report and
 - consequently support the plan itself as it stands as set out in Appendix A, noting the necessity for future full and ongoing reviews of the plan whenever it is appropriate to do and accordingly to approve the plan.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

13. Effective oversight of internal audit through the Audit Committee adds value to the Council by ensuring that it manages its risks in support of the key priorities and outcomes it seeks to achieve.

BACKGROUND

14. This report is produced annually for Audit Committee inspection / awareness as required under the UK Public Sector Internal Audit Standards.

OPTIONS CONSIDERED

15. Not applicable - for information only

REASONS FOR RECOMMENDED OPTION

16. Not applicable - for information only

IMPACT ON THE COUNCIL'S KEY OUTCOMES

17. Internal Audit contributes to the effective management of the Council's risks, which in turn contributes to the achievement of the Council's goals and key outcomes for Doncaster as a whole.

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 style="text-align: center;">None</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>	<p style="text-align: center;">None</p>

Outcomes	Implications
<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 	None
<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 	None
<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>Internal Audit provide assurance that Council services are robust, well managed and properly safeguard the public purse through reviewing risk, governance and control activities covering the Council's operations and partnership working arrangements.</p>

RISKS AND ASSUMPTIONS

18. The Council must provide an effective internal audit if it is to meet its statutory obligations.
19. Failure to direct internal audit resources to the most appropriate areas would limit the contribution the team can make to the Council. It would also limit the ability of the Head of Internal Audit to provide an opinion on the governance, risk management and internal control arrangements. These risks are managed through having an appropriate internal audit plan, supported by adequate internal audit resources.

LEGAL IMPLICATIONS [HP 04/06/20]

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

FINANCIAL IMPLICATIONS [ST 03/06/20]

21. The revenue budget for Internal Audit is £472k (excluding internal recharges) and is part of the Corporate Resources budget. Outside of pay inflation, the changes to the team's structure and plan have been met from the team's existing resources.

HUMAN RESOURCES IMPLICATIONS [KG 03/06/20]

22. There are no specific HR implications contained in this report.

TECHNOLOGY IMPLICATIONS [PW, 03/06/20]

23. The report confirms that the plan continues to focus on the areas which can add the most value to the organisation and also considers ICT risks. As such, the scope of a number of the audit projects included in the Internal Audit Annual Plan for 2020/21 relate to ICT systems and associated processes and procedures. There are no specific technology implications at this stage as these will depend upon the outcomes and findings of the individual projects.

HEALTH IMPLICATIONS [RS 03/06/20]

24. Evidence shows that what determines the health of population result from a combination of factors including (1) health behaviour (30%); (2) socioeconomic factors (40%) – education, employment, income, family support, and community safety; (3) health and social care (20%); and (4) build environment (10%). Whilst this report may not have direct health implication, the health implications will rest with the service areas to be audited as part of Internal Audit Plan 2018/19. The authors of the services to be audited need to ensure that the health implications are considered and appropriate mitigation actions are taken in order to improve health and reduce health inequalities. Advice can be obtained from public health team.

EQUALITY IMPLICATIONS [PRJ, 01/06/20]

25. 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 reviews covered by the plan will take into account any relevant equality implications.

CONSULTATION

26. The Chief Executive and Directors were consulted on Internal Audit's proposals and will be further consulted with regarding the major changes required to the audit plan for the remainder of the year including the Covid-19 related work.

BACKGROUND PAPERS

Accounts and Audit Regulations 2015
UK Public Sector Internal Audit Standards 2017
Council Risk Register

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Head of Internal Audit



Doncaster
Council

Internal Audit Plan 2020/21

1. PURPOSE

1.1 This document provides details of the Internal Audit annual plan for 2020/21 for Doncaster Council. The definition of Internal Audit is set out in the UK Public Sector Internal Audit Standards (the Standards), as:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

1.2 This plan and the construction of it are in line with the above standards.

1.3 This audit plan is important because it sets out the components of the control environment that need to be audited. These needs are identified after an assessment of risks throughout the Council taking into account any known weaknesses or concerns, along with sources of assurance that can be relied upon to give assurance over risks in those areas.

1.4 The original plan was drafted before the crisis became apparent. The plan now reflects the work of the audit team:

- During the response period,
- Action taken to understand the impact of the Covid-19 pandemic on the Council’s services from an Internal Audit perspective including setting aside resources to assess these and undertake any work required and
- Other planned work for the team for the remainder of the year.

1.5 Like many other services within the Council, we have been severely disrupted during the Covid-19 situation. During the period on March to June we have been supporting various cells and other council services directly whilst only carrying out minimal work on our routine audits. Some examples of this work are supporting the work of the Finance and Procurement, Communities, Excess Deaths and Data cells. We also had our staff working on or were trained to deliver if required, Customer Services Helpline, Registrars, Alarm Receiving Centre and Telecare Services. The Internal Audit Standards Advisory Board have recently confirmed that it was in keeping for Internal Auditors to have been carrying out such work in that it :

- Protected the organisation’s ongoing service delivery capacity including new ways of working
- Applied Anti Fraud and corruption measures
- Provided real-time advice, insight, and assurance and
- Perform real-time risk based work

1.6 We are now working with the Policy, Insight and Change Unit to understand where any key changes have and are taking place so we can assess these from an audit perspective, alongside changes that we are already aware of through our ongoing work and our position within the organisation. This will ensure that audit resources continue to be targeted to reviewing the highest risks to the council. There is a significant amount of time in this plan for this which will be broken down into discrete parcels of work to be delivered and reported upon.

1.7 The plan will continue to be reviewed in full and on an ongoing basis when it is appropriate to do. Any significant changes to the plan will be reported to Audit Committee as required by the UK Public Sector Internal Audit Standards.

2. AUDIT REQUIREMENTS

2.1 Internal Audit is a statutory requirement as required under the Accounts and Audit Regulations 2015 which state that:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”

2.2 Internal Audit also has an important role in supporting the Chief Financial Officer and Assistant Director of Finance to discharge his statutory responsibilities, which include:

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council’s expenditure is lawful.

2.3 Throughout all of our activities, we are bound by the UK Public Sector Internal Audit Standards. These are professional standards that set out the key elements of an effective internal audit team. Further detail is set out in section 8 of this report.

2.4 Further information on these standards and compliance with them (along with the results of a review of the Internal Audit function) are reported to Audit Committee separately.

3. KEY INTERNAL AUDIT AIMS

3.1 Internal Audit intends through its activities to assist the Council in achieving its key priorities, objectives and outcomes. Internal Audit contributes to these aims by helping to promote a suitably secure and robust internal control environment, including the effective management of risks that could prevent the achievement of key priorities.

3.2 In all of the work we undertake, we seek to add value by:

- Providing independent assurance on the quality and effectiveness of internal controls and processes;
- Providing timely reviews of emerging areas of risk, control or governance issues to identify / recommend ways to improve these areas, reduce risks or improve value for money;
- Examining governance processes and ethical standards and compliance with them to improve standards and transparency, and to protect the Council's reputation;
- Preventing, detecting and pursuing fraud through our anti-fraud and data matching initiatives (and by recommending control or governance improvements where there are detected incidents to prevent them reoccurring and minimise any losses as a result);
- Stimulating risk awareness and management throughout the organisation and providing timely advice and support to manage and mitigate risks;
- Providing timely service and best practice advice during the set-up of new systems or processes or during significant changes to existing systems or processes to ensure that internal control environments are appropriate. Internal Audit's mission statement per UK Public Sector Internal Audit Standards (UKPSIAS) is defined as "To enhance and protect organisational value by providing risk-based and objective

assurance, advice and insight.”. It is through the consultancy and advisory work that the team is most visibly seen as being insightful and adding value and is a well-regarded aspect of the teams work.

- Ensuring that agreed audit recommendations are implemented by management to address identified weaknesses (follow-up work)

4. CONSTRUCTING THE AUDIT PLAN

4.1 This plan has been prepared in line with the UK Public Sector Internal Audit Standards (UKPSIAS). It is a risk based plan that has been compiled through undertaking a comprehensive risk assessment of the Council’s functions and services and risk, control and governance arrangements supplemented by discussions with key officers, Assistant Directors and Directors throughout the Council. This risk assessment was then used to compile a list of audit needs.

4.2 Visually, our approach to audit planning is: -



- 4.3 Our work that we identify as an audit need falls generally into the areas of governance, risk and control. Audits that concentrate on controls generally support our audit work in providing assurance to the Council's S151 (Chief Financial Officer) whilst audits concentrating more on the governance elements support the Council's annual governance statement. It should be noted that our audits can and do cover more than one of these areas (governance, risk and control). Wherever we look at control work, we will consider fraud as a matter of course and will consider ethics during any of our governance work. In all of our work we seek to utilise and examine ICT and data / information management risks wherever they are applicable to our work, as ICT and data underpin all of the Council's activities.
- 4.4 The audit standards also require internal audit to consider fraud risks and ethics arrangements.
- 4.5 Our audit planning applies to all services across the Council. This is known as the audit universe. An explanation of the audit universe and planning process and the strategy and principles underpinning the revisions to the plan as a result of the Covid-19 pandemic was provided to the Audit Committee prior to its meeting in June 2020. This enabled the Committee to understand the full universe subject to risk assessment and how the plan is constructed from the original risk assessment and the significant changes following that. This further allowed them the opportunity to raise areas of concern from their perspective to consider as part of the planning and ongoing review process.
- 4.6 Inevitably when we undertake our risk assessments, there are more needs / demands than available resources to review all the areas identified as having a certain level of residual audit risk. This situation has been exacerbated even more as a result of the Covid-19 pandemic. As a result, needs were ranked with a priority rating and those audits / projects that added lower overall value to the Council as agreed with the relevant Directors were excluded from the plan as usual. The audits identified for potential audit attention and not covered in the plan are included in Appendix B. Appendix B now also includes a further 21 planned pieces of work from the original plan that have been assessed as lower risk or able to be deferred until a later year in order to create time for Covid related issues.
- 4.7 An increased contingency has been allowed for within the plan to deal with new and emerging risks and issues and an increased separate allowance for the investigation of fraud or irregularities that may be referred to us or uncovered during the year. However, when all new risks emerge, they are compared to those items of need that did not make it into the final plan

to ensure that we continue to concentrate on those areas where there is the greatest need and we can add the highest value from our activities. If, towards the end of the financial year, there are unused elements of either contingency, items of need from the list that did not make the final plan will be re-considered for inclusion. This has historically been an unlikely scenario.

