



**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 via Microsoft Teams

Date: Thursday, 23rd July, 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 736723/ 737462/ 736716 for further details.

BROADCASTING NOTICE

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**Damian Allen
Chief Executive**

Issued on: Wednesday, 15 July 2020

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

Doncaster Metropolitan Borough Council
www.doncaster.gov.uk

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 17th June 2020.	1 - 10
A. Reports where the public and press may not be excluded	
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7. Breaches and Waivers to the Councils Contract Procedure Rules July 2020.	21 - 36
8. Unaudited Statement of Accounts 2019/20.	37 - 50
9. Audit Committee Prospectus, Terms of Reference and Work programme 2020/21.	51 - 62
10. Internal Audit Progress Report for the period: April 2020 to June 2020.	63 - 90
11. Grant Thornton Audit Committee Progress Report and Sector Update.	91 - 100

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

Public Document Pack Agenda Item 4

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

17TH JUNE, 2020

A MEETING of the AUDIT COMMITTEE was held via Teleconference on Microsoft Teams on WEDNESDAY, 17TH JUNE, 2020 at 10.00 a.m.

PRESENT:

Chair - Councillor Austen White
Vice-Chair - Councillor R. Allan Jones

Councillors Charlie Hogarth, Tosh McDonald, David Nevett and Co-opted Member Kathryn Smart.

ALSO IN ATTENDANCE:

Debbie Hogg, Director of Corporate Resources
Scott Fawcus, Assistant Director, Legal and Democratic Services
Faye Tyas, Assistant Director of Finance
Peter Jackson, Head of Internal Audit
Holly Wilson, Head of Strategic Procurement
Perminder Sethi, Grant Thornton, LLP

34 DECLARATIONS OF INTEREST, IF ANY

There were no declarations made at the meeting.

35 MINUTES OF THE MEETING HELD ON 30TH JANUARY 2020

RESOLVED that the minutes of the Audit Committee Meeting held on 30th January, 2020, be approved as a correct record and signed by the Chair.

36 AUDIT COMMITTEE ACTION LOG

Peter Jackson, Head of Internal Audit presented the Audit Action Log which detailed all actions agreed at previous Audit Committee Meetings. It was noted that of the seven actions previously requested at the January and October 2019 meetings, no actions were outstanding, two had been completed, the remaining five were in progress and would be cleared in the course of future meetings. None of these represented longer running issues.

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

37 ANNUAL REPORT OF THE MONITORING OFFICER

Scott Fawcus, Monitoring Officer presented his Annual report on matters relating to ethical governance, including details of 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 reports under the Money Laundering Policy.

The Monitoring Officer reported that he had a statutory responsibility to consider matters in relation to potential breaches of the Member Code of Conduct in relation to Borough Councillors and Parish and Town Councils across the Borough. He was pleased to report that

the majority of Parish and Town Councils and the majority of Borough Councillors have carried out their roles in such a manner that no issues have been brought to his attention.

Following the presentation of the report, the Vice-Chair, Councillor Richard Alan Jones referred to an outstanding complaint from last year regarding a Borough Councillor and sought information as to its progress. The Monitoring Officer advised that the complaint was ongoing and still under investigation, and that he would report back his findings to the Committee at a future meeting.

Councillor Jones also made reference to the draft Members' Code of Conduct issued by NALC and asked whether the Council will have the opportunity to input into this process as part of the review currently being undertaken on the Member Model Code of Conduct. The Monitoring Officer confirmed that all Monitoring Officers across the country have been initially consulted on the Code and have had the opportunity to contribute as part of the consultation process. He advised that he did not know when the Code would come into force, however, he gave an undertaking to provide an early indication of the outcome of the consultation and an update on any changes, to this Committee, all Ward Councillors and Parish and Town Councillors as any changes occur. When an amended Code is enacted, Members and Parish and Town Councillors will be fully briefed on any changes and training will be provided.

Councillor McDonald expressed concerns with regard to the possibility of greater powers being afforded to the Monitoring Officer in relation to Member complaints under the Code and sought assurance that protections would be given to the subject member. The Monitoring Officer reminded Members of the complaints process and that ultimately decisions as to any sanctions are made by the Audit Hearings Sub-Committee, not by the Monitoring Officer. The available sanctions do not provide sufficient deterrent for the worst cases, and in the case of Town and Parish Councillors, the Hearings Sub-Committee can only recommend a course of action for the Parish/Town Council to undertake, they cannot require that their sanction is enforced. In view of this, as part of the review of the Code the Monitoring Officer wished to see greater powers by way of broader sanctions being introduced in respect of breaches of the Code of Conduct.

In noting the three whistleblowing returns for 2019/20, as set out at paragraph 13 of the report, Members asked whether the whistleblowing process was adequately promoted throughout the Council to enable staff to use the Policy. The Monitoring Officer confirmed that the Policy was widely publicised via the Councils internal and external website and information on the Policy is communicated to staff annually. However, it was acknowledged that due to recent internal communications relating to Covid 19 dominating the Intranet, it may be prudent to post a further communication on the website as a reminder to staff after this time. Following further questions, the Monitoring Officer reported that the range of Whistleblowers who had submitted complaints under the Policy suggests that staff were aware of the Policy and that in terms of benchmarking with other authorities, it was difficult to draw comparisons.

The Head of Internal Audit reported that the Whistleblowing Policy was currently being reviewed to ensure that it remained fit for purpose. Once completed staff would be informed of those changes and a report would be brought to the Committee in October 2020.

Arising from a question from Kathryn Smart in relation to the Council's ongoing investigation to the safeguarding concerns about a DMBC facility, as set out at paragraph 13 of the report, the Monitoring Officer reported that following the conclusion of the investigation, an update would be brought to the Committee as part of the Head of Internal Audit's Audit Committee Actions Log report.

In response to a question, the Monitoring Officer confirmed that the procedures in place to prevent money laundering were sufficiently robust.

RESOLVED that

- (1) the Monitoring Officer's Annual report on complaint handling activity for the period 1st April 2019 to 31st March 2020, be noted;
- (2) the whistleblowing return for 2019/20, be noted; and
- (3) the nil money laundering reports for 2019/2020, be noted.

38 BREACHES AND WAIVERS TO THE COUNCIL'S CONTRACT PROCEDURE RULES

The Committee received a report, presented by Holly Wilson, Head of Strategic Procurement which detailed all waivers and breaches to the Contract Procedure Rules (CPR's) for the period 1st September 2019 up to 29th February 2020. The report provided a summary of the number of new waivers and breaches recorded for each directorate since the last audit report presented to Committee in October 2019 for comparative purposes. Further details regarding each waiver and breach were summarised in Appendices 1-3 of the report.

The Head of Strategic Procurement reported that following the Covid 19 outbreak, there has been a significant increase in the number of waivers. She advised that a supplementary report on breaches and waivers would be presented to the Committee at its meeting in July.

The Committee was pleased to note that a long-standing issue in relation to the Solar Centre had since been resolved and thanked Officers who had been involved for the work undertaken.

The Committee commended the Strategic Procurement Team for the overall decrease in waivers and breaches for the period up to 29th February 2020, however, sought assurance that the procedures to manage, award and monitor waivers and breaches to Council Procedure Rules during the period since the date of this report and the Covid 19 outbreak have been followed correctly. The Head of Strategic Procurement reported that she had been given clear direction from the Council's Leadership Team to ensure that good governance was in place and whilst there had been an increase in the workload of the Procurement Team, she was confident that the correct processes had been followed. The report to be presented to the Committee in July would provide a full analysis and provide further assurance that procedures have been adhered to.

Members raised concerns that due to Covid 19 some suppliers have been charging vastly inflated prices for essential items, such as personal protective equipment, therefore have profiteered from the demand in supplies. Members asked that the report to the Committee in July provide information regarding poor practices from suppliers that had profiteered during the pandemic.

The Head of Strategic Procurement confirmed that the report in July would provide information regarding those waivers where the Council have had to block purchase for such items and explained that the Council's usual supply chain could not meet the Council's requirements. She assured Members that none of the Council's existing contractors had inflated prices and explained that contractually the prices had been fixed with the contractor. The Procurement Team have monitored this area and have endeavoured to get value for money, where possible. However, the Head of Procurement agreed to include in the report to Committee in July as to whether any of the Council's current contractors have inflated their prices.

Whilst recognising that there would be spikes in supplies for goods, that had been set at a fixed price, Members sought assurance that there would not be an increase in waivers as to that reported in previous years, as it was noted that they had notably decreased since that time. The Head of Strategic Procurement advised that unfortunately, there would be a

significant increase in waivers, as the work on reporting waivers had not yet been carried out, with the report only including waivers pre Covid, but would be done as part of the spend analysis, and included in the report to next month's Committee. She explained that there had been a delay in contract activity, due to companies furloughing staff, therefore, had not been in a position to tender. This had created an artificial economic situation and had inflated prices, therefore, the Council had decided not to procure goods at this time, as it would not be in the Council's best interests in terms of value for money. Furthermore, contract and procurement staff had been re-directed to deal with Covid 19 pressures. She assured members that contracts to be waived prior to Covid had been waived, so there should not be any breaches during this time. However, she reported there would be an increase in waivers going forward, but hopefully this would be in the short term and that normal tendering would resume, but was dependent upon how long the Covid 19 situation continued.

The Director of Corporate Services added that at the commencement of the Covid 19 outbreak, the Council has been operating within the Government guidelines, Cabinet Office Procurement Policy Note (PPN2) regarding payment of the Council's Suppliers to ensure service continuity during and after the outbreak, which would support the actions taken by the Council. She felt that it would be beneficial for this information to be included in the report to the Committee in July in order that Members are fully apprised. The Head of Procurement undertook to include this information in the report.

During subsequent discussion, Members were disappointed to note that some areas within the Council still had no understanding or awareness of the scope of corporate contracts and of the corporate framework in respect of waivers. It was reported that a lot of face to face training had been undertaken in relation to procurement and Contract Procedure Rules. Training was to be moved to a new learning platform and work would continue in this area to ensure that nobody would fall through the gaps.

In response to a question as to whether the breach as identified as item 3, 'Glass and Glazing supplier for the supply and install of doors, windows and board ups', and the waiver identified as item 2, 'Extra Care Housing', of Appendices 1 and 2 respectively, had been awarded, the Head of Strategic Procurement reported that the contracts may have been delayed due to Covid 19. She gave an undertaking to provide an update on these matters in the report to the Committee in July.

Members were reassured that the breaches and waivers during the period covered in the report had been reasonably controlled in terms of the procurement of services and thanked the Head of Strategic Procurement for the report.

RESOLVED that the information and actions contained in the report regarding waivers and breaches to Council Procedure Rules, be noted.

39 ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2019/20

Peter Jackson, Head of Internal Audit presented a report which provided information on the work of Internal Audit during 2019/20, including his overall opinion on the Council's governance, risk management and internal control arrangements. The report also informed Members of the team's compliance with Public Sector Internal Audit Standards.

The Head of Internal Audit provided an overview of the key headlines in the report. He was pleased to report that he was satisfied with the work of the Internal Audit Team during the year and gave a positive opinion over the risk, governance and control arrangements across the Council. Notwithstanding the current Covid 19 situation, he confirmed that he was not aware of any fundamental breakdowns which might affect his opinion on these arrangements for 2019/20 and advised that the implications of Covid would impact heavily on next year's audit opinion. Further details were provided for in Section 8 of the Appendix to the report. It was reported that the External Quality Assessments being carried out through a peer review

arrangement with two other local authorities and that Members would be updated if the timescales were not going to be met.

Members raised a few queries in relation to the areas with limited assurance audit opinion that were not sufficiently significant to require inclusion in the Annual Governance Statement. In relation to North Bridge Stores, it was reported that all recommendations have since been implemented and a follow up review was planned to confirm the continued effectiveness of the changes and identify any possible other uncontrolled risks in this area.

Members were informed that with regard to Mobile Devices and ICT Inventories there would be some slippage in implementing the recommendations which was due to the ICT team supporting the Council's systems during the Covid 19 outbreak. However, it was reported that there were no concerns regarding any significant losses of equipment to the Council. With regard to the risks associated with Council staff using mobile devices whilst working at home in lockdown, Members were assured that Officers would look to identify control problems or potential risks in this area and will be looking at the supply of ICT related issues going forward. It was noted that in respect of high value items such as laptops, Members were assured that controlled mechanisms were in place in terms of purchasing and the issuing of laptops.

RESOLVED that

- (1) 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, be noted;
- (2) 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, be noted; and
- (3) 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, be noted.

40 DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20

Debbie Hogg, Director of Corporate Resources presented the draft Annual Governance Statement for 2019/20, which was a requirement under the Accounts and Audit Regulations (England) 2015, to be submitted as part of the annual accounts process.

It was noted that 6 out of the 10 key areas of improvement included on the 2018/19 Statement had been completed. The draft Statement for 2019/20 included 3 new areas of significant risk arising for inclusion in the Statement.

- Assurance over Financial Resilience and Service Sustainability in response to COVID 19
- Governance Functions
- Data Quality Arrangements within the Assistive Technology Service

The draft Annual Governance Statement was initially prepared pre Coronavirus, but the draft Annual Governance Statement has been updated to reflect known and projected impacts at this point in time

The statement had reflected strong governance in place during 2019/20. However, it was stated that the statement must also consider any significant governance issues up to the point of its approval which takes places when considered alongside the Council's Audited

Statement of Accounts currently scheduled for October 2020 Audit Committee and it was noted that Coronavirus would be a challenge and impact on governance going forward.

Arising from discussion, the Vice-Chair, Councillor Richard Alan Jones referred to the Councils Governance Framework, as set out in the Appendix to the report and felt that there should be an audit trail in relation to the work of the Council's Statutory Officers Governance Group. Officers explained the Governance Group was an officer working group established several years ago that had its own governance work plan and that its output and audit trail was what agenda items were presented at Audit Committee, e.g. the Annual Governance Statement itself had been inputted into and reviewed by the Governance Group.

In response to questions from Members, the Director of Corporate Resources reported that whilst the Council was largely on track to make the planned savings for 2020/21, there was currently a projected shortfall of £1.7m. The Council were currently under significant financial pressure and have pressures in the region of £15m and increasing due to the impact Covid 19 was having on Council Services. The Council had received £18m funding from the Government to support the impact Covid 19 was having on Council services. However, she stressed that the Council continued to face significant challenges. Should the Council not receive further funding from Government, the Council would need to bring in measures in order to ensure a balanced position in 2020/21.

In response to further questions regarding the payment of business rates and rate relief for businesses, it was noted that those business who qualified for the relief had received it. For those businesses who had been granted payment holidays, the Council would be contacting them from the end of June onwards to put in place payment plans for payment of business rates.

In answer to a question concerning the Adult Social Care Market Sustainability, as to whether more support would be provided to those businesses who were found to be in financial difficulties due to the Covid 19 pandemic, it was noted that both Supported Living and Residential Services have been supported during Covid 19, and measures have been introduced to support these areas going forward.

During discussion, it was noted that the carry forward of the 4 key areas of improvement from the 2018/19 Statement had been risk assessed as still being significant and warranted their continued inclusion in the Annual Governance Statement.

A question was asked as to what impact Covid 19 had on the Council's governance arrangements. Members were informed that the Council's Governance framework was robust and flexible to enable the council to conduct its business. A number of Special Urgency Rule 16 decisions had been taken to deal with urgent issues.

RESOLVED that 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), be noted.

41 INTERNAL AUDIT PLAN 2020/21

Consideration was given to the Internal Audit Annual Plan for 2020/21 which had been prepared in line with the requirements of the UK Public Sector Internal Audit Standards. The Plan had been developed following a review of the risks and controls of Council activities (including partnership activities).

The Head of Internal Audit provided an overview of the items that were currently on the Plan, as set out at Appendix A of the report and those lower risk items at Appendix B. It was noted that the plan had been drafted before the Covid 19 crisis and had been subsequently subject to an initial review reflected in this Plan, and would be reviewed on a regular and ongoing

basis, with a particular regard to Covid 19, which had already resulted in significant changes to the Plan as also experienced by other Local Authority Audit teams.

In response to a question, it was confirmed that the Council would be looking at the resources provided to Care Homes and the ongoing issues that had arisen.

A further question was raised as to whether contingency plans had been put in place if there were to be a second spike of Covid 19 and how this may impact on Internal Audits ability to carry out work during the year and it was confirmed that these and many other issues had been considered, and were being worked through.

With more people working from home remotely and not having to travel to work, a Member asked whether there would be some savings to the Council post Covid 19. The Head of Internal Audit confirmed that the Council could work more efficiently in some areas, however, advised that they needed to assess these with perhaps some refinements to achieve longer-term efficiencies, as a result of the Covid situation.

RESOLVED that

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

42 AUDIT COMMITTEE ANNUAL REPORT 2019/20

Peter Jackson, Head of Internal Audit introduced the Audit Committee Annual Report for 2019/20, which set out the key aspects of work undertaken by the Committee during 2019/20.

It was noted that the Committee had made a positive contribution during the year and had fulfilled its Terms of Reference, which had included:-

- 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.

In connection with this item, Members raised the possibility of delivering the Committee's Work Programme by holding virtual meetings in the future.

RESOLVED that

- (1) the Audit Committee Annual Report 2019/20, be approved; and

- (2) that the Annual report to be presented at a future meeting of full Council, as set out at paragraph 3 of the report.

43 GRANT THORNTON - UPDATE TO AUDIT PLAN – (Minute No.33 – 30th January 2020 - External Auditor (Grant Thornton) Audit Plan 2019/20 and arrangements for the preparation of the 2019/20 Accounts)

Further to the above Minute, the Committee received correspondence from the Council's external auditors, Grant Thornton, LLP, (dated 21st April 2020) which provided an update in relation to the external auditors additional scope of work and the new significant risks to the Audit Plan for 2019/20, arising from Covid 19. A copy of the addendum to the Audit Plan highlighting the additional work was appended to the correspondence for Members information.

Perminder Sethi, Grant Thornton was in attendance at the meeting to update the Committee on the Audit Plan for 2019/20.

In presenting this item, Perminder Sethi drew Members' attention to the addendum Audit Plan 2019/20, which set out the reasons for the new identified significant risk as a consequence of Covid 19. An extract from the revised Audit Plan in the letter from Grant Thornton dated 21st April, 2020, highlighting the additional risks is shown below:-

- *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.*

In response to a question from a Member as to the reasons why Grant Thornton had not provided an indication of the time to carry out the variation of work, Perminder Sethi informed Members that notwithstanding the delayed requirements for implementing the International Financial Regulation Standards (IFRS) 16, it was not possible to confirm that the revised Audit Plan could still be completed within the fee envelope and the timeframe provided.

Following a further question from a Member as to whether there would be cost savings to the Council due to Grant Thornton overheads being reduced because of its staff currently working remotely from home, Perminder Sethi advised that Grant Thornton still had to pay costs associated with the running and the upkeep of its offices. It was likely that remote working could potentially impact negatively on the time to complete the audit and could lead to additional costs for both Grant Thornton and the Council. However, it was noted that Grant Thornton were trying to minimise this where possible.

RESOLVED that the updated Audit Plan for 2019/20, be noted.