4.8 The risk assessment process used to identify items for the audit plan originally considered:-

- The Borough Strategy, the Corporate Plan, Doncaster Growing Together and associated outcomes and objectives;
- The Council's Annual Governance Statement
- Risks including corporate strategic risks and service specific risks;
- Key governance and ethical frameworks that govern the Council and its activities;
- Financial and budgetary information;
- Procurement activities and items of high procurement / commissioning spend;
- Service plans and their associated risks;
- Corporate projects and known / planned technological changes;
- Information assets and business systems within service areas (or their absence);
- Data protection risks
- Legislative changes (where appropriate) and national initiatives such as the NFI;
- Fraud risks;
- Partnership risks and significant partnerships;
- Concerns or service changes as identified by key officers, Directors or Assistant Directors; and
- Areas highlighted for consideration at a regional or national level.

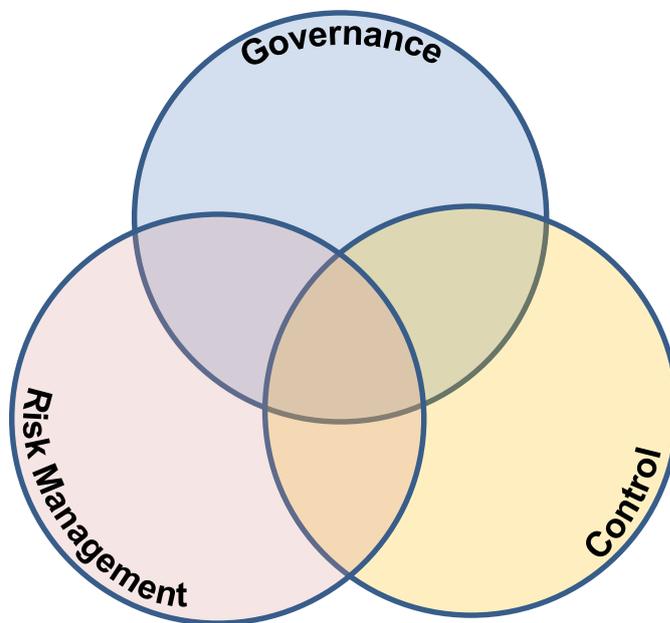
4.9 We then further factored into the plan

- The work of the team undertaken in the months of March, April, May in the midst of the prepare and respond phase of the pandemic
- An allowance for further support directly to the Council in the response and recover phase
- An allowance of time to understand where any key changes have and are taking place so we can assess these from an audit perspective, alongside changes that we are already aware of through our ongoing work and position within the organisation. This will ensure that audit resources continue to be targeted to reviewing the highest risks to the council
- Increased allowances as stated above for contingency and investigative work due to the heightened risk of fraud in times of crisis and change

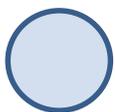
- Resources within the team adjusted due to limited leave having been taken and an increased allowance for sickness although currently no additional sickness has been experienced in the team
- A reduction in the level of planned routine audit work to take into account the above factors as noted in paragraph 4.6 above.

4.10 Internal audit activity, as defined by UKPSIAS, consists of 2 main distinct forms of activity; assurance activity and consulting activity with the majority of our work being directed at assurance activities. In line with the definition, our assurance activity work focuses on 3 main areas: improving risk management processes, improving governance processes and improving the control environment. As such, our assurance work can be subdivided into these 3 elements.

4.11 Visually this mix can be represented as follows:



4.12 Crucially, our assurance work can cover more than one of these areas.



Governance

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



Risk Management

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



Control

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

4.12 When the work set out in the plan is analysed against the 3 elements of risk governance and control, it demonstrates there is coverage against all three elements on a basis reasonably consistent with previous years. The level of pure control work is below 10%. This demonstrates that only a small amount of the team's work is delivering traditional control type work which is also known as regularity or compliance work. Instead, the majority of the teams work is spent on protecting the Council in times of crisis and responding to these times and then through adding value through considering risk and governance and so meeting the expectations of a modern internal audit service even in these unprecedented times.

5. Audit Resources

5.1 The level of audit resource has slightly fallen from 9.0 FTEs in 2020/21 to 8.61 FTEs in 2020/21. The Head of Internal Audit will be assessing the structure of the team against the needs of the Council in the near future to ensure the team are appropriately resourced to deliver its services to the Council, St Leger Homes and other partner organisations.

5.2 Our resource calculations are broken down as follows:

	2018/19	2019/20	2020/21
Gross Days	2097	2413	2242
Less: Annual and statutory leave	336	384	364
Special leave (Including maternity))	13	20	139
Unpaid leave	15	15	12
Election leave	3	10	0
Available days:	1731	1984	1727
Less: Sickness	53	60	64
Service development and improvement	32	31	48
Professional training and CPD	121	199	79

Management and supervision	163	151	163
Administration and support	16	18	21
Planned Days	1345	1525	1352

6. SUMMARY OF THE DRAFT AUDIT PLAN

6.1 The proposed audit plan can be summarised as follows:

2019/20 Audit Plan

2020/21 Audit Plan

Breakdown of the Plan By Type of Work

	Days	Plan %		Days	Plan %
Assurance Work	967	63.0%	Assurance Work	729	53.9%
Consultancy Work	87	5.7%	Consultancy Work	61	4.5%
Responsive Work*	349	22.7%	Responsive Work*	475	35.1%
Followup Work	132	8.6%	Followup Work	87	6.5%
<i>Total</i>	1535	100%	<i>Total</i>	1352	100%

*Responsive work includes time set aside to deal with in year identified issues, an allowance to give proactive advice where needed and an allowance for contingency items.

Breakdown of Assurance and Consultancy Work by Directorate (Excluding ongoing work)

Days	%	Directorate	Days	%
195	18.7%	Adults, Health and Wellbeing	51	6.5%
211	20.3%	Corporate Resources	243	30.8%
95	9.2%	Learning and Opportunities	62	7.8%
122	11.7%	Economy and Environment	29	3.7%
419	40.2%	Council Wide	405	51.2%

7. FURTHER FACTORS IN PRODUCING THE PLAN

7.1 Key factors taken into consideration include:

- a. There has been a continued improvement in governance in 2019/20, as can be seen in the Annual Governance Statement (AGS). This is reflected in the audit plan in that

it is anticipated that less time will be spent supporting management in improving problematic services so more resources can be diverted to assurance work which is what happened in 2019/20.

- b. The plan reflects closer working arrangements with Financial Management, Performance, Insight and Change and other appropriate teams to support a more collaborative approach and maximise the value added from each audit.
- c. The amount of time set aside for responsive work has been heavily increased due to the Covid-19 pandemic reflecting work done in the respond phase and in anticipation of further work in the recovery phase. A key aspect of our work this year is in reviewing past current and ongoing changes to our Council services as a result of the Covid-19 pandemic to ensure we have sound systems going forward. As stated every year, the actual level of responsive work cannot be accurately predicted and this stands even more so this year. Should this level of resource need to be increased, then audits shall be removed from the plan and conversely if this level of resource is not required, further planned audits will be added from the reserve list of audits as is our established practice.
- d. Similar levels of time have been allowed for consultancy based work where there has been a high demand for these services and also for smaller pieces of advisory work. This is in line with the aspect of the mission statement of internal audit requiring the team to be insightful and adding value.

7.2 This impacted on planned work within the Directorates is set out below but it should be noted that this will further change when the plan has been updated to identify parcels of audit work linked to changes due to COVID-19;:

- a. Less time has been allocated again in Adults, Health and Wellbeing for routine audits in 2020/21 as was the case in 2019/20 as a result of continued improvements made within the directorate during the year. This is consistent with the evaluation of improved governance, risk and control arrangements now in place. The Covid-19 pandemic is going to greatly impact on this directorate and we will need to balance our audit support against the practicalities of doing so with services that are in extreme demand.

- b. The amount of time allocated to Corporate Resources is higher due to a deeper level of audit need in the core financial systems after lighter touch audits in previous years. We do have a high historical level of assurance in these areas which we might have to place reliance on should we not be able to undertake the deeper level of audits originally planned for. We also planned for development time to design more effective testing in these areas using data analytics. We will have to review and assess this going forward, balancing resources against competing priorities.
- c. A lower level of coverage is planned to be delivered for Economy and Environment as a result of our detailed risk assessments.
- d. A slightly lower level of actual coverage is planned to be delivered in Learning and opportunities than last year. The relatively low level of coverage continues to reflect the diminishing audit universe here which is caused by the transfer of local authority schools to academies and less direct services.

7.3 The audit planning process includes review of all service areas and key processes across the Council. The risk assessment involved in this review culminates in the production of a long list of risks potentially subject to audit. The list was reduced through discussions with management about items that may be given lower priority. This list has subsequently been further amended following our first assessment of the impact of the Covid-19 pandemic. A list of the items included in the long list but excluded from the initial audit plan is included in Appendix B within the attached report

7.4 Our audit planning has always involved the regular review of the plan and this is needed this year more than ever. The plan at this stage is still very subjective dealing with many unknown factors and as such it is important to understand the principles, strategies and constraints associated with the production of the plan.

7.5 The plan is an important element for the Head of Internal Audit to arrive at his opinion on the adequacy of the Council's risk, governance and control arrangements. Whilst audit resources have been used in a different way in the first few weeks of the year as summarised above, there has been assurance gained over these arrangements that have been subjected to maximum stress because of the pandemic and this is reassuring. These arrangements will be subject to more full and formal review and consideration during the

financial year. This is done when the 2019/20 Annual Governance Statement is reviewed and revised as required to reflect the impact of the pandemic when approved alongside the Statement of Accounts, currently scheduled for the October meeting of the Audit Committee. It will also be done when the 2020/21 Annual Governance Statement is drafted and considered alongside the Head of Internal Audit Opinion for 2020/21. There are also embedded and ongoing arrangements within the Council such as the quarterly reporting processes which form part of our risk governance and control arrangement.

- 7.6 As has been explained above, the plan has had a considerable reprioritisation to assess areas of greatest risk and where core assurance is required. Additionally, services are and will be using technology to work smarter and more efficiently which also includes the Internal Audit team.
- 7.7 Accordingly, with the assurance from the year to date in managing with the pandemic, the ongoing assessment of risk and reprioritisation of the audit plan, the Head of Internal Audit considers that sufficient internal audit work will be able to be delivered alongside the other factors that are taken into account when arriving at his annual opinion on the Council's, risk, governance and control arrangements. There are many caveats associated with this opinion made at this point in time, which are as far ranging as the impact of a second spike of the pandemic, central government funding and more local issues such as an unmanageable demand for audit support in investigating irregularities. These and other factors will be under constant review and any concerns will be raised with management and reported accordingly to the Audit Committee.

8 Audit Charter and Strategy

- 8.1 Internal Audit maintains a Charter and Strategy which, between them, set out the mission for Internal Audit, its operating arrangements, position within the Council structure, its rights of access to all documentation and all officers and members, the service's objectives and its resources and plans for achieving the objectives. The Charter and Strategy also show how the service complies with key elements of the audit standards.
- 8.2 The Charter and Strategy are reviewed on an ongoing basis and formally considered each year for any revisions / updates required. A full review was carried out last year and the revised Charter and Strategy reported to the Audit Committee in June 2019 following

updated guidance from CIPFA. The review due in 2020 is not anticipated to result in any significant changes from a normal provision of an audit service but will reflect any changes needed brought about as a result of the Covid-19 pandemic.

9 Quality Assurance and Improvement Programme (QAIP)

9.1 All public sector internal audit services are required to comply with The UK Public Sector Internal Audit Standards (the Standards / UKPSIAS). The Standards require Heads of Internal Audit to establish and carry out Quality Assurance and Improvement Programmes. Doncaster Internal Audit Service maintains appropriate ongoing quality processes designed to ensure that internal audit work is undertaken in accordance with relevant professional standards.

9.2 Specific Quality Assurance and Improvement checks are conducted as follows:

- The Head of Internal Audit maintains a self-assessment against the Standards to confirm conformance with the Standards.
- Audit files are subject to review on a sample basis by the Head of Internal Audit to confirm quality standards are being maintained. The results of the reviews are documented and any key learning points shared with the internal auditors (and the relevant audit manager) concerned. Appropriate action is then planned in response to any findings.
- From time to time Internal Audit will seek feedback from clients on the quality of the overall internal audit service. Feedback will generally be sought through the use of surveys.
- At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Audit Committee. The most recent external peer review was completed in 2017 and confirmed Internal Audit “Generally Conformed” with the Audit Standards (General Conformance is the highest level of accreditation possible).
- Members of the Audit Committee were consulted in January 2020 regarding the next peer review and they agreed for the Head of Internal Audit from Rotherham Council to

lead on an external assessment of the Doncaster team in late 2021 as part of triparty arrangements between Calderdale, Rotherham and Doncaster Council's Internal Audit Services. The plan currently allows for these assessment to take place but the timings of these will be reviewed in light of the Covid-19 pandemic when the impact it has had on the three authorities involved is a little clearer.

Appendix A – The Annual Internal Audit Plan

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
	Audits in progress at the beginning of the year.	This represents the time required to complete audits that were already in progress at the beginning of the financial year.	Not applicable				Q1 -3
Council Wide – 405 days - 51.2% of Planned assurance and consultancy work – 30% of Planned days							
Corporate Items	Annual Governance Statement	Contribution to the Annual Governance Statement as compiled by the Strategy and Performance Unit for publication as part of the Council's annual final accounts.	The Annual Governance statement is key document highlighting areas of weakness in governance arrangements. The work undertaken by Internal Audit during the year results in a substantial and well-informed contribution to the report.	Y			Q1 - 2
Corporate Items	Anti-Fraud, Bribery and Corruption Framework Review	A review of the Council's Anti-Fraud, Bribery and Corruption Framework in line with the new Fighting Fraud and Corruption Locally Guidance released in March 2020.	This review aims to add value by ensuring that the Council's response to bribery and corruption remains steadfast and in line with best practice.	Y			Q1 - 2

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Corporate Items	Audit Committee Reporting	A provision of time for the servicing of the Audit Committee. This includes scheduling the Audit Committee work plan and agendas, producing routine reports from the Internal Audit team, provision of responsive reports as requested by the Committee and supporting the production of reports from other directorates and attendance at meeting.	This input adds to the efficient and effective running of the Audit Committee. 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. The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.	Y			Q1 to Q4
Corporate Items	Cash Handling Anti-Fraud Monitoring	Whilst cash levels in the Council continue to diminish, establishments, schools and some departments need to use cash in their day-to-day activities. This project performs analytics on cash amounts received in these establishments and monitors payment delays in an attempt to detect fraud and error.	This piece of work adds value by giving assurance over cash collected at establishments ensuring that anomalies are detected and explained promptly to prevent and detect fraud and error.		Y	Y	Q1 to Q4
Corporate Items	Continual Analytics - Payroll to Creditor Matching	Continuation of a new and improved payroll to creditors matching service (in house) to detect fraud and inappropriate financial interests and identify possible IR35 breaches (where employees are paid via creditors).	This work adds value by identifying possible fraud or collusion i.e. criminal acts and wasted public funds as well as ensuring legislative compliance.		Y	Y	Q1 to Q4

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Corporate Items	National Fraud Initiative	Participation and reporting against the National Fraud Initiative as required. This will involve the review and investigation of potential fraudulent or concerning data matches as provided by the Cabinet Office.	This piece of work aims to add value by using risk based reviews of the data matches returned by the NFI to detect, correct and investigate fraud and error.		Y	Y	Q3 to Q4
Corporate Items	Data Matching	An allowance for data matching initiatives to detect fraud and error and/or analyse data to identify business trends. Individual projects will be developed during the year.	This work adds value by matching data sets together to detect fraud and error or identify missing income or system / data weaknesses.		Y	Y	Q1 to Q4
Corporate Item	Mosaic - Post Implementation Review	To undertake a post implementation review of the Mosaic system in order to evaluate that the overall project objectives were met and to evaluate if system changes have improved practices and productivity.	The review will aim to add value by providing assurance on the new Mosaic system within Adults Health and Wellbeing.		Y	Y	Q3
Corporate Items	External Auditor Liaison	Liaison with the Council's external auditor as appropriate throughout the financial year.	Liaison with the external auditor ensures that they can complete their work more efficiently and both parties are better informed on relevant issues. It also avoids any possible duplication of work.	Y			Q1 to Q4
Corporate Items	Income Management Project Support	Contributing to the Income Management Project Group through attending meetings and reviewing documentation and project progress.	This aims to add value by ensuring that the Council maximises its income from all income sources though ensuring all income due is properly accounted for through sounds and timely reconciliation processes.		Y	Y	Q1 to Q4

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Corporate Items	Peer Review - Calderdale	A review of the compliance of Calderdale's Internal Audit Services in line with the UK Public Sector Internal Audit Standards. All internal audit teams in councils are required to have an assessment of their compliance with professional standards on a rolling basis. Doncaster Council, along with similar local authorities, fulfils this requirement through peer reviews. The peer review of Doncaster Council's Internal Audit team will be undertaken in 21/22.	This review aims to add value by fulfilling professional standard requirements for a formal review of internal audit compliance with standards on a reciprocal basis, thereby minimising the costs for the Councils involved	Y			Q3
Corporate Items	Troubled Families Grant	Audit of Doncaster and associated partners Troubled Families Grant Claim (12 claims).	The review and certification of claims helps to ensure that the risk of claw back of funding is minimal and ensure that there is sufficient evidence available for the Council to pass any Department for Communities and Local Government Spot-Checks in this regard. Certification enables the Council to secure government grant funding.			Y	Q1 - 4
Corporate Items	Stronger Families - Phase 3 Arrangements	This review will work with the Council departments and external partners and agencies to ensure that arrangements are in place to capture and monitor required data and improvements necessary to participate in the governments Stronger Families Phase 3 project.	This review aims to add value by ensuring that the Council has the necessary arrangements in place to participate in the programme and claim payments by results as dictated by the grant conditions.	Y	Y	Y	Q4

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Corporate Items	UK Public Sector Internal Audit Internal Review	A self-assessment review of Doncaster Council Internal Audit Services as part of our rolling programme of assurance against our own Public Sector Internal Audit Standards.	This review is an internal review and aims to add value by ensuring that we, Internal Audit, remain compliant with our professional standards and any changes in them and in readiness for our external assessment in 21/22		Y	Y	Q3 to Q4
Corporate Items	Localities Governance Arrangements	This piece of work will involve working with, and assisting management, to develop and embed effective governance arrangements for the localities model in order to ensure that processes are successfully developed and established.	This review aims to add value by working with management to ensure that effective process and governance arrangements are in place to deliver the localities model.	Y			Q4
Corporate Items	Drainage Boards	Providing general or specific support as required by the Council in supporting good governance arrangements at its Internal Drainage Boards.	This support adds value in improving governance arrangements at a local, regional and national level.	Y			Q1 to Q4
Corporate Items	Major Projects - Governance Overview	A review of the governance arrangements surrounding major investment projects in the Council.	This review aims to add value by ensuring that sound governance arrangements are in place and are properly safeguarding major projects that the Council undertakes.	Y			Q3 to Q4

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Adults Health and Wellbeing – 51 days - 6.5% of Planned assurance and consultancy work – 3.8% of Planned days							
Adults Health and Wellbeing	Adults Fees and Charges Changes	New fees and charges for many adults' services are being introduced in 2020/21. This piece of work will provide advice and consultancy to those areas rolling out the charges to ensure that they are robustly delivered and that any associated risks are well managed.	This review aims to add value by delivering timely advice to ensure risks are managed and finances are protected.	Y	Y		Q1 to Q4
Adults Health and Wellbeing	Direct Payments - Costs Working Group	This audit will involve providing advice and guidance to the Direct Payments working group. This group has been stepped up to undertake a deep dive into increasing package costs.	This piece of work adds value by providing independent advice and input to the working group.	Y		Y	Q3 to Q4
Adults Health and Wellbeing	Domestic Violence	A review of the process and arrangements in the domestic abuse service to ensure that arrangements are robust, appropriate and well managed to ensure that vulnerable adults are safeguarded.	The review will aim to add value by providing assurance that domestic abuse adults are adequately protected and safeguarded throughout the process.	Y	Y	Y	Q2

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Adults Health and Wellbeing	Liberty Protection Safeguards	This piece of work will involve being involved with the regional steering group for Doncaster to provide advice and guidance where needed.	The work will aim to add value by providing an independent overview and advice and guidance on the requirements of the LA's future role with regards to Deprivation of Liberty Standards assessments.	Y	Y		Q3 to Q4
Adults Health and Wellbeing	Safeguarding (Adults)	A review of the process and arrangements for adult safeguarding to ensure that arrangements are robust, appropriate and well managed to ensure that vulnerable adults are appropriately safeguarded.	The review will aim to add value by providing assurance that vulnerable adults are adequately safeguarded throughout the process (concern to enquiry) in compliance with the requirements of the Care Act.		Y	Y	Q2 to Q3
Corporate Resources – 243 days - 30.8% of Planned assurance and consultancy work – 18% of Planned days							
Corporate Resources	Corporate Information Governance	This review will look at the central information governance arrangements that are in place	This audit aims to add value by ensuring that there are robust processes in place for managing information governance across the Council.	Y	Y	Y	Q1 - 2
Corporate Resources	Bus Service Operators Grant (June Claim)	Required grant sign off in order to progress the Bus Service Operators Grant (BSOG) claim.	Review and sign off of this grant is required as part of the grant terms and conditions. This work adds value by ensuring the grant monies can be claimed from the Department of Transport.			Y	Q1