44 GRANT THORNTON - AUDIT SCALE FEE

The Committee received correspondence from the Public Sector Audit Appointments Ltd (PSAA) advising the Council that the audit scale fees for the Audit 2020/21, to be undertaken by Grant Thornton would be £126,930, which was at the same level as that set for 2019/20. It was noted that significant financial failures in the private sector (i.e. the collapse of Carillion), more recently the impact of Covid 19, and the resulting pressures on local authorities finances, has led to an expectation that audits need to be more challenging. Therefore, audit firms were finding it difficult to deliver the level of audit work to the standard that was now necessary within the fee envelope previously agreed. As a consequence of the above, the PSAA had approved the increase in the fees for the audit.

In response to Members questions seeking an explanation of the process involved in relation to determining the scale of audit fees, Members were advised that in common with many local authorities the Audit Committee had discharged this function through the appointment of external auditors to the PSSA. Therefore, the Council did not have the ability to have any influence on the fee rate.

RESOLVED that the proposed scale of audit fees for the Council's 2020/21 Accounts and update on 2019/20, be noted.

CHAIR: _____

DATE: _____

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Doncaster Council

Report

23rd July 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 five actions requested in the June 2020, January 2020 and October 2019 meetings. There are no actions outstanding from earlier meetings. Of these:
 - Three are complete and the remaining two 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 30/06/20)

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 30/06/20]

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

HUMAN RESOURCES IMPLICATIONS [KG 02/07/20]

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

TECHNOLOGY IMPLICATIONS [PW 30/06/20]

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

EQUALITY IMPLICATIONS [PJ 23/06/20]

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 01/07/20]

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

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Debbie Hogg
Director of Corporate Resources

AUDIT COMMITTEE ACTION LOG – JULY 2020

Follow-up actions from previous meetings:-

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting June 2020			
Breaches and Waivers to the Council's Contract Procedure Rules			
How do we identify poor practices from suppliers during Covid period	Information provided within July report	Holly Wilson	Complete – information provided within report to 23 rd July Audit Committee
Provide information on Supplier Relief guidance from Cabinet Office within Breaches & Waivers report to support actions taken	Information provided within July report	Holly Wilson	Complete – information provided within report to 23 rd July Audit Committee
3.0 & 3.3 breaches – update needed Waiver 2.0 - update needed	Information provided within July report	Holly Wilson	Complete – information provided within report to 23 rd July Audit Committee
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	Mark Wakefield	Scheduled 27 th January 2021 Audit Committee
Meeting October 2019			
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

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Doncaster Council

Date: 23rd July 2020

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

COVERT SURVEILLANCE - REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE

EXECUTIVE SUMMARY

- 1.1 The Council occasionally has a need to utilise covert methods in the investigation of matters for the purposes of detecting and preventing particular crimes. On such occasions, the Regulation of Investigatory Powers Act 2000 (RIPA) provides a mechanism to make it lawful for public authorities to use directed (i.e. covert) surveillance and covert human intelligence sources ("CHIS") e.g. undercover officers and informants. The Council has a RIPA Policy and Procedures that govern the use of those powers. In addition, the Home Office issues statutory codes of practice on the use of RIPA powers that must be complied with, including requiring elected members to have oversight of the use of RIPA powers and to agree the RIPA Policy/Procedures on an annual basis.
- 1.2 At its meeting held on 27th July 2010, the Audit Committee agreed it should receive reports reviewing the Council's use of RIPA. These reports are brought on a six monthly basis due to the Council's limited use of the RIPA powers. A yearly report and a six monthly update report are brought each year; this is the yearly report.

RECOMMENDATIONS

3. To note that the Council has only had one directed surveillance application authorised under RIPA since the last report to the Audit Committee on the 30th January 2020.
4. To note that there are no changes proposed to the Council's RIPA policy and procedure. The last minor amendments were approved by the Committee in June 2019 following the Investigatory Powers Commissioner's Inspection recommendations.
5. To note that we have completed 5 training sessions with relevant Enforcement Officers covering 75 staff in 2019/2020.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

BACKGROUND

7. RIPA was introduced in response to The Human Rights Act 1998 to ensure that Local Authorities could continue lawfully to carry out Covert Surveillance. The Government also set up the Office of Surveillance Commissioners who regularly inspects Local Authorities. The Office of Surveillance Commissioners has now become part of the Investigatory Powers Commissioner's Office ("IPCO"). The Council has been subjected to six inspections namely in, 2003, 2004, 2009, 2012, 2016 and March 2019.
8. The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 came into force on 1st November 2012. This provides that directed surveillance can only be authorised under RIPA where the criminal offence sought to be prevented or detected is punishable by a maximum of at least 6 months imprisonment or would constitute an offence involving sale of tobacco or alcohol to underage children.
9. The Protection of Freedoms Act 2012 also requires Local Authorities to have all their RIPA surveillance authorisations (both directed and Covert Human Intelligence Sources (CHIS)) approved by a Magistrate before they take effect.
10. Details of the one authorisation granted since the last committee report is detailed below. There are no other updates to be provided further to the last committee report.

Date:	Reference:	Details:	Outcome
March 2020	URN 114	Illegal product sales (2 premises)	Due to COVID 19 restrictions following the authorisation, no surveillance could be undertaken.

11. There have now been 5 mandatory RIPA training session with 75 staff from the enforcement teams including one virtual training session due to the current covid restrictions. There will be further sessions provided as required for new members of staff and as refreshers for existing staff alongside the online RIPA training course.

OPTIONS CONSIDERED

14. There are no alternatives considered..

REASONS FOR RECOMMENDED OPTION

15. The update assists in ensuring that the Council has fit for purpose arrangements in place to comply with the law relating to RIPA authorisations, and ensure that it only makes use of those powers where it is necessary and proportionate to do so.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

16.

	Outcomes	Implications
	Working with our partners we will provide strong leadership and governance.	The work undertaken by the Audit Committee helps to ensure that the systems for RIPA powers used by the Council are overseen ensuring good governance arrangements and compliance with the law and statutory codes of practice.

RISKS AND ASSUMPTIONS

17. Failing to have a fit for purpose RIPA Policy and Procedures compliant with statutory codes of practice will put the Council at risk of acting unlawfully, having evidence ruled inadmissible in prosecution proceedings, facing complaints to the Investigatory Powers Tribunal and receiving criticism at the next inspection by IPCO. This will cause reputational damage to the organisation

LEGAL IMPLICATIONS [Officer Initials NC Date: 3/7/20]

18. RIPA provides Local Authorities with the mechanism in which they can carry out covert surveillance without breaching individuals' human rights under Article 8 of the Human Rights Act 2000. Failure to follow the law and statutory codes of practice in particular cases could lead to them being the subject of a challenge in court proceedings where RIPA powers were relied upon and also would lead to criticism at the next inspection by the Commissioner's Office.
- The Covert Surveillance and Covert Human Intelligence Source Codes of Practice provide that elected members should consider internal reports on use of RIPA on a regular basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose.

FINANCIAL IMPLICATIONS [Officer PH 03/07/2020]

19. There are no specific implications associated with this report. Any costs to implement the amendments and training will be met from existing budgets.

HUMAN RESOURCES IMPLICATIONS [Officer Initials RH Date 02/7/20]

20. The annual PDR process should identify any officers who require training to ensure understanding of RIPA and the correct application within the context

of their duties and responsibilities. This requirement will not apply to all officers but will be relevant dependent upon the nature of the role. It is important to ensure that timely communications with reminders or updates are provided to officers whose work must give consideration to RIPA.

TECHNOLOGY IMPLICATIONS [Officer Initials... PW Date 02/07/20]

21. There are no technology implications associated with this report.

HEALTH IMPLICATIONS [Officer Initials RS Date 2/7/20:]

22. Public Health is in support of this recommendation in order to prevent and / or detect crime and prevent disorder. This recommendation is in the interests of public safety and protection of the health or the public.

EQUALITY IMPLICATIONS [Officer Initials NC Date 3/7/20.]

23. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have 'Due Regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic. There are no specific equality implications arising directly from this report.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

24.

RIPA: Regulation of Investigatory Powers Act 2000
CHIS: Covert Human Intelligence Source
IPCO: Investigatory Powers Commissioner's Office
PDR: Personal Development Review

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Doncaster Council

Report

Date: 23rd July 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
		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 4 months period **1st March 2020** to the **30th June 2020**.
2. This report has been produced by exception to give an overview of the situation to date in relation to contracting, procurement and governance activity in relation to COVID-19.
3. The table below summarises the number of new waivers and breaches recorded for each Directorate since the last audit report presented in **June 2020** which was a delayed committee due to COVID-19 resulting in a historical view of any breaches and waivers between the 1st September 2019 and the 29th February 2020. It also provides a comparison to June's and October's Audit Committees. The details of each waiver and breach are summarised in the appendices to this report. This report shows an increase in the amount of waivers related to the COVID-19 situation that has countered previous decreases in waivers due to better governance across the authority and noted as good practice by the committee.

Directorate	1 st Mar 20 to 30 th Jun 20 (4 months)		1 st Sept 19 to 29 th Feb 20 (6 months)		1 st Mar 19 to 31 st Aug 19 (6 months)	
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers
AHW	0	8	0	5	0	16
LOCYP	0	0	0	2	1	2
CR	0	7	1	2	0	1
E&E	0	8	1	1	3	8
GRAND TOTAL	0	23	2	10	4	27

EXEMPT REPORT

4. This report is not exempt.

RECOMMENDATIONS

5. To note the information and actions contained in this report regarding waivers and breaches in relation to the CPR's.
6. To note the matters to date in relation to procurement and contracting activity linked to COVID-19.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. There are no specific implications within this report.

BACKGROUND

8. The Monitoring Officer (MO) monitored compliance with the CPR's for the period covered by this report.
9. The Head of Strategic Procurement was a lead on the Procurement and Finance Cell for the Tactical Coordination Group (TCG) for the council and monitored COVID-19 related activity and facilitated the correct governance where necessary.