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Corporate Resources	Bus Service Operators Grant (December Claim)	Required grant sign off in order to progress the Bus Service Operators Grant (BSOG) claim.	Review and sign off of this grant is required as part of the grant terms and conditions. This work adds value by ensuring the grant monies can be claimed from the Department of Transport.			Y	Q3
Corporate Resources	Core Financial Processes - Accounts Receivable	A data analytical review of the system will be undertaken as a test audit to move to continual audit monitoring of financial systems rather than year-end financial reviews supported by sampled transactional testing.	This review aims to add value by ensuring that debtor recovery arrangements remain robust and aims to add insight into the system and the use of it by departments. The results of this audit will be used to inform our work on the development of continual real time auditing techniques.		Y	Y	Q3 to Q4
Corporate Resources	Core Financial Processes - Benefits	A Key Control review of the handling of Housing Benefits will be undertaken in 2020/21. A High Level Audit Assessment was completed on this system in 2019/20.	This review aims to add value by ensuring that housing benefits arrangements remain robust following the potential current changes. This audit is an annual audit due to the large volume and value of expenditure that goes through the system.		Y	Y	Q3 to Q4
Corporate Resources	Core Financial Processes - Business Rates	A Key Control review of the handling and collection of business rates and associated exemptions will be undertaken in 2020/21. A mid-level review was carried out in 2019/20.	This audit aims to add value by ensuring that Business Rates arrangements remain robust. This audit is an annual audit required due to the large volume and value of expenditure that goes through the system.		Y	Y	Q4

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Corporate Resources	Core Financial Processes - Cash Book	This will be a Key Control review for 2020/21. This service was assessed by reliance being placed on departmental testing undertaken during 2019/20 and review of a number of key controls.	This review aims to add value by ensuring that the cashbook process remains robust. This audit is an annual audit due to the fact that cash is a resource that is difficult to trace and is the most risky form of income collection.		Y	Y	Q3
Corporate Resources	Core Financial Processes - Council Tax	A full audit review of Council Tax billing and collection processes will be undertaken in 2020/21. A High Level Audit Assessment was completed in 2019/20.	This review aims to add value by ensuring that Council Tax arrangements remain robust. This audit is an annual audit due to the large volume and value of income that goes through the system.		Y	Y	Q4
Corporate Resources	Core Financial Processes - Housing Rents	A review of the processes for collecting and administering housing rent to ensure that monies are collected and are correctly accounted for. This system will be a new system in 20/21 so this will be a detailed review.	This audit aims to add value by ensuring that financial processes are robust.	Y	Y	Y	Q3 to Q4
Corporate Resources	Core Financial Processes - Treasury Management	A full audit review of the management of cash held in the bank and loans and investments will be undertaken in 2020/21. A high-level review was undertaken in 2019/20.	The review aims to add value by ensuring that Council's money is properly safeguarded and accounted for.		Y	Y	Q3

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Corporate Resources	Corporate Data Quality Strategy	This piece of work will involve working with the Policy, Insight and Change Team to contribute to and assess the Data Quality Self Assessments. Where there are areas of risk, additional advice time (or where necessary an additional audit) will be invested to work with the Data Quality Team to improve data quality where necessary.	This audit aims to add value by contributing to data quality improvements throughout the Council.	Y			Q1 to Q3
Corporate Resources	Customer, Digital and ICT Reviews (3 Reviews)	A risk assessment is currently underway using external resources. This project will look at one of the risks identified from that assessment. This project description will be updated as this information becomes available and before Audit Committee.	This audit aims to add value by giving assurance over key central ICT governance risk that support the Council in all of its operations and processes.	Y	Y	Y	Q2 to Q4
Corporate Resources	Blue Badge Implementation Grant 31/3936	A review of grant expenditure in line with the terms and conditions of the grant issued by the Government to support Councils with additional implementation costs associated with the change in Blue Badge criteria.	Review and sign off of this grant is required as part of the grant terms and conditions. This work adds value by ensuring that grant monies can be claimed.			Y	Q1 to Q2

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Corporate Resources	Fixed Assets and Depreciation Charges	A new fixed assets system dealing with depreciation calculations has been set up within ERP for the use with the final accounts. The system represents a substantial change in processes, which have been previously based on spreadsheets. This review will look at the data migration arrangements, system usage and various depreciation calculations.	This audit aims to add value by ensuring that the system set up and associated calculations are appropriate and support accurate and reliable records / transactions for the year - end financial accounts.		Y	Y	Q3
Corporate Resources	Homes and Communities Agency Grant (HCA)	Grant audit and certification of the Homes and Communities Agency grant received on a reciprocal basis with other authorities in the area.	This is a grant audit and is part of the grant terms and conditions. Without this review, grant monies are at risk of being reclaimed.			Y	Q2
Corporate Resources	Local Financial Transaction Processing	Transactional work within user departments across the Council to ensure that financial transactions are robust, accurate and free from fraud and error.	This audit aims to touch areas that are not subject to an audit review in the current year to give assurance over financial transaction processing as a whole. This maximises the value we add.			Y	Q3
Corporate Resources	Property Flood Resilience Support Scheme	A nationwide scheme launched by DEFRA has been established (the Property Flood Resilience Recovery Support Scheme), to help those hit by flooding in the area.	This audit will review and sign off the grant usage to enable monies to be claimed from DEFRA.			Y	Q4

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Corporate Resources	Password and User Account Management	The audit will ensure that the process and procedures that are in place for the creating, amending and deleting members of staff access are effective. A process called SLAM was introduced in January 2020 meaning one form needs to be completed and then sent to all departments for action. This audit will review these processes to ensure that they are robust and are adequately functioning for all members of staff (including agency and temporary staff).	This audit will add value by giving assurance that access to systems and buildings is appropriate in order to safeguard systems and protect data.		Y	Y	Q3
Corporate Resources	Payroll System Implementation Working Group	This piece of work will contribute to the Payroll System Implementation Working Group by attending meetings and reviewing progress made.	This work aims to add value by ensuring that Payroll system operates efficiently and effectively.		Y		Q1 to Q4
Corporate Resources	Devolved Localities Budgets	The Council intends to introduce Devolved Localities Budgets from May 2020. These budgets will allow ward members to fund initiatives in their area. This support work will look at the governance arrangements being put in place to manage this process and funds that it administers.	This support work aims to add value by ensuring that monies used in budgets are properly administered and that the scheme is protected from fraud.	Y	Y		Q1 to Q4

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Economy and Environment – 29 days - 3.7% of Planned assurance and consultancy work – 2.1% of Planned days							
Economy and Environment	Cleaner Greener Service Improvement Support	This audit will review the service provision and performance management arrangements to make improvements to the service.	This audit aims to add value by ensuring that performance management arrangements are robust enough to be able to identify any deficiencies in service provision so that appropriate and timely management action can be taken to rectify the situation.	Y			Q1 to Q4
Economy and Environment	Corporate Landlord Leases	Working in conjunction with Financial Management, this review will ensure leases are accurately accounted for in the authorities accounts and there are appropriate controls in the system recorded leases.	This review provides assurance to the external auditor over lease accounting arrangements.		Y	Y	Q1
Economy and Environment	Trading Standards and Food and Animal Safety Follow Up	A formal follow-up of outstanding improvement actions within Trading Standards.	Maximisation of service improvements and hence benefit is obtained from previous review work undertaken in this area.		Y	Y	Q2 to Q3
Economy and Environment	Highways Grants - No 31/3693, No.31/3221 and No.31/3222	A review of grant expenditure in line with the terms and conditions of the grant and the sign off and certification of expenditure in line with grant requirements. These 3 grants are interrelated and will be audited as one block.	Review and sign off of this grant is required as part of the grant terms and conditions. This work adds value by ensuring that grant monies can be claimed.			Y	Q1 to Q2
Economy and Environment	SCRIF	Ensure all financial risks attached to SCRIF funded projects are appropriately managed	Ensures the council obtains the most benefit possible from available funding..	Y			Q2 to Q3

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Learning and Opportunities – 62 days – 7.8% of Planned assurance and consultancy work – 4.6% of Planned days							
Learning and Opportunities	Big Picture Learning Governance Review	This audit will involve the undertaking of a review of the governance arrangements for Big Picture Learning.	This review aims to add value by providing an independent review of governance arrangements and ensuring that these are properly set up and are effective.	Y			Q2
Learning and Opportunities	Big Picture Learning Grant	This will assist with the verification of the outcome evidence validation process in order for funds to be released via claims submitted.	The review and verification of the claims helps to ensure that funds are only released as per contracted outcomes.			Y	Q1 to Q4
Learning and Opportunities	Children Absent From School	This audit will be a governance review. This will include reviewing the processes for tracking children absent from school and testing processes that are in operation.	This piece of work adds value by providing an independent assurance that systems are well defined, operating well and are embedded within processes that help to ensure children are adequately safeguarded.	Y	Y		Q2
Learning and Opportunities	Safeguarding	This audit will review the safeguarding processes in place to ensure that there are effective governance arrangements in operation. This will involve reviewing both the internal and external processes the Council has in place to protect children and young people in order to ensure that Section 175 of the 2002 Education Act is complied with.	This review aims to add value by ensuring that there are effective processes in place to adequately safeguard and promote the welfare of children.	Y	Y	Y	Q2

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Learning and Opportunities	Special Educational Needs Placements	This audit will review the SEND placement process focusing on funding streams, the decision making process and the timeliness and quality of placements. .	This audit will add value by providing assurance that there are sound arrangements in place for SEND placements and their associated costs.		Y	Y	Q3
Learning and Opportunities	Heritage Services - Arts and Culture	This piece of work will involve reviewing the internal relationships of the services and ensuring there are effective governance arrangements in place.	This review aims to add value by ensuring that the services are working well and effective governance arrangements are in place.	Y			Q2
Schools	School Governance	This time is to provide information, advice and support to the (School) Governors' Support Service to ensure audit and governance issues are consistently dealt with across all schools	This piece of work aims to add value by improving governance across schools by sharing good practice and governance insights.	Y	Y		Q3 to Q4
Schools	Schools Financial Value Standard - Self Assessment Frameworks	This will involve undertaking an independent review of the School's SFVS returns to ensure they are adequately completed.	This review will aim to add value by providing assurance that schools are complying with the SFVS requirements.			Y	Q1 to Q2
Advice– 52 days – 3.8% of Plan							
Page 106	Advice	General support and advice as requested on an ad hoc basis on risk governance and control issues	Assists management to deliver better services adding value to the organisation				Q1-4

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Fraud Investigation – 89 days – 6.6% of Plan							
	Fraud Investigations	An allowance for investigative work as and when required	This helps discharge the Section 151 Officer's responsibilities, prevents further losses of monies and protects the Council's reputation.				Q1-4
Covid-19 related work– 224 days – 16.6% of Plan							
Covid19	Council-wide Responsive support work on cells and departments	<p>Emergency response work including specialist advice and support undertaken by the team during the response period and into recovery.</p> <p>Work undertaken to assess impact of changes to Council services as a result of Covid-19.</p> <p>This will identify discrete parcels of work of varying size to be delivered and set out in future reports to management and the Audit Committee</p>	Enhance and protect organisational value in an emergency and further work provides assurance on risk, governance and control arrangement contributing to Annual Governance Statement and Annual opinion of Head of Internal Audit				Q1-4

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment			Quarter
				Governance	Risk Management	Control	
Contingency - 110 days – 8.1% of Plan							
	Contingency	An allowance of time for reviews of new and emerging issues that arise during the year	Provided assurance to managers on emerging issues that are deemed important				
Follow up work – 87 days – 6.4% of Plan							
Corporate Items	Follow Up of Outstanding Recommendations	Review and assessment of the implementation of previously agreed recommendations.	Adds value by ensuring working towards mitigating previously identified risks.				Q1-4

The following areas were identified through the audit planning process as presenting risks to the effectiveness of the Council’s governance, risk management or control arrangements. They have been excluded from the audit plan itself as they present lower risks than areas included in the plan. If any risk assessment changes, escalating the risk assessment in any of these areas, they will be re-considered for coverage in the 2020/21 plan. All areas will additionally be reconsidered for audit coverage in 2021/22:

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment		
				Governance	Risk Management	Control
Corporate Items	Mosaic – Pre Implementation Review	This review would have reviewed the controls being put in place to ensure that data has been properly migrated to Mosaic and that the processes surrounding payments to be made from the system are sound.	This review would have added value by ensuring that proposed financial processes within the new Mosaic System are robust.		Y	Y
Adults, Health and Wellbeing	CCTV Monitoring	This piece of work would have independently review the Council's revised CCTV Policy ahead of the Council applying for CCTV accreditation by the Surveillance Commissioner.	The review would have aimed to add value by providing an independent assurance that the revised CCTV policy and proposed arrangements in place are effective.	Y		
Adults, Health and Wellbeing	Technology Enabled Independence	This would have involved providing an oversight role for the technology enabled independence project to ensure it will be delivered within time in order for the identified savings to be achieved.	This oversight role would have added value by providing an independent assurance that the potential savings arising from the implementation of the technology enabled independence project are realistic and can be achieved.		Y	

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				Standards Alignment		
Directorate	Audit Project	Audit Scope	Value Added	Governance	Risk Management	Control
Adults, Health and Wellbeing	Continuing Health Care Payments	This audit would have reviewed the revised administration of Continuing Health Care payments with the Clinical Commissioning Group process to ensure that they are being applied as prescribed and that the system is operating well.	This review would have added value by ensuring there are sound processes in place over Continuing Health Care Payments..		Y	Y
Adults, Health and Wellbeing	Use of Public Health Funding	This audit would have reviewed the use of public health funds – how the grant and wider determinants fund is being used, ensuring they are being applied as prescribed and that the system is operating well	This review would have added value by ensuring there are sound systems and processes in place over public health funds.		Y	Y
Adults, Health and Wellbeing	Better Care Fund	This audit would have reviewed the use of Better Care Fund monies, ensuring they are being applied as prescribed and that the system is operating well	This review would have added value by ensuring there are sound systems and processes in place over Better Care Fund monies		Y	Y
Adults, Health and Wellbeing	Building Community Capacity	This piece of work would have been undertaken as an oversight role designed to evaluate the impact that the community investment programme is having on building community capacity. This would have involved reviewing the grant monitoring framework to ensure that grant conditions are being adequately monitored and met to ensure that there are adequate arrangements in place for those community groups that have not met their grant conditions (which therefore means the community value the project was designed to add are lost).	This piece of work aimed to add value by ensuring that the community investment programme is having a positive impact on building community capacity and ultimately reducing the demand for council services with service users not having to enter them as early or at all.		Y	

				Standards Alignment		
Directorate	Audit Project	Audit Scope	Value Added	Governance	Risk Management	Control
Adults, Health and Wellbeing	Occupational Therapy Services	This review would see a high level review of the Occupational Therapy management controls in place and also a review of the equipment contract controls in place.	This piece of work aimed to add value by providing an independent assurance on the high level management controls operating within the Occupational Therapy service.		Y	Y
Adults, Health and Wellbeing	Working Age Adults Review	This piece of work would have taken an oversight role on the working age adults deep dive review that is currently being undertaken.	This piece of work aimed to add value by providing an independent oversight role to the review ensuring transformational changes achieved including meeting saving targets.		Y	
Adults, Health and Wellbeing	Positive Steps and STEPS Assessments	This was a proposed audit of the Positive Steps service to ensure that processes are adequate and that the right service users are being referred to the service correctly and on time and to minimise time being wasted and inefficiencies.	This review would have added value by ensuring that there are effective referral processes in place ensuring service users are referred to the correct service area and time wasted from incorrect referrals is minimised and that internal processes were efficient and effective.		Y	Y
Adults, Health and Wellbeing	Adults Future Operating Models	This piece of work will involve undertaking an oversight role on the future operating models for Adults Health and Wellbeing to ensure these are being worked up and delivered as intended with the identified saving being on track/achieved.	This piece of work aims to add value by providing an independent oversight role to the review.		Y	
Adults, Health and Wellbeing	Aids and Adaptations Process Review	This audit would have looked at the approval processes in place for aids and adaptations, including the panel decision process and approval levels to ensure they are appropriate and reasonable and the service is functioning adequately.	This review aimed to add value by ensuring that the decision and approval process for aids and adaptations are robust and decisions are made efficiently and effectively, thereby protecting Council funds.		Y	Y

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment		
				Governance	Risk Management	Control
Corporate Resources	Insurance Processing	The objective of the audit is to review the processes in place within the Insurance Team.	This review aims to add value by giving assurance that all insurance claims are appropriate and any money due to the Council are collected.		Y	Y
Corporate Resources	Cash and Payment Processing	This audit is a cyclical audit on the Council's Aim Cash Receipting system that takes internet and telephone payments. These processes are largely automated and are usually subject to review every 3 years.	This audit would have added value by giving assurance over a core financial system to ensure that payments being made to the Council are properly managed and allocated / accounted for.		Y	Y
Learning and Opportunities	Learning Disability Services	This audit would have looked at the work of the Learning Disability Service and examined the processes from referral to assessment and arrangement of any required care.	This audit aimed to add value by ensuring that processes are efficient and effective and take appropriate steps to protect vulnerable service users in a cost effective manner.		Y	Y
Learning and Opportunities	Education Absence - Fixed Penalty Notices	This piece of work would have reviewed the fixed penalty notices procedure for unauthorised absence from school. This will involve taking into account the proposal to automate the system, reasons for the delay in issuing notices, impact on attendance and the financial consequences (costs of raising FPN / collections rates etc.)	This review would have aimed to add value by ensuring that the fixed penalty notice procedure is operating effectively and has an impact on managing attendance.		Y	Y

The following areas were identified through the audit planning process as presenting risks to the effectiveness of the Council’s governance, risk management or control arrangements, and included in the original draft Plan to be presented to Audit Committee. These have now been excluded from the audit plan due to additional work required as a result of the Covid-19 situation and because they present lower risks than areas included in the plan. If any risk assessment changes, escalating the risk assessment in any of these areas, they will be re-considered for coverage in the 2020/21 plan. All areas will additionally be reconsidered for audit coverage in 2021/22

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment		
				Governance	Risk Management	Control
Adults Health and Wellbeing	Accessible Housing Processes	This audit will involve reviewing the accessible housing application process and associated controls. This will look at the process from both a business and client perspective to ensure that the process is efficient and effective for all parties concerned.	This review aims to add value by ensuring the accessible housing process and controls allow for a streamlined process to ensure waiting time is minimised.		Y	Y
Adults Health and Wellbeing	Safeguarding Personal Assets Team	This audit will involve providing an oversight role that the systems in operation are operating effectively and that there is adequate governance and performance arrangements in place.	This review aims to add value by providing assurance that systems and processes are set up correctly.		Y	Y
Adults Health and Wellbeing	Transport	This piece of work will involve providing an oversight role on the in house care transport project whereby savings have been identified. This will provide assurance that the savings identified from the project are on track to be achieved.	This reviews aims to add value by ensuring that the in house transport project is well managed and savings identified are being delivered.		Y	

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Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment		
				Governance	Risk Management	Control
Corporate Resources	Strategic Procurement Follow-up	A follow-up of the Procurement Services area.	This follow-up aims to add value by ensuring that required improvements previously agreed have been completed.		Y	Y
Corporate Resources	Core Financial Processes - Payroll Processing	The audit will be a mid-level review of payroll controls and payroll processes in 2020/21 to ensure that the appropriate controls are in place. This audit was subject to a full review in 2019/20.	This audit aims to add value by ensuring that the financial system continues to operate in established limits. This audit is an annual audit due to its large volume and value of expenditure that goes through the system.		Y	Y
Corporate Resources	Recruitment	The audit will be a full review of the recruitment process within the new recruitment system to give assurance that there are appropriate controls are in place.	This audit aims to add value by ensuring that the new recruitment system is working as it should be and meets all the requirements.		Y	Y
Corporate Resources	Schools Catering - Financial Administration	A review is planned of the Schools Catering function. Internal Audit will review systems and processes to ensure that they are robust and fit for purpose.	This audit aims to add value by assisting the School Catering department target areas / processes of weakness that need to be addressed, to enable them to meet their income targets.		Y	Y
Corporate Resources	Sunday Market Operations (Keepmoat)	This audit is to be undertaken to establish the processes in place with regard to collecting the Sunday Operations (ET013) for the car boot from the KeepMoat and confirming that the money transferred the Council is received timely and is accurate.	This audit aims add value by ensuring that there are robust billing and monitoring arrangements in place over the Sunday Market income.			Y