CONTRACT PROCEDURE RULES (CPR'S)

10. 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 £189,330 and £663,540 (Light Touch Regime (LTR) Services) or £4,733,252 (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 £189,330 (Goods/Services) or £663,540 (LTR Services) or £4,733,252 (Works)** - use of an in-house supplier, council wide contract, third party framework agreement or carry out a public contract regulations compliant tender process.

11. It is therefore important that steps are taken to ensure breaches are identified, investigated and plans quickly put in place to rectify the position.
12. There have been **zero** new breaches, as well as updates on **four** existing unresolved breaches and **one** resolved breaches.
13. **Appendix 1** shows the details of the new, unresolved and resolved breaches for this shorter period.
14. 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 Monitoring Officer, 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

15. 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.

Update to Breaches previously reported

16. In **February 2020**, there were **two** new breaches of the CPR's reported to Audit Committee as well as updates on **four** existing unresolved breaches and **four**

resolved breaches.

Waivers to CPR's

17. **Twenty-three** waivers to CPR's have been approved this period which is half the usual 6 months (see Appendix 2 for the detail of each waiver) compared to the **ten** reported in February 2020. The percentage of waivers granted against the amount of contracts awarded for this period is shown in Appendix 3.
18. 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).
19. The increase in waivers, as shown in Appendix 2, is mainly due to reliance on the permissible exemptions to the CPR's which is category 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*'.

REVIEW OF PROCUREMENT ARRANGEMENTS ABOVE £25,000

20. SPT (Strategic Procurement Team) 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.
21. 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.
22. 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 was through a classroom based approach due to the COVID-19 situation there will be the launch of an E Learn package early in 20/21 in light of the changes to working practices.

COVID-19 Related Activity

23. SPT have been involved heavily in the council's response to the COVID-19 situation. Officers have been working across the authority with Contracts Managers to work through the Category Plans and put in place the required governance for delayed procurement projects. This has included extending and/or varying contracts where necessary.
24. SPT have also led on the control of Personal Protective Equipment (PPE) sourcing and distribution to both internal and external clients. This has required project managing the PPE provision including the sourcing, regional collaboration, systems of distribution and ensuring correct governance was adhered to. This has included project coordinating internal departments who

were instrumental to the council's response to the situation, namely the Stores Department, Purchase to Pay (P2P) Team, Adults Commissioning Team, Learning and Opportunities, Trading Standards and Health and Safety.

25. The government released advisory documents known as Procurement Policy Notes (PPN) to public bodies from March 20 onwards advising of steps and amendments to the rules that had been a consequence of the COVID-19 situation and also guiding authorities on how to deal with their existing supply chains. The key ones to note are:
26. **PPN 01/20 – Responding to COVID-19 (March 2020)**. This was an initial PPN sent to public bodies who are subject to the public procurement regulations and who were responding to the COVID-19 crisis. This gave authorities guidance around awarding contracts directly due to the situation and using regulation 32(2)(C) in the regulations to enable response to the crisis. In response to this SPT have worked with contracts managers across the authority to put in place any direct awards that were needed by the authority and utilised regulation 32(2) (C). In addition to this another regulation has been used for extensions beyond the existing contract period outside any pre-empted extension periods, regulation 72(1)(C) that allows contracts to be extended (modified) in exceptional circumstances where it has been brought about by circumstance that could have not be foreseen. Both regulations have been utilised due to the situation and waivers approved on this basis.
27. The second significant PPN is **PPN 02/20 Supplier relief due to COVID-19**. This note was released to guide contracting authorities around payments to suppliers to ensure service continuity during and after the current situation and asked that authorities took immediate action. As a result of this the council enacted certain tasks and launched the council's Supplier Relief Scheme (SRS). The scheme has been designed to help sustain the existing council suppliers and their supply chains. SPT have advised and facilitated the scheme which after the initial launch with appropriate governance was moved due to the situation being fluid to an e form method via the My Doncaster webpage. An initial letter was sent out to suppliers advising them of the councils approach and giving assurance. SPT, Legal Services and Finance has then and continued to work across the authority guiding and assessing various contractors supplier relief claims and ensuring the appropriate governance was adhered to albeit this was a quickly evolving situation including ensuring grant and variation documents were completed. All supplier relief to date has been documented and the appropriate approvals sought through the existing decision making records and contract changes. Strict criteria was applied on a case by case basis dependent on the sector/contract for example evidence sought on additional costs a supplier may have incurred due to COVID-19, the agreements signed by suppliers also gives the council the ability to retrospectively audit the suppliers who have claimed relief to ensure it has been utilised correctly and has been distributed to staff and third party suppliers, if required. The SRS took into account the sector but also whether the supplier had utilised other government schemes such as Furlough.
28. Currently there is no further guidance from government on how authorities can deal with suppliers who have been deemed to have acted improperly

throughout the crisis i.e. profiteering. The council can only exclude suppliers, that have been prosecuted i.e. breach of equality laws and this would be shown when the supplier declares this on the Supplier Selection Questionnaire (SSQ). The council will continue to ensure close scrutiny of suppliers.

OPTIONS CONSIDERED

29. Each waiver is examined through the waiver process and, where appropriate, challenged for alternative options prior to approval. A robust process monitors CPRs and a SPT officer is assigned as per their category areas, to each waiver. Each waiver is approved by the Head of Strategic Procurement for escalation for authorisation by the MO or CFO.

REASONS FOR RECOMMENDED OPTION

30. 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

31.

	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>The Supplier Relief Scheme that was part of the council's response to COVID-19 has been designed to help sustain businesses that the council contract with, a lot being Doncaster based.</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping 	<p>Effective procurement governance ensures best value is achieved from the budgets available.</p> <p>SPT managing the PPE supply project for Care Providers across the borough through the COVID-19 situation has insured that the citizens of</p>

	<p>Doncaster Clean</p> <ul style="list-style-type: none"> • Building on our cultural, artistic and sporting heritage 	<p>Doncaster are protected.</p>
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<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>SPT have worked with teams at the council to ensure adequate availability to care providers of PPE across the borough and will continue to do so.</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> <p>SPT have ensured the correct governance throughout the COVID-19 situation to protect the council.</p>

RISKS AND ASSUMPTIONS

32. 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.
33. The risks to the council have been mitigated by ensuring additional governance has been put in place and facilitated throughout the COVID-19 pandemic albeit a major incident.
34. There is a need for the council to continually review and monitor the COVID-19 impacts on the authority from a contracting perspective to ensure continued adherence to the governance. Failure to do so could result in bad

practices. The council is currently in recovery phase and the full extent of the evolving situation on contracting will not be fully known until this is over.

LEGAL IMPLICATIONS [Officer Initials...SRF... Date.....02/07/20.....]

35. There are no specific legal implications arising from this report. Legal advice has been provided on the individual contracts and waivers detailed within the report and continued legal support will be provided to the Service areas in relation to these matters. It is accepted that many of the waivers detailed in the appendices are as a result of the current Covid-19 pandemic. Action should be taken to regularize these matters as soon as possible in order that the Council may compliance with its obligations under procurement regulations

FINANCIAL IMPLICATIONS [Officer Initials...ST..... Date...02/07/20.....]

36. 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 02/07/20.....]

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

TECHNOLOGY IMPLICATIONS [Officer Initials... PW Date 01/07/20.....]

38. 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... RSDate ...09/07/20.....]

39. 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]

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

CONSULTATION

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

BACKGROUND PAPERS

42. 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)
Public Procurement Note (PPN)
Strategic Procurement Team (SPT)
Purchase to Pay Team (P2P)
Information Communications Team (ICT)
Technology Governance Board (TGB)
Department for Transport (DfT)

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BREACHES

Appendix 1 details the:

- **New** CPR breaches that have been identified between the **1st March 2020 to the 30th June 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	Unresolved	Apr 17	YMCA Goodall House	£170,000	Contract expired. Looking to review with the Doncaster Children's Trust.	<p>June 2020 Note – agreed exit strategy through liaison with legal, procurement and provider. Tapered funding arrangement to minimise service disruption to young people coinciding with an alternative funding model secured by the provider. ODR drafted and submission being progressed.</p> <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>Subject to Cabinet Report 5th Nov 19</p> <p>Revised: Sept 19</p> <p>Mar 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	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.	<p>June 20 Note – Delayed due to COVID-19. New award date Jan 21.</p> <p>Mar 20 Note – Procurement are currently drafting specification with a view to award June 20</p> <p>Oct 19 Note - SPT are working with the Service Area on completing a tender. Procurement exercise to be completed.</p>	<p>Revised</p> <p>Jan 21</p> <p>Jun 20</p> <p>Apr 20</p>
2.1	E&E	Unresolved	Oct 19	Provision of Flags, Kerbs, Edgings and Highway Products	£108,000	Continuation of purchase following contract expiry	<p>June 20 Note – Delayed due to COVID 19. New award date Jan 21.</p> <p>Mar 20 Note – Due to run a further completion using Barnsley Council's Framework with a view to awarding July 20.</p> <p>Oct 19 Note - SPT are working with the Service Area on completing a compliant procurement process.</p>	<p>Revised:</p> <p>Jan 21</p> <p>Jul 20</p> <p>Dec 19</p>
2.2	E&E	Unresolved	Apr 20	Autocad Software Licences	£32,000	CPR waiver rejected Continuation of service for a further one year following contract expiry	<p>June 20 Note – Procurement exercise slightly delayed due to COVID19 but aim to award in Nov 20 still.</p> <p>Mar 20 Note - CPR waiver declined. Project to commence April 2020 to seek competitive quotes for a longer-term agreement.</p>	<p>Nov 20</p>
3.0	CR	Resolved	Apr 20	Grave Digging	£90,000	Continuation of service following contract expiry	<p>June 2020 Note – CPR Waiver agreed (COVID-19) to contract for a 12 month period. Procurement project commenced for a long-term agreement. Delayed due to COVID-19.</p>	<p>May 20</p>