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment		
				Governance	Risk Management	Control
Corporate Resources	Time & Attendance System	The audit will give assurance that the migration of flexi data has been correctly completed onto the new Time & Attendance part of the iTrent System.	This review aims to add value by ensuring this corporate level system has been properly set up and adequately controls the risks in this area.	Y	Y	Y
Corporate Resources	Trading Services Reviews	Reviews of the income generation of traded services are currently planned. These multi-disciplinary reviews will look at the services and possible options for delivery to improve performance. Internal Audit will input to these reviews where value can be added by their skills sets.	This project intends to add value by providing insight into control and governance change proposals in these services.		Y	Y
Economy and Environment	Building Control Financial Administration, and Service Management Review	Building Control Financial Administration Review and VFM (income and performance).	This review aims to add value by ensuring all monies due to the authority are being received and that the service is performing to maximum capacity.		Y	Y
Economy and Environment	Car Parking Service Review	A review of both internal service delivery arrangements and contract management arrangements in order to ensure that income is maximised.	Ensures all monies due to the authority are being received and properly accounted for.		Y	Y
Economy and Environment	Licensing systems data quality audit	A review of data quality within the Licencing system in M3.	This review gives assurance over the appropriateness and accuracy of data held within one of the directorates main systems.		Y	Y

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment		
				Governance	Risk Management	Control
Economy and Environment	Stores	A full review of the operating of the Stores function including a review of stock request, issue, stock recording and system usage for costing and stock control purposes. This audit will also include a review of performance management activities in operation.	This review aims to add value by ensuring that arrangements for maintaining, issuing and valuing stores are robust, minimise fraud and contribute to accurate financial accounts. An organised and efficient stock control function will support the efficient delivery of other inter dependent services such as Highways, Professional Buildings Maintenance and Street Scene.		Y	Y
Learning and Opportunities	School Deficit Budgets	A review of school financial deficit budgets and if there is a link to poor financial management and school performance and the implications of proposed moves to Academy status.	A review of school financial deficit budgets and if there is a link to poor financial management and school performance and the implications of proposed moves to Academy status.	Y	Y	
Learning and Opportunities	Social Mobility Opportunity Area	This audit will involve Social Mobility Opportunity Area funding validation to ensure that monies have been spent appropriately and in line with relevant conditions.	The review and certification of expenditure helps to ensure that the SMOA funding has been spent in line with relevant conditions.		Y	Y
Learning and Opportunities	Stronger Families - Evidence Systems	This audit will look at the transformational effects of the Governments Troubled Families Programme, looking at the extent to which whole family working has been embedded into the working practice of Doncaster Council. This review will not cover the extent to which partner agencies such as the Children's Trust or St Leger Home have embedded whole family working.	This project looks to add value by demonstrating and evidencing that transformational change has taken place as a result of the Troubled Families Programme and will consider further recommendations for improvement as required.	Y	Y	

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment		
				Governance	Risk Management	Control
Schools	School Financial Review	A financial administration review of a school. These reviews will concentrate on schools that operate their own financial banking arrangements and will review, cash, banking, voluntary funds (and other social funds), bank account management and financial accounting arrangements.	This audit aims to add value by ensuring that processes for handling monies at the school are robust and all accounted for.		Y	Y
Schools	School Financial Review 2	A financial administration review of a school. These reviews will concentrate on schools that operate their own financial banking arrangements and will review, cash, banking, voluntary funds (and other social funds), bank account management and financial accounting arrangements.	This audit aims to add value by ensuring that processes for handling monies at the school are robust and all accounted for.		Y	Y
Schools	School Financial Review 3	A financial administration review of a school. These reviews will concentrate on schools that operate their own financial banking arrangements and will review, cash, banking, voluntary funds (and other social funds), bank account management and financial accounting arrangements.	This audit aims to add value by ensuring that processes for handling monies at the school are robust and all accounted for.		Y	Y

Directorate	Audit Project	Audit Scope	Value Added	Standards Alignment		
				Governance	Risk Management	Control
Schools	School Financial Review 4	A financial administration review of a school. These reviews will concentrate on schools that operate their own financial banking arrangements and will review, cash, banking, voluntary funds (and other social funds), bank account management and financial accounting arrangements.	This audit aims to add value by ensuring that processes for handling monies at the school are robust and all accounted for.		Y	Y



Doncaster Council

Report

Date: 17th June 2020

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

AUDIT COMMITTEE ANNUAL REPORT 2019/20

EXECUTIVE SUMMARY

1. The production of an annual report allows the Audit Committee to demonstrate it has fulfilled its terms of reference and share its achievements with the whole Council. The production of such a report also complies with current best practice for audit committees. This report asks Members to note and approve the draft Audit Committee Annual Report for 2019/20, attached to this report.

Particular ways in which the Audit Committee has contributed during the year include:

- Helping to maintain and improve the Council's system of risk, governance and control by reviewing internal and external audit work carried out during the year.
- Supporting improvement in the Council's control arrangements by ensuring appropriate action is taken to implement audit recommendations and calling officers to account where explanations over any lack of progress are required..
- Critically assessing the Council's governance arrangements and supporting the production of an accurate Annual Governance Statement.
- Supporting the maintenance of the good standards achieved in producing the Council's Statement of Accounts, while meeting shorter timescales now required.
- Supporting the Council's antifraud and corruption arrangements and noting progress in this area as set out in the annual fraud report.
- Ensuring the Council's surveillance policies are kept up to date and reviewing surveillance carried out by the Council.

This Annual Report is a very positive report, recognising the further improvements in Adults Services and throughout the wider Council's, risk, governance and control arrangements and reflects the effective contribution made by the Audit Committee during the year.

EXEMPT REPORT

- 2. Not applicable, for information only.

RECOMMENDATION

- 3. **The Audit Committee is asked to make comment on and consider for approval the attached Audit Committee Annual Report 2019/20 and for it to be presented at a future meeting of full Council**

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

- 4. Effective oversight through the Audit Committee adds value to the Council's operations in managing its risks and achieving its key priorities.

BACKGROUND

- 5. The Audit Committee is a key part of the governance arrangements of the Council. It is appropriate that the important work of the Committee is shared with the rest of the Council and other stakeholders. The draft Annual Report of the Audit Committee, attached at **Appendix 1** to this report, sets out key aspects of the work undertaken by the Committee during 2019/20.

OPTIONS CONSIDERED

- 6. Not application, for information only.

REASONS FOR RECOMMENDED OPTION

- 7. Not applicable, for information only.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

- 8 A key role for the Audit Committee is to oversee the effectiveness of the management of risks and internal controls, which contributes to the successful achievement of the Council's objectives. Any improvement in the management of the risks will have a positive impact increasing the likelihood of the Council achieving these objectives and goals. The Audit Committee's work is, therefore, relevant to all priorities but in particular the following:

	Outcomes	Implications
	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;	

	<ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self- 	<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</p>

	reliance by connecting community assets and strengths <ul style="list-style-type: none"> • Working with our partners and residents to provide effective leadership and governance 	Committee improves and strengthens governance arrangements within the Council and its partners.
--	--	---

RISKS AND ASSUMPTIONS

9. The Audit Committee contributes to the effective management of risks. The ways in which it does this are summarised in the attached draft report.

LEGAL IMPLICATIONS (SRF, 16/03/20)

10. The Audit Committee is a key part of the Council's governance controls and the work it does contributes to the Council's overall responsibility to maintain an adequate and effective system of internal controls. Further specific legal advice can be provided on any matters arising as required.

FINANCIAL IMPLICATIONS (ST, 13/03/20)

11. There are no identified financial implications arising from this report.

HUMAN RESOURCES IMPLICATIONS (KG, 11/03/20)

12. There are no HR implications associated with this report.

TECHNOLOGY IMPLICATIONS (PW, 11/3/20)

13. There are no identified technology implications arising from this report.

HEALTH IMPLICATIONS (RS, 12/03/20)

14. There is no direct health implication of this report. The health implications rest with the service areas to be audited as part of Internal Audit Plan 2018/19.

EQUALITY IMPLICATIONS (PRJ, 04/03/20)

15. Whilst there are no identified equal opportunity issues within this report, all of the reports identified within the annual report would have been subject to their own relevant equalities implications assessment.

CONSULTATION

16. This report consults with the Audit Committee over the production of an Annual Report.

BACKGROUND PAPERS

17. Various Audit Committee Reports from June 2019 to April 2020 Audit Committees.

REPORT AUTHOR & CONTRIBUTORS

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Debbie Hogg
Director of Corporate Resources

**Annual Report of the
Audit Committee
2019/20**

Annual Report of the Audit Committee 2019/20

Foreword by Chair of the Audit Committee

I am pleased to present this report which highlights the contribution this Committee has made during 2019/20 to the achievement of good governance and internal control within the Council.

Our Audit Committee is a key component of Doncaster Council's Corporate Governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit Committee is to provide independent assurance to the Members on the adequacy of the risk management framework and the internal control environment. It provides an independent review of Doncaster Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Where relevant, the Committee also makes recommendations for action to address any deficiencies identified by or reported to the Audit Committee. The Committee has requested several officers to attend Committee during the year to provide additional information on particular areas of concern.

We noted last year the improvement in risk governance and control in the Adults, Health and Wellbeing Directorate and I am pleased to reflect on their continued improvement. This is reflected in;

- continued improvements in contract and commissioning arrangements resulting in a further reduced number of breaches of contract procedure rules set out in a very positive annual report
- a number of Internal Audit reviews giving the highest level of assurance, "substantial", from which a minimal number of recommendations arose
- Internal Audit plans and coverage at much lower levels reflecting the lower assessed risk and improved risk, governance and control environment
- the implementation of management actions to address Internal Audit recommendations from previous years reviews

Within the wider Council, the Committee felt frustrated early in the year at the number of overdue management actions implementing audit recommendations and wrote to the Chief Executive about this subject. There is now a marked improvement in the number of overdue actions due to:

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

Improvement in risk, governance and control is also apparent in the much reduced number of unplanned reports presented to committee, generally arising from Internal Audit work.

There have been many further benefits from our work. Main outcomes and improvements include:

- Another positive External Audit opinion on the Council's Statement of Accounts, confirming their accuracy and completeness and delivered to challenging timescales.
- Confirmation by External Audit that the Council has in place the arrangements required to achieve its objectives and deliver its services economically, effectively and efficiently
- A stronger and more positive Annual Governance Statement highlighting a lower number of issues than previous years
- A strong and positive opinion from the Head of Internal Audit in his Annual Report
- A positive Self-Assessment against best practice from CIPFA "Audit Committees / Practical Guidance for Local Authorities and Police
- We have worked well with our new External Auditors, Grant Thornton, who successfully delivered their first audit of our accounts and we look forward to working with them in the coming years. We are also pleased that Doncaster Council was able to have its audit completed in compliance with national deadlines unlike many other Local Authorities who were not able to achieve these due primarily to problems experienced by their External Auditors in staffing their audits and dealing with increasingly technical complex audit issues at their client Local Authority.

Councillor Austen White
Chair of the Audit Committee, 2019/20

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1. INTRODUCTION

This annual report on the work of the Council's Audit Committee shows:

- How the Audit Committee has fulfilled its terms of reference
- How the Council's arrangements comply with national guidance relating to audit committees
- How the Audit Committee has contributed to strengthening risk management, internal control and governance arrangements.

2. TERMS OF REFERENCE

During 2019, the Terms of Reference for the Audit Committee, were subject to a comprehensive review against guidance issued by Chartered Institute of Public Finance and Accountancy in 2018. The revisions adopted at the annual meeting of Council in May 2019 generally reflected terminology changes following auditing standards revisions. The new terms adopted still reflected local requirements with regard to discharging the role of the Standards Sub-Committee.

The current Terms of Reference and more details about the responsibilities relating to Standards can be found on the Council's website.

3. COMMITTEE INFORMATION

Audit Committee Membership

The Committee has five elected members:

- Councillor Austen White(Chair)
- Councillor Richard Jones (Vice Chair)
- Councillor Charlie Hogarth
- Councillor Tosh McDonald
- Councillor David Nevett

The Committee has one independent co-opted member with non-voting rights serving on the Audit Committee, Kathryn Smart.

Audit Committee Meetings

The Committee has met on five occasions during the year:

- June 2019
- July 2019
- October 2019
- January 2020
- April 2020

This frequency of meetings is agreed to ensure the Audit Committee can fulfil its responsibilities in an efficient and effective way.

The July 2019 meeting of the Audit Committee was particularly important, when the Committee fulfilled its responsibility to approve the 2018/19 Statement of Accounts and to recommend the adoption of the 2018/19 Annual Governance Statement.

Various other reports are fundamental to the Audit Committee, including:

- Internal and External Audit Plans for the year.
- The External Auditor's Annual Audit Letter.
- The Head of Internal Audit's Annual Report.

The Audit Committee has fulfilled its mandatory obligations during 2019/20.

4. COMMITTEE ACHIEVEMENTS

A list of the reports considered by the Audit Committee can be found in **Appendix A**. The main outcomes of the Committee's work in relation to its core functions can be summarised as follows:

Internal Audit

The Audit Committee:

- Received and considered the 2019/20 Annual Report of the Head of Internal Audit, which included his opinion on the Council's internal control environment.
- Received and considered information on the performance and effectiveness of the Internal Audit Team.
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress in delivering the planned work and summaries of reports issues and approved any necessary changes to the plan as a result of new and emerging risks or special investigations. The reports also provided monitoring information on the implementation of agreed audit recommendations.
- Continued to provide support to the Internal Audit Team to ensure management was responsive to recommendations made and agreed.
- Agreed the Internal Audit Annual Plan for 2020/21
- Approved the Internal Audit Strategy and Charter

External Audit

The Audit Committee:

- Received and considered reports on the External Auditor's progress against the agreed plan.
- Received and considered report to Those Charged With Governance (ISA 260 Report) 2019/20 and the Annual Audit letter
- Considered fees proposals and variations for the External Audit.
- Continued to provide support to the External Auditors to ensure management was responsive to recommendations made and agreed.
- Received an update on External Audit Reforms

Regulatory Framework and Ethical Governance

The Audit Committee has:

- Considered and noted the Audit Committee Prospectus, Terms of Reference and Work Programme.
- Noted and approved the Annual Report of the Audit Committee.

- Overseen the production of and recommended the adoption of the Annual Governance Statement.
- Received reports on Compliance with the Council's Contract Procedure Rules, including breaches and waivers of these Rules.
- Received and considered the Annual Fraud Report for the Council.
- Received regular reports on surveillance conducted by the Council under the Regulation of Investigatory Powers Act 2000.
- Considered and noted the Annual report of the Monitoring Officer.

Core Function - Accounts

The Audit Committee has:

- Received reports on the Statement of Accounts and accounting policies used to prepare the accounts.
- Approved the Statement of Accounts and the amendments to the accounts following their approval by the then Deputy Section 151 Officer
- Received and considered reports from the External Auditor on the Statement of Accounts.

Other Issues

The Audit Committee also considered reports on the following specific issues which arose in the period:

- Update Report on Contract and Commissioning in Adults, Health and Wellbeing
- Day Opportunities for People with Learning Difficulties and Highly Complex Needs

Compliance with Best Practice

During 2018/19 and 2019/20 a self-assessment was carried out against checklists from the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance "Audit Committees / Practical Guidance for Local Authorities and Police 2018 Edition."

This identified the committee was generally operating to best practice but there were areas in which they could develop the committee further. These actions are set out in an improvement plan which will be monitored during the next year. A full training needs assessment was carried out with all Audit Committee members which didn't identify any specific immediate training needs but did highlight the use and benefits of the ongoing training and updates provided to committee members

Further training and updates were provided to the Audit Committee and other interested members throughout the year. Topics included:

- Accounts Preparations and Training/Awareness on the Statement of Accounts
- Preparation of the Annual Governance Statement
- Work of the Strategic Procurement Team
- Self-assessment against best practice for audit committees
- Internal Audit Planning
- Audit Committee and Governance Updates

AUDIT COMMITTEE ACTIVITY – 2019/20

Appendix A

Function / Issue	Jun 2019	July 2019	Oct 2019	Jan 2020	*Jun 2020
Audit Committee Actions Log	Received				
Annual Report of the Monitoring Officer	Received				
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update	Received				
Audit Committee Prospectus, Terms of Reference and Work programme 2019/20	Received				
Unaudited Statement of Accounts 2018/19	Received				
Grant Thornton - Progress Report and Sector Update	Received				
Day Opportunities for People with Learning Difficulties and Highly Complex Needs	Received				
Audit Committee Actions Log		Received			
Internal Audit Strategy and Charter		Received			
Internal Audit Progress Report for the period: April 2019 to June 2019		Received			
Statement of Accounts and Annual Governance Statement 2018/19 and ISA 260 Report to Those Charged With Governance (ISA 260 Report) 2018/19		Received			
Audit Committee Actions Log			Received		
Breaches and Waivers to the Council’s Contract Procedural Rules			Received		
2018-19 Annual Governance Statement – Progress Update			Received		
Preventing and Detecting Fraud and Error - October 2018 to September 2019.			Received		
Internal Audit Progress Report for the period: July to October 2019			Received		
Grant Thornton - Progress Report and Sector Update			Received		
Grant Thornton – External Audit Reform			Received		
Grant Thornton Annual Audit Letter 2018/19.			Received		
Audit Committee Actions Log				Received	
Update Report on Contracts and Commissioning in Adults, Health and Wellbeing				Received	
Internal Audit Progress Report for the Period: October to December 2019				Received	
Covert Surveillance - Regulation of Investigatory Powers Act 2000 (RIPA) Update.				Received	
External Auditor (Grant Thornton) Audit Plan 2019/20 and Arrangements for the preparation of the 2019/20 Accounts				Received	
Audit Committee Actions Log					Received
Breaches and Waivers to the Council’s Contract Procedural Rules					Received
Annual Report of the Head of Internal Audit 2019/20					Received
Draft Annual Governance Statement 2019/20					Received
Internal Audit Plan 2020/21					Received
Audit Committee Annual Report 2019/20					Received
Grant Thornton - Progress Report and Sector Update					Postponed

* Postponed from April 2020 due to Coronavirus pandemic



Grant Thornton

An instinct for growth™

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21 April 2020

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Dear Debbie

Audit scope and additional work 2019-20

I hope you and your colleagues are all keeping safe and well in these very unusual and difficult times. In this letter, I want to update you on our plans to work with you over the coming months, and to ensure that we plan our audit effectively, to provide assurance for those charged with governance, and to deliver a high quality audit to all users of the audit, whilst also seeking to maintain our fee within the envelope which we discussed previously.

I wrote to you previously regarding our detailed audit proposals on 20 January 2020, to outline how the increased regulatory focus facing all audit suppliers was impacting on our planned audit programme. I set out in my letter my expectation of what this would mean for our audit coverage for 2019-20, as well as for the audit fee. Items I highlighted in particular included the impact of 'raising the bar' to meet the FRC's expectation that all audits would now achieve a level of 2a (acceptable with limited improvements only) or above. I explained that we would need to increase our managerial oversight to achieve this audit standard. In addition, I outlined how you should expect the audit team to exercise even greater challenge of management in areas that are complex, significant or highly judgmental. I also outlined the specific additional work which we would need to undertake in complex areas of the accounts with high estimation uncertainty, such as Property, Plant and Equipment and Pensions valuations. I also outlined our planned use of an auditor's expert for PPE valuation. I set out full details in my audit plan dated 21 January 2020, where I advised that my estimate was that an additional fee of £22,350 would be required to complete the audit.

Subsequent to the above, global events have moved in an unexpected and tragic direction. None of us could have foreseen in January the impact that the Covid19 crisis has had on the world. As a local government body, you are at the forefront of efforts to support local people, and clearly the focus of the Authority will be directed to supporting local communities as best you can in these exceptionally difficult circumstances. As your auditors, we absolutely understand the challenges that you and your teams are facing and we have already been discussing with you and your team how we can work with you as effectively as we can. At these challenging times it is even more important to ensure that we can deliver a high quality audit, focused on good governance and the application of relevant accounting and auditing standards, whilst recognising the day to day pressures you face.

With this in mind we have prepared an update to our Audit Plan for 2019-20 and I attach this for your consideration. The following are the key points which I particularly wish to highlight for your attention.

Addition of a significant audit risk in respect of Covid 19:

The crisis has increased audit risk factors in the following areas:

- Remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation;
- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management's estimates;
- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and their overall financial resilience and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and
- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We have set out in the Audit Plan update the additional work we propose to undertake in respect of this new significant risk. Fundamental to our response will be working with you to understand the arrangements the Authority has in place to address relevant risks in respect of Covid 19 in its accounts preparation. We will also review the appropriateness of your disclosures, including in respect of any estimation uncertainties around for example PPE and Pensions asset valuations.