WAIVERS

Appendix 2 details the CPR waivers that have been agreed covering the period **1st March 2020 to the 30th June 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	AHW	Homeless Service	£52,466	29/04/2020	28/04/2021	4. Forms Part of a Strategic Plan/Review	The existing Homelessness and Support contract is currently under review linked to the delivery of Doncaster's Homelessness and Rough Sleeping strategy, which is a five-year strategic programme of work. A key element of the first year delivery plan is to reform the hostel provision and review floating support provision across the borough, which are both key elements of the existing Homelessness and Support contract. As a result this waiver granted to allow for the review, whilst the waiver is for 12-months, this will be subject to future plans in relation to the wider contract.
1.1	AHW	Supported Accommodation and Support Services	£60,000	01/04/2020	31/03/2021	4. Forms Part of a Strategic Plan/Review	Additional funding secured from the Ministry of Housing Communities and Local Government (MHCLG) for the continued delivery of the Supported Lettings strand of the Rough Sleeping Initiative funding). No competition as this was short notice funding and there is an existing provider delivering, so would not be feasible to procure for a short term contract and would not be value for money. This is a key strand of Doncaster's Homelessness and Rough Sleeping strategy to deliver increased dispersed housing.
1.2	AHW	Harrogate Court Extra Care Scheme	£35,000	01/04/2020	31/03/2021	4. Forms Part of a Strategic Plan/Review	An extension of the current terms is required for up to 12 months in order to complete a service review to inform future commissioning plans for the service and implement the recommendations
1.3	AHW	Psychosexual therapy services	£72,000	01/04/2021	31/03/2022	2. Emergency Situation	The current contact to deliver psychosexual therapy services in Doncaster will end 31.03.2021. Public health contract has resulted in commissioning and procurement work needed delayed due to COVID-19.
1.4	AHW	Adult sexual health services	£2,181,063	01/04/2021	31/03/2022	2. Emergency Situation	The current contact to deliver adult sexual health services in Doncaster will end 31.03.2021. Public health contract has resulted in commissioning and procurement work needed delayed due to COVID-19.

No.	Directorate	Title	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Waiver Category	Reason for the Waiver (brief description)
1.5	AHW	Substance Misuse Accommodation and Support Service	£310,834	01/06/2020	31/05/2021	4. Forms Part of a Strategic Plan/Review	The service also provides 8 dispersed properties throughout the borough for those who are ready to move on from Garnham House or for whom this is the most appropriate supported accommodation option. The contract also provide 70 units of floating support to individuals who are living in their own accommodation in the community and require support to maintain their tenancy and substance misuse issues. Delayed due to forming part of a wider programme of works.
1.6	AHW	Extra Care Housing	£1,416,667	01/07/2020	30/06/2021	2. Emergency Situation	Extension to the current contracts for the existing schemes to remain with the incumbent provider on the same terms and conditions for a period of 12 months. This will provide sufficient time for the COVID19 situation to abate.
1.7	AHW	Homeless Service	£769,066	10/09/2020	09/09/2021	2. Emergency Situation	Extend the current contract to provide continuity as we enter the recovery phase of Covid-19 as well as recommence the work around the remodelling of the hostels and achieving the outcomes of the Homelessness and Rough Sleeping Strategy
2.0	CR	Mortuary Service	£290,000	01/04/2022	31/03/2021	1. Sole Provider/Niche Market	Extension due to shortage of potential providers and Covid-19 works. The Council requires the provision of the service for a period of 12 months up until the 31st March 2021 to allow the Coroner to comply with their obligations which have the potential to increase due to COVID-19. Links to trial of digital autopsy service.
2.1	CR	Programme Management for the One Council Programme	£60,000	01/04/2020	31/12/2020	4. Forms Part of a Strategic Plan/Review	This waiver is requested to avoid unnecessary delays, loss of business knowledge, continuity and significant progress and also ensure the most value for money on the project. To retender the works for 6 months would not be feasible as the Council would lose the benefits that continuity would allow for.
2.2	CR	Electoral Printing – Variation to Contract to distribute Covid-19 Leaflet	£10,000	27/03/2020	30/03/2020	2. Emergency Situation	To utilise the Councils existing contract for electoral printing and distribution services to enable letters to be distributed to all households in Doncaster providing details of the COVID-19 crisis.
2.3	CR	Digital Autopsy	£98,000	14/04/2020	13/09/2020	2. Emergency Situation	To trial digital autopsy services to free up space, resource in mortuary's. The service will also support the Covid-19 peak in demand that is expected.
2.4	CR	Grave Digging	£100,000	01/05/2020	30/04/2021	2. Emergency Situation	Direct award to allow the Council to provide a sustained response for the duration of the COVID-19 pandemic immediately and in the recovery phase activities.
2.5	CR	Physiotherapy Services	£41,000	01/10/2020	30/09/2021	2. Emergency Situation	Extension to the existing contract. The council needs to maintain its ability to provide physio services due to the high levels of Musculoskeletal sickness, in particular during and following COVID-19. Lack of resource and ability of the supply base to tender for these works.

No.	Directorate	Title	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Waiver Category	Reason for the Waiver (brief description)
2.6	CR	Council Dwelling Valuations	£35,000	01/08/2020	31/07/2021	2. Emergency Situation	Extend current provision due to COVID-19 and the inability to retender due to resource and interest of the market at this time.
3.0	E&E	Castlehills Responsive Flood Works	£359,000	29/11/2019	02/03/2020	2. Emergency Situation	The modular building was required following the flooding on the 18th Nov 2019, which allowed the school to fully re-open in under 3 weeks. This supplier had an agreed costing model with our insurance provider that allowed us to agree the supply and install of temporary classroom base for what they consider an acceptable sum.
3.1	E&E	Cycling Initiative – Club Doncaster (STAF funded programme)	£38,000	01/04/2020	31/03/2021	1. Sole Provider/Niche Market	This is the only provider in the community able to deliver the cycling services outlined as part of the funding bid to the DfT. The Keepmoat Stadium is the only venue of this nature that is able to provide the services to the meet the requirements of the funding bid.
3.2	E&E	Supply, Install & Maintenance of Traffic Signals, Enforcement, Information and Access Control Equipment	200,00.00	17/02/2020	31/07/2020	2. Emergency Situation	Waiver due to incumbent entering administration due to financial difficulty. Replacement supplier cannot be sourced from any suitable framework however, two leading bidders from the previous tender have been obtained and the best value quote used. The award will also a swift continuation of essential works.
3.3	E&E	Haulage Contract - Municipal Waste	£80,000	14/05/2020	13/05/2020	2. Emergency Situation	Extension to existing contract due to Covid-19 that has brought about specifically business closures, self -solation and social distancing. The tender is ready to go out to market but there has been a minor delay in preparations for the tender resultant of the operational impacts of the above. The supply market was not in a good position to tender for these works.
3.4	E&E	Street Lighting Products & Services	£80k	05/06/2020	04/06/2020	2. Emergency Situation	Markets require time to recover from COVID-19 shut downs and for suppliers to ascertain their ability to support any new tender, thus giving Doncaster the benefit of the full market on re-opening.
3.5	E&E	Supply of Bollards and Belisha Beacons	£65,000	01/04/2020	31/03/2020	2. Emergency Situation	Markets require time to recover from COVID-19 shut downs and for suppliers to ascertain their ability to support any new tender, thus giving Doncaster the benefit of the full market on re-opening.
3.6	E&E	Rural Verge Flailing	39,992:00	01/05/2020	30/04/2021	2. Emergency Situation	Extension to existing contract due to COVID-19 and the requirement to have a contract in place to ensure users of the boroughs highway network can operate safely street scene are requesting for a waiver for 12 months to be put in place to enable this work be carried out.
3.7	E&E	Green Waste Communications	£50,000	10/06/2020	31/06/2020	2. Emergency Situation	The award of this one-off contract is essential to deliver the proposals to re-introduce the Green Waste service within the timescale required by members. The measures imposed as a result of government policy relating to COVID-19 are unprecedented and have had a significant impact on the Council, its residents and local businesses of all sizes.

Total Contracts Award 1st March to the 30th June 2020 versus the number of waivers

Directorate	Total Contracts Awarded Mar/Apr/May/June 2020	Number of Waivers	% Overall
E&E	80	8	10%
AHW	27	8	30%
LOCYP	15	0	0%
CR	25	7	28%
Total	147	23	16%

The % overall for the period October 19 to February 20 of waivers granted against contracts awarded was **8%**, so the increase has doubled the amount of waivers due to Covid-19.

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Doncaster Council

Report

Date: 23rd July, 2020

To the Chair and Members of the AUDIT COMMITTEE

UNAUDITED STATEMENT OF ACCOUNTS 2019/20

EXECUTIVE SUMMARY

1. This report presents the Council's unaudited Statement of Accounts for the 2019/20 financial year. The report highlights the overall financial position for the year, a summary accounts closure timetable and information on performance including improvements achieved in accuracy and quality.
2. The Accounts and Audit (England) Regulations 2015 apply to the preparation, approval and audit of the Statements of Accounts and other financial statements. These regulations are based on International Financial Reporting Standards (IFRS) which attempt to standardise accounts in a consistent format across both the public and private sectors with the aim of achieving greater transparency.
3. Whilst there is no longer a requirement to present the unaudited accounts to Members before the external audit process commences, the Council has continued this practice as it gives Members early notification of the financial outcome of the previous financial year and is considered to be good practice.
4. There is a requirement to obtain certification of the accounts by the responsible financial officer, for the Council this is currently the Director of Corporate Resources, by the 31st May each year. The statutory deadline for the date of approval and publication of the final Statement of Accounts is 31st July.
5. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 have amended the publication date for audited 2019/20 accounts from 31st July to 30th November 2020 for all local authority bodies.