Value for Money and Financial Standing

As part of our VFM work we will ensure we understand the arrangements you are putting in place to manage risks around business continuity in the current crisis. We do not envisage this will be a significant audit risk for 2019-20, although we will keep this under review for 2020-21. We will also review your assessment of going concern and financial stability in the light of increased uncertainties around for example Council Tax and NNDR collection rates, car park income and investment properties. We envisage linking the additional VFM work around financial standing with our Going Concern opinion work.

Regulatory changes.

As you will be aware, earlier this month, CIPFA decided to adopt a small number of presentational changes to its Accounting Code of Practice for 2019-20. The changes which are now proposed to the Code, for example around disclosure, will have only a marginal impact on the audit. The additional audit risk factors that I highlighted in my January 2020 letter regarding raising the bar, PPE and Pensions work, for example, will therefore all still be required this year. You will also be aware that the Government accounting Financial Reporting Advisory Board (FRAB) has deferred the implementation of IFRS 16 by a year. Whilst IAS 8 disclosures will be required, this change will lead to some reduction in preparatory work required by both you and us, for this year at least.

Finally, MHCLG has revised the publication date for the draft accounts to 31 August and set a target date for publication of audited accounts of 30 November 2020. Whilst flexibility in moving away from July is welcome, a number of authorities have highlighted the risk that a delayed closedown process could impact on their budget programme for 2021-22. We are keen to agree a timetable that works for you, and that we can both commit too. We have provisionally agreed a target date of 30 September 2020.

Fee impact

As I set out in my previous letter, final audit fees are determined by PSAA, after the audit has been completed. At this stage, it is difficult to quantify the impact of the additional work required in respect of Covid19. My best estimate is that, taking into account increased work in respect of Covid 19, and reduced work on IFRS 16, the fee set out in our Audit Plan of 21 January 2020, totalling £149,280, remains appropriate, and we will do our best to work within this envelope. Should circumstances change, we will let you know.

I hope this is helpful and allows you to plan accordingly for the 2019-20 audit. Should you wish to discuss this further, please do not hesitate to contact me. I attach a copy of our Audit Plan update for your comment. We look forward to working with you again this year,

Yours sincerely

Gareth

Gareth Mills

Engagement Lead

For and on behalf of Grant Thornton UK LLP

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External Audit Plan update

Year ending 31 March 2020

Doncaster Metropolitan Borough Council
21 April 2020



1. Introduction & headlines

Purpose

This document provides an update to the planned scope and timing of the statutory audit of Doncaster Metropolitan Borough Council ('the Authority') as reported in our Audit Plan dated 21 January 2020, for those charged with governance.

The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan dated 21 January 2020, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VFM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

Impact on our audit and VFM work

Management and those charged with governance are still required to prepare financial statements in accordance with relevant accounting standards and the Code of Audit Practice, although now to an extended deadline, which for the preparation of the financial statements can be up to 31 August 2020, and the date for the audited financials statements up to 30 November 2020. We are continuing to liaise with management to agree appropriate timescales relevant for your audit. We continue to be responsible for forming and expressing an opinion on the Authority's financial statements and VFM arrangements.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2021-22.

Changes to our audit approach

To date we have:

- Identified a new significant financial statement risk, as described overleaf
- Reviewed the materiality levels we determined for the audit. We did not identify any changes to our materiality assessment as a result of the risk identified due to Covid-19.

Changes to our VFM approach

We have updated our VFM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VFM risks in relation to Covid-19.

Conclusion

We will ensure any further changes in our audit and VFM approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

2. Significant risks identified: Covid–19 pandemic

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Covid – 19</p>	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to:</p> <ul style="list-style-type: none"> - Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation - Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates - Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen - Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach • Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise • Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic • Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely • Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances • Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment • Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.



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30 April 2020

By email

Email generalenquiries@psaa.co.uk

Dear Section 151 Officer and Audit Committee Chair

Fee Scale for the Audit 2020/21 and update on 2019/20

I am writing to notify you of your 2020/21 audit scale fee. In previous years your auditor has been required to write to you to do this. However, going forward, we have agreed with the audit firms that it is more efficient for PSAA to write out to all bodies directly.

PSAA commissions auditors to provide audits that are compliant with the National Audit Office's Code of Audit Practice ('the Code'). PSAA is required by s16 of the Local Audit (Appointing Person) Regulations 2015 (the Regulations) to set the scale fees by the start of the financial year, and we published the 2020/21 scale fees on our website on 31 March 2020. In addition to notifying you directly of your scale fee, this letter provides you with key updates and information on audit matters in these difficult times.

We wrote to all S151 officers on 12 December 2019 describing that local audit and audit more widely is subject to a great deal of turbulence with significant pressures on fees. These pressures still apply and the key aspects are summarised below;

- It is apparent that the well publicised challenges facing the auditing profession following a number of significant financial failures in the private sector have played a part. As you know, these high profile events have led the Government to commission three separate reviews - Sir John Kingman has reviewed audit regulation, the Competition and Markets Authority has reviewed the audit market, and Sir Donald Brydon has reviewed the audit product.

- It is not yet clear what the long term implications of these reviews will be. However, the immediate impact is clear - significantly greater pressure on firms to deliver higher quality audits by requiring auditors to demonstrate greater professional scepticism when carrying out their work across all sectors – and this includes local audit. This has resulted in auditors needing to exercise greater challenge to the areas where management makes judgements or relies upon advisers, for example, in relation to estimates and related assumptions within the accounts. As a result, audit firms have updated their work programmes and reinforced their internal processes and will continue to do so to enable them to meet the current expectations.

How we set your scale fee

We consulted on the 2020/21 Scale of Fees in early 2020 and received a total of 54 responses. We published the final document on our website ([Scale fee document](#)). In it we explained that although we have set the scale audit fee at the same level as for 2019/20, we do not expect the final audit fee to remain at that level for most if not all bodies because of a variety of change factors, the impact of which cannot be accurately or reliably estimated at this stage.

The impact of these changes is likely to vary between bodies depending on local circumstances, and information to determine that impact with any certainty is not yet available. Our view is that it would also be inappropriate to apply a standard increase to all authorities given the differing impact of these changes between bodies. As the impact of these changes is understood, fee variations will need to be identified and agreed reflecting the impact on each audit

	Scale fee for the audit 2020/21	Scale fee for the audit 2019/20
Doncaster Metropolitan Borough Council	£126,930	£126,930

As well as the Scale of Fees document, we have also produced a [Q&A](#) which provides detailed responses to the questions raised as part of the consultation. We will update the Q&As periodically to take account of ongoing developments affecting scale fees.

The fee for the audit is based on certain assumptions and expectations which are set out in the [Statement of Responsibilities](#). This statement serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and of the audited body begin and end, and what is to be expected of both in certain areas.

The final fee for the audit will reflect the risk-based approach to audit planning as set out in the Code. Under the Code, auditors tailor their work to reflect local circumstances and their assessment of audit risk. This is achieved by assessing the significant financial and operational risks facing an audited body, and the arrangements it has put in place to manage those risks, as well as considering any changes affecting audit responsibilities or financial reporting standards.

Fee Variations

As noted above, we recognise that with so much turbulence and change in the local audit environment, additional fee variations are likely to arise for most if not all bodies.

The amount of work required on arrangements to secure VFM is a matter of auditor judgement and is based on the requirements set out in the new Code and supporting guidance which will be published later in 2020. Once the Auditor Guidance Notes have been published we will be able to consider the impact of the new requirements in more depth, and may be able to provide indicative ranges in relation to the likely fee implications for different types and classes of body.

Given that local circumstances at each audited body are key to determining the assessment of risk and the audit work required, we would encourage early dialogue with your auditor to determine any related implications for fees. The process for agreeing fee variations begins with local communication, and ideally agreement. We have produced a fee variation process note which is available on our website ([Fee variations process](#)). Please note that all fee variations are required to be approved by PSAA before they can be invoiced.

Quality of Audit Services

We are committed to do all we can to ensure good quality audits and a high-quality service for the bodies that have opted into our arrangements. The service that you can expect to receive from your auditors is set out in their Method Statement, which is available from your auditors.

Whilst professional regulation and contractual compliance are important components of the arrangements for a quality audit service, so too is the aspect of relationship management. We recently commissioned a survey via the LGA Research team to obtain audited bodies' views of the audit service provided to them. The themes and improvement areas from the survey will be discussed with firm contact partners for development at a local level. The results from our 2018/19 survey of all opted-in bodies will be available on our website in May and we will notify all S151 officers and Audit Committee Chairs.

Impact of COVID-19 on current 2019/20 audits

The global COVID-19 pandemic has created further turbulence impacting on all aspects of the economy including the public sector. There are potentially significant repercussions for the delivery of audits, audit-related issues and delays to signing audit opinions for 2019/20. MHCLG has acted to ease these pressures by providing more flexibility in the 2019/20 accounts preparation and auditing timetable by temporarily revising the Accounts and Audit Regulations. This has extended the period which an authority has to publish its draft financial statements until 31 August, and importantly there is much greater flexibility for the public inspection period as it is now required to start on or before the first working day of September 2020. The revised date for publishing audited accounts (if available) is 30 November 2020.

We recommend that you discuss with your auditors the use that can be made of this flexibility in meeting mutual governance and assurance responsibilities, noting that in a letter to all local authority Chief Executives on 22 April, MHCLG encouraged approval of pre-audit accounts earlier than 31 August if possible.

We have referred to the importance of audit quality in this letter, and just as important is the quality of the pre-audit financial statements and the working papers that are prepared by bodies. The disruption caused by COVID-19 will impact on areas of judgement and creates uncertainty in preparation of the financial statements, and it is key that bodies ensure there is sufficient focus upon financial reporting and related processes and controls, and that the planned timetable allows for sufficient internal quality assurance and review of financial reporting issues taking into account the wider impact of the pandemic on the officers' time.

Local Audit Quality Forum

Our Local Audit Quality Forum focuses on providing information to support audit committees (or equivalent) in delivering their remit effectively. We are disappointed that we are not able to host our planned event this summer due to the COVID-19 pandemic. However, we plan to host our next event towards the end of the year. It will provide an opportunity to discuss a range of relevant topics and themes. If there are any particular areas you would like to see included on a future agenda, or if you wish to raise any other issues with PSAA, please feel free to contact us at generalenquiries@psaa.co.uk

Your auditor will, of course, be best placed to answer any questions you may have with regard to your audit.

Yours sincerely,

Tony Crawley

Chief Executive