EXEMPT REPORT

6. Not applicable.

RECOMMENDATIONS

7. Members are requested to note the 2019/20 Statement of Accounts.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

8. An unqualified audit opinion on the Council's financial statements and a good VfM conclusion resulting from the annual audit process would indicate that there is excellent internal control in place safeguarding Council resources.

BACKGROUND

9. The Council's 2019/20 accounts have been prepared in accordance with IFRS and the appropriate accounting codes of practice and were approved by the Council's responsible financial officer on the 7th July ahead of the revised statutory deadline.
10. To give local authorities more flexibility, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 have removed the requirement for the public inspection period to include the first 10 working days of June. Instead, local authorities must commence the public inspection period on or before the first working day of September 2020. This means that accounts that must be confirmed by the responsible finance officer (RFO) must be published by 31st August 2020 at the latest. They may be published earlier.
11. The accounts are available for public scrutiny from 8th July to 18th August. This was advertised on the Council's website on 7th July. The unaudited accounts were placed on the Council's website on 7th July in line with the Government's policy of increased transparency in the public sector with public scrutiny of the accounts being a key feature of the financial governance framework of local authorities.
12. The accounts will be subject to external audit beginning on the 6th July and it is expected that the audit opinion will be finalised (subject to the continuing work on the Whole of Government Accounts) in time for Audit Committee in October. Legislative requirements significantly reduce the timeframe allowed for the accounts closure process and Members of the Audit Committee will be aware that the Council would normally be required to produce the audited Statement of Accounts for the 2019/20 financial year by 31st July 2020, with the unaudited 2019/20 accounts being produced by 31st May 2020. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 have amended those deadlines to 30th November 2020 and 31st August 2020 respectively.
13. The Council is planning to finalise its audited 2019/20 accounts by 19th October. The accounts and a report will be presented by Grant Thornton to this Committee on 19th October setting out the result of the external audit in the form of their 'Communication with those charged with governance' report (ISA 260 report), which formally sets out the findings of their audit of the financial statements.
14. Members of this Committee have a key role in scrutinising the accounts in order to maintain strong governance over financial reporting. Early production of the accounts enables the Members of this Committee sufficient time to review the statements and ask challenging and pertinent questions.

The 2019/20 Financial Statements and Supporting Disclosure Notes

15. The style and format of the accounts is largely prescribed by the CIPFA Code of Practice (The Code) and 2019/20 is similar to that used last year, the main changes are described in the following section.

Narrative Report

16. The Narrative Report is 'to' rather than 'in' the Statement of Accounts – the Narrative Report is not formally part of the Statement of Accounts. It contains key facts about Doncaster and about the Council's performance, an explanation of the Accounting Statements, a financial outlook and any significant changes in accounting policy.
17. Audit Committee should assure themselves that the Narrative Report is consistent with the core financial statements.
18. At the meeting on 16th June, Cabinet was presented with the final outturn positions for both revenue and capital for the 2019/20 financial year. On the normal day to day operating budget the Council underspent by £1.4m with underspends across all service directorates.

The Core Financial Statements

19. These are: -
 - a. Comprehensive Income and Expenditure Statement (CIES)
 - b. Movement in Reserves Statement (MiRS)
 - c. Balance Sheet
 - d. Cash Flow Statement

Comprehensive Income and Expenditure Statement (CIES)

20. The CIES follows accounting standards as per the CIPFA Code of Practice (the 'Code') and ensures all local authorities are reporting on a standardised and consistent basis.
21. There is no direct comparison from the CIES to budget and outturn position. The CIES is not a management account but rather a historical document recording past transactions. It includes costs that do not have to be "funded", e.g. depreciation and asset valuation movements.
22. The CIES shows the Council Structure – Directorates, Net cost of services and the Surplus or deficit on provision of services.
23. The CIES is shown in Appendix A with an explanation of what it shows. Some issues to note: -
 - a. Economy & Environment has moved above Learning & Opportunities: Children & Young People in the CI&ES following a name change in year from Regeneration & Environment.
 - b. There was an increase of £37.1m in the loss on disposal of non-current assets caused by a number of schools converting to academy status.
 - c. There was a reduction of £23.6m in the surplus on revaluation of non-current assets caused by an increase in schools valuations.
 - d. There was an increase of £128.1m in the actuarial gains on pension assets / liabilities caused mainly by a change in demographic assumptions. The details are contained in Note 39 Defined Benefit Pension Schemes.

Movement in Reserves Statement (MiRS)

24. For Members, probably the most important issue will be whether the Council has a surplus or deficit compared to its budget for the year. The (increase)/decrease in 2019/20 on the Movement in Reserves Statement (MiRS) gives this information for both the General Fund and the Housing Revenue Account (HRA). An extract of the MiRS is shown in Appendix B with an explanation of what it shows. Some issues to note: -
- a. The General Fund balance decreased by £4.2m due to a £1.4m underspend at outturn, £0.8m planned use of general reserves and a £6.4m decrease in earmarked reserves (Note 11) and the HRA reserves increased by £1.4m;
 - b. Statutory adjustments (shown in Note 10 and mainly capital related) convert the Council's movement in reserves performance from the £2.9m decrease to a deficit of £97.4m (General Fund £86.3m and the HRA £11.1m) shown in the Comprehensive Income and Expenditure Statement (CIES). This represents the position that would have been reported under 'commercial accounting' rules.

Balance Sheet

25. The Balance Sheet shows the value of assets and liabilities at the reporting date, 31st March 2020. The net assets are matched by reserves held by the Council. The largest asset is Property, Plant and Equipment which includes all the Council's property asset portfolio.
26. Long term assets / liabilities are those expected to provide benefits to / be settled by the Council beyond 12 months. Current assets / liabilities are those that are anticipated to be consumed / settled by the Council within the next 12 months.
27. The key questions to ask are: -
- How the balances have changed over the year?
 - Are the balances still adequate?
 - What the balances mean in terms of future budgets and services?
28. The Balance Sheet is shown in Appendix C with an explanation of what it shows. Some issues to note: -
- a. The Council's net worth has increased by £11.1m to £507.1m since the previous financial statements (see 'Balance Sheet' on page 18 of the accounts). This is mainly due to an decrease in the liability related to the defined benefit pension scheme (the pension liability is volatile from year to year as it is based on the Actuary's assumptions and performance of the fund), partially offset by a decrease in Property, Plant & Equipment;
 - b. Reserves are an indication of the temporary resources available to assist an authority to deliver services. Not all reserves can be used to deliver services and this is reflected by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves have increased by £2.9m or 2.5% from £117.2m to £120.1m (these are shown on page 17), largely due to capital financing.

Usable Reserves (see Movement in Reserves Statement)	31st March 2019	31st March 2020	Movement in year
	£m	£m	£m
General Fund (including Earmarked reserves)	67.7	63.4	(4.3)
Housing Revenue Account	8.3	9.7	1.4
Capital Receipts Reserve	15.6	17.3	1.7
Major Repairs Reserve	3.9	10.1	6.2
Capital Grants Unapplied	21.7	19.6	(2.1)
Total Usable Reserves	117.2	120.1	2.9

Unusable reserves are determined by technical accounting rules and are not available for use by the Council. These have increased by £8.0m to £386.8m mainly reflecting the changes in the Revaluation Reserve, Pension Reserve (due to changes in assumptions from the Actuary) and the Capital Adjustment Account (due to the disposal of academies).

Unusable Reserves (Note 24)	31st March 2019	31st March 2020	Movemen t in year
	£m	£m	£m
Revaluation Reserve	279.7	265.3	(14.4)
Capital Adjustment Account	585.3	548.3	(37.0)
Financial Instruments Adjustment Account	(0.8)	(0.7)	0.1
Pension Reserve	(490.9)	(430.3)	60.6
Deferred Capital Receipts Reserve	4.8	4.8	0.0
Collection Fund Adjustment	2.0	1.2	(0.8)
Accumulated Absences Account	(2.2)	(2.3)	(0.1)
Financial Instruments Revaluation Reserve	0.9	0.5	(0.4)
Total Unusable Reserves	378.8	386.8	8.0

Cash Flow Statement

29. The Cash Flow Statement details the in and out movements of cash during the year and links to the opening and closing balances presented in the Balance Sheet. It is very important for private sector companies but less so for local government bodies.
30. Cash shown in the Balance Sheet tends to move around from year to year due to timing. The optimum position is circa. £20m. When salaries fall due on a date before the 15th of the month, i.e. when the 15th falls on a weekend, the Council has to pay out of cash on Friday before the main grant funding is received on the Monday. Salaries cost circa. £13m per month.

Notes to the Statement of Accounts

31. The style and format of the accounts used for 2019/20 is similar to that used last year, the main changes and issues to note are covered in the following paragraphs: -
 - a. Removal of Note A Prior Period Adjustment as there isn't one in 2019/20;

- b. Note 1 The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used / funded from resources by local authorities in comparison with those resources consumed / earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates / services / departments. There was a deficit in 2019/20 of £2.868m which consists of £1.434m underspend on General Fund services, £5.709m contribution to Ear-marked Reserves and £1.407m increase in Housing Revenue Account reserves.
- c. Additional disclosure table for Fair Value of Financial Assets in Note 16 Financial Instruments and the Nature and Extent of Risks.
- d. Debtors in Note 17 have seen a slight rise of £3.2m from £69.5m in 2018/19 to £72.7m in 2019/20.
- e. Creditors in Note 21 have seen a slight fall of £1.8m from £54.1m in 2018/19 to £52.3m in 2019/20.
- f. Removal of Note 24i Available for Sale Financial Assets as there are none in 2019/20 or 2018/19;
- g. Removal of Note 28 Trading Operations as this is no longer required by The Code;
- h. Addition of Doncaster Children's Services Trust (DCST) to Note 34 Related Parties following their inclusion in Group Accounts; and
- i. Inclusion of DCST in Group Accounts following their conversion to an Arms Length Management Organisation (ALMO) fully controlled by the Council. The DCST accounts are deemed to be material.

OPTIONS CONSIDERED

32. Not applicable.

REASONS FOR RECOMMENDED OPTION

33. The main content and format of the Statement of Accounts is set out in the Code of Practice on Local Authority Accounting for 2019/20. The Council has a statutory obligation to submit its unaudited 2019/20 Statement of Accounts to the External Auditor by 31st August. Failure to do so could result in an audit qualification and consequential reputational damage.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

34. These are detailed in the table below: -

	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 	<p>The audited Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p>

	<ul style="list-style-type: none"> • 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>An unqualified audit opinion from Grant Thornton on the financial statements and supporting disclosure notes, together with an unqualified VfM conclusion assists with the positive reputation of the Council and ensures that strong governance is in place.</p>
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	
	<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 	

RISKS AND ASSUMPTIONS

35. The table below highlights the most significant risks that could have a negative impact on the deliverability of the Council's financial position and the action taken to mitigate them: -

Risks / Assumptions	Probability	Impact	Proposed Action
Robustness of correct outturn figure	Low	Medium	Work has been undertaken during monitoring and closedown process to process all transactions and prepare for audit. This has included an increase in senior officer quality assurance review and control; and internal verification and checks by finance and technical officers.
The Audit identifies a material / significant finding or inaccuracy in the production of the accounts.	Low	High	Continuous dialogue with Grant Thornton throughout the year. Specific discussions on key complex / technical areas are as part of the monthly audit liaison group meetings

LEGAL IMPLICATIONS [Officer Initials...SRF... Date...15/07/20]

36. The Statement of Accounts is prepared in accordance with the appropriate Regulations and the Council is subject to statutory external audit and performance evaluation by Grant Thornton.

FINANCIAL IMPLICATIONS [Officer Initials...RI... Date...13/07/20]

37. The Council's Statement of Accounts are prepared in line with the Accounts and Audit Regulations 2015 and International Financial Reporting Standards.

HUMAN RESOURCES IMPLICATIONS [Officer Initials...KG... Date...15/07/20]

38. There are no specific HR implications relating to the content of this report.

TECHNOLOGY IMPLICATIONS [Officer Initials...PW...Date...14/07/20]

39. There are no direct technology implications in relation to this report.

HEALTH IMPLICATIONS [Officer Initials...RS...Date...14/07/20]

40. Good Governance is important for good health and wellbeing. However there are no obvious direct health impls.

EQUALITY IMPLICATIONS

41. This report has no specific equality implications.

CONSULTATION

42. Not applicable.

BACKGROUND PAPERS

43. Following background papers: -

- Unaudited Statement of Accounts 2019/20 published on the Council website: - <http://www.doncaster.gov.uk/services/the-council-democracy/statement-of-accounts>
- Accounts and Audit Regulations 2015
- Accounts and Audit (Coronavirus) (Amendment) Regulations 2020
- The Code of Practice on Local Authority Accounting 2019/20 ('The Code') - based on IFRS

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Debbie Hogg
Director of Corporate Resources

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Comprehensive Income and Expenditure Statement (CI&ES)

	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Adults, Health & Wellbeing	157,325	(81,756)	75,569
Corporate Resources	102,016	(75,096)	26,920
Council Wide Budgets	27,528	(2,491)	25,037
Economy & Environment	82,303	(22,779)	59,524
Learning & Opportunities: Children & Young People	205,813	(125,112)	80,701
Housing Revenue Account	49,996	(74,974)	(24,978)
Net Cost of Services	624,981	(382,208)	242,773
Other operating expenditure			92,699
Financing and investment income and expenditure			31,327
Taxation and non-specific grant income			(269,356)
(Surplus) / Deficit on Provision of Services			97,443
(Surplus) / Deficit on revaluation of non current assets			(30,442)
Actuarial (gains) / losses on pension assets / liabilities			(78,406)
(Gains) / Losses on revaluation of financial instruments			314
Other Comprehensive Income and Expenditure			(108,534)
Total Comprehensive Income and Expenditure			(11,091)

Income and expenses allocated to Directorates per management reporting structure

Income and expenses not allocated to service lines, e.g. council tax, capital grants (which would distort service lines if included there)

In the private sector this would be the profit / loss of a company. Agrees to Movement in Reserves Statement

Gains / losses in the measurement of assets and liabilities. Arise due to changes in market valuations, interest rates or measurement assumptions in relation to pensions assets and liabilities

Agrees to movement in the Balance Sheet

Movement in Reserves Statement

(only 2 columns shown for illustration)

	General Fund £'000	HRA £'000
Balance at 31 st March 2019 brought forward	(67,742)	(8,263)
<u>Movement in reserves during 2019/20</u>		
Total Comprehensive Income and Expenditure	86,337	11,106
Adjustments between accounting basis and funding basis under regulations	(82,062)	(12,513)
(Increase) / Decrease in 2019/20	<u>4,275</u>	<u>(1,407)</u>
Balance at 31 st March 2020 carried forward	<u>(63,467)</u>	<u>(9,670)</u>

(Surplus) or deficit for the year. Note the joint position for GF and HRA of £97,443 (which equals the figure in CI&ES)

Statutory adjustments such as replacing depreciation with MRP, pension liabilities with contributions (IAS19) etc.

Gives the change in the General Fund balance over the year. This agrees to the final GF outturn position as reported to Cabinet in June £1.4m underspend and contribution from Earmarked and General Reserves £5.6m.

Balance Sheet – Assets and Liabilities

	31 st March 2020		31 st March 2019
	£'000	£'000	£'000
Property, Plant & Equipment	1,408,415		
Heritage Assets	9,220		
Investment Property	1,647		
Intangible Assets	3,735		
Long Term Investments	4,595		
Long Term Debtors	7,283		
Long Term Assets		1,434,895	1,464,878
Short Term Investments	13,266		
Assets Held for Sale	8,468		
Inventories	1,084		
Short Term Debtors	72,670		
Cash and Cash Equivalents	43,956		
Current Assets		139,444	140,289
Cash and Cash Equivalents	0		
Short Term Borrowing	(104,272)		
Short Term Creditors	(52,308)		
Provisions	(2,643)		
Revenue Grants Receipts in Advance	(8,972)		
Capital Grants Receipts in Advance	(4,294)		
Current Liabilities		(172,489)	(146,253)
Provisions	(11,966)		
Long Term Borrowing	(404,998)		
Deferred Liabilities	(44,041)		
Donated Assets Account	(255)		
Capital Grants Receipts in Advance	(3,168)		
Liability related to defined benefit pension s	(430,306)		
Long Term Liabilities		(894,734)	(962,889)
Net Assets		507,116	496,025

The largest asset. PPE includes all the Council's property asset portfolio.

Long term assets i.e. those expected to provide benefits to the Council beyond 12 months.

Current assets i.e. those anticipated to be consumed in 12 months, the normal operating cycle for the Council

Current liabilities i.e. those liabilities anticipated to be settled within 12 months

The largest liability. This figure is highly volatile and is dependent upon the actuary's assumptions e.g. a 0.1% increase in the inflation rate would result in a £25.8m increase.

Long-term liabilities i.e. these liabilities that are anticipated to be settled beyond 12 months.

Agrees to total reserves figure. The balance as at 31st March 2020 of £507,116 has decreased by £11,091 which is the deficit in the CI&ES for 2019/20

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Doncaster Council

Report

23rd July 2020

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

AUDIT COMMITTEE PROSPECTUS, TERMS OF REFERENCE AND WORK PROGRAMME 2020/21

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

EXECUTIVE SUMMARY

1. The report contains a 'Prospectus' which sets out the scope and standards applicable to the Audit Committee, and shows how these and the Terms of Reference enable the Committee to comply with Local Government Audit Committee standards and the Council's requirements of the Committee.
2. The Prospectus includes a draft work programme, which demonstrates how the Committee will fulfill its Terms of Reference for the year.

EXEMPT REPORT

3. The report does not contain exempt information.

RECOMMENDATIONS

4. **The Audit Committee is asked:**
 - to agree the Prospectus setting out the Audit Committee's scope, standards and work programme for the year and note the unchanged Terms of Reference for the Audit Committee for the 2020/21 Municipal Year.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER

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

BACKGROUND

Terms of Reference

6. In 2018, CIPFA (Chartered Institute of Public Finance and Accountancy) issued a publication, "Audit Committees; Practical Guidance for Local Authorities and Police". This publication contained a model set of Terms of Reference for an Audit Committee. The Terms of Reference are in line with this CIPFA guidance but still reflect local requirements e.g. to discharge the role of the Standards Sub-Committee.
7. At its Annual Meeting on 17th May 2019, the Council approved the Terms of Reference for Council Committees and Sub-Committees, which included the Audit Committee. A link to the Terms of Reference for the Audit Committee is here for ease of reference to demonstrate how the work programme delivers the Terms of Reference of the Audit Committee.
<https://doncaster.moderngov.co.uk/mgCommitteeDetails.aspx?ID=146>
8. Given the relatively recent update to these Terms of Reference, no changes have been identified as being needed and so they are still considered appropriate and up to date even though they have not been formally reviewed at the May 2020 Annual Council which was cancelled due to the coronavirus pandemic.

Prospectus and Draft Work Programme

9. The Terms of Reference are augmented by the draft Audit Committee Prospectus, attached at **Appendix A**. The Prospectus is a public facing document that sets out the role, scope and standards of the Audit Committee, as well as some of the expected outcomes from its work during the year.
10. The Work Programme is also an integral part of the Prospectus and demonstrates the Committee's coverage of the areas identified in its Terms of Reference, as follows:
 - a. Internal Audit
 - b. External Audit
 - c. Regulatory Framework
 - d. Accounts

e. Ethical Governance

11. Within the work programme, it is proposed as a default to maintain reporting the following regular items to the Audit Committee on a six monthly basis:
 - Regulation of Investigatory Powers Act 2000 (RIPA) surveillance.
 - Compliance with Contract Procedure Rules and Procurement Breaches. – The workplan does demonstrate more reports than this as the April 2020 report was delayed until June 2020 due to the meeting being cancelled and then it was agreed to bring a more up to date report to the July 2020 meeting.
12. However, if there are any significant issues in any of these areas they will be reported immediately to the Audit Committee.
13. Update briefings and/or training for Members will be provided as required.
14. Internal Audit Update reporting for 2020/21 is scheduled for July 2020, October 2020 and January 2021, with an annual report of the Head of Internal Audit in April 2021.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

15. In order to discharge its functions effectively, the Committee is required to operate within an agreed Terms of Reference.
16. The work programme is designed to ensure that, where appropriate, the Audit Committee is able to ensure the Council meets certain statutory deadlines and also discharge its responsibilities under its Terms of Reference, whilst achieving a balanced and manageable work load.
17. It should be noted that the programme of work may have to be varied in response to any issues emerging during the course of the year.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

18. The Audit Committee 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. 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	

	<p>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

19. 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 30/06/20)

20. There are no specific legal implications associated with this report.

FINANCIAL IMPLICATIONS (ST 30/06/20)

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

HUMAN RESOURCES IMPLICATIONS (KG 02/07/20)

22. There are no specific human resources issues associated with this report.

TECHNOLOGY IMPLICATIONS (PW 30/06/20)

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

EQUALITY IMPLICATIONS (PJ 23/06/20)

24. 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 01/07/20)

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

CONSULTATION

26. The Council's Governance Group were consulted in the production of the Terms of Reference with the Chair of the Audit Committee being consulted on the changes to the Terms of Reference prior to these being presented to May 2019 Annual Council.

BACKGROUND PAPERS

27. None.

REPORT AUTHOR & CONTRIBUTORS

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Faye Tyas
Assistant Director of Finance



Doncaster
Council

Audit Committee Prospectus, Terms of Reference and Work Plan 2020/21

The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place. CIPFA 2018

The Audit Committee at Doncaster Council

The Audit Committee has primary responsibility for ensuring there are effective governance arrangements in place and operating throughout the organisation, and is the principal advisory function to the Council and Executive on governance related matters.

This Prospectus sets out the scope and the standards of the Audit Committee, which are consistent with Local Government standards. It also describes the approach that will be taken by the Audit Committee and outlines its 2020/21 work programme.

Scope and Standards

In accordance with the Chartered Institute of Public Finance and Accountancy's Position Statement and guidance on Audit Committees, the Audit Committee will:

- ✓ Satisfy itself and others that the Annual Governance Statement reflects the Council's arrangements and position.
- ✓ Monitor the effectiveness of the risk, governance and control arrangements and assurances obtained about its operation.
- ✓ Consider the accuracy and effectiveness of risk management.
- ✓ Ensure Internal Audit is independent and effective. In particular the Committee will:
 - review and approve the responsibilities of the internal audit function and ensure the function has the necessary resources to enable it to perform in accordance with appropriate professional standards.
 - review and assess the annual internal audit work plan.
 - receive a report on the results of the internal auditor's work and its compliance with its professional standards on a periodic basis.
- ✓ Review the arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters (whistleblowing).
- ✓ Review the Council's arrangements for managing the risk of fraud .

- ✓ Review and approve the external auditor's annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- ✓ Review the findings of the external auditor's work with the external auditor, including a discussion of any major issues which arise during the audit.
- ✓ Review the financial statements and the external auditor's opinion on the statements. In particular, the Committee will review and challenge where necessary:
 - the consistency of, and any changes to, significant accounting policies.
 - the methods used to account for significant or unusual transactions where different approaches are possible.
 - whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
 - the clarity and completeness of disclosure in the financial reports and the context in which statements are made.
- ✓ Consider external audit and inspection recommendations and ensure these are fully responded to.

The Audit Committee has *Terms of Reference* that reflect the scope and standards, and agrees an annual work-plan showing how the Committee will deliver its responsibilities. The 2020/21 work-plan, which is a 'live' document that is updated throughout the year, is attached at **Appendix 1**.



The Audit Committee has a current membership of five Council Members and one independent Co-opted member. It will meet five times per year. The Committee's operating model ensures that it:

- ✓ Has clear rights of access to other committees and functions, for example scrutiny.
- ✓ Will have as regular attendees, the Director of Corporate Resources and the Assistant

Director of Finance, the Head of Internal Audit and the External Auditor. Other attendees may include the Chief Executive and the Monitoring Officer.

- ✓ Is able to meet privately and separately with the External Auditor and with the Head of Internal Audit.
- ✓ Has the right to call on any other officers as required.
- ✓ Will report regularly on its work to the Council.

The Role of the Audit Committee

The Audit Committee has a lead role in ensuring risks are managed effectively across the Council. The Committee challenges the Council and its managers to demonstrate their awareness, reporting and controlling of any risks that could either prevent the Council from achieving its objectives or could cause major disruption of any nature.

For 2020/21, the Committee will:

- ✓ Keep an active interest in the maintenance of the Council's overall risk management framework, policy and strategy.

In addition, the Committee aims to strengthen its own contribution. It will:

- ✓ Receive regular, detailed, update sessions on relevant topics throughout the year.
- ✓ Receive other development and support as required, individually and/or collectively.

How will we know we have succeeded?

The role of the Audit Committee is crucial. The Committee has primary responsibility for ensuring there are effective governance arrangements in place and operating throughout the organisation.

The Audit Committee will be accountable for meeting its responsibilities. We expect the following outcomes to be achieved:

- ✓ Comprehensive risk registers, including fraud risks, with risks demonstrably controlled.
- ✓ Demonstrable implementation of audit and inspection recommendations.

- ✓ A clear risk-based Internal Audit plan that is subject to regular ongoing review especially in light of the coronavirus pandemic and is adequately delivered.
- ✓ The achievement of a clear opinion on the Statement of Accounts.
- ✓ An Annual Governance Statement, external audit Value for Money opinion and Internal Audit opinion of the risk, governance and control arrangements that fairly reflect the Council's position.

The Audit Committee will produce an Annual Report which will show how the Audit Committee is delivering these success measures and contributing positively to improving risk, governance and control and adding value to the organisation.

.....
Councillor Austen White, Chair

.....
Councillor R. Allan Jones, Vice-Chair

23rd July 2020

APPENDIX 1

Doncaster Council - Audit Committee Work Plan 2020/21

Objective and Agenda Item	June 2020	July 2020	Oct 2020	Jan 2021	April 2021
Internal Audit					
Annual Report of the Head of Internal Audit 2019/20	✓				
Internal Audit Plan 2020/21	✓				
Internal Audit Progress Report for the period: April to June 2020		✓			
Internal Audit Progress Report for the period: July to September 2020			✓		
Internal Audit Progress Report for the period: October to December 2020				✓	
Annual Report of the Head of Internal Audit 2020/21 (includes Internal Audit Progress January 2021 to March 2021)					✓
Internal Audit Plan 2021/22					✓
External Audit					
Grant Thornton – Audit Scale Fee	✓				
Grant Thornton - Update to audit plan	✓				
Grant Thornton - Progress Report and Sector Update		✓			✓
Audit Findings Report (ISA260) 2019/20 and Letter of Management Representation			✓		
Grant Thornton Annual Audit Letter 2019/20			✓		
External Auditor (Grant Thornton) Audit Plan 2020/21 and Arrangements for the preparation of the 2020/21 Accounts				✓	
Regulatory Framework					
Audit Committee Actions Log	✓	✓	✓	✓	✓
Breaches and Waivers to the Council's Contract Procedure Rules	✓	✓	✓		✓
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update		✓		✓	
Audit Committee Prospectus, Terms of Reference and Work programme 2020/21		✓			
Annual Governance Statement 2019/20 – Progress Update				✓	
Update Reports on Contract Commissioning in Adults, Health & Wellbeing				✓	

Objective and Agenda Item	June 2020	July 2020	Oct 2020	Jan 2021	April 2021
Draft Annual Governance Statement 2019/20	✓				
Audit Committee Annual Report 2019/20	✓				
Draft Annual Governance Statement 2020/21					✓
Audit Committee Annual Report 2020/21					✓
Accounts					
Unaudited Statement of Accounts 2019/20		✓			
Statement of Accounts and Annual Governance Statement 2019/20			✓		
Ethical Governance					
Monitoring Officer Annual Whistleblowing and Standards Report 2019/20	✓				
Preventing and Detecting Fraud and Error - October 2019 to September 2020			✓		

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Doncaster Council

Report

Date: 23rd July 2020

To the Chair and Members of the
AUDIT COMMITTEE

INTERNAL AUDIT REPORT FOR THE PERIOD: APRIL TO JUNE 2020

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		No

EXECUTIVE SUMMARY

1. The report attached at **Appendix 1** updates the Audit Committee on the work undertaken by Internal Audit for this unprecedented period of April to June 2020. For completeness, it also includes some updates from the period February to April not included in the Head of Internal Audit Annual report.
2. The attached report is in four sections:
 - Section 1. The Audit Plan / Revisions to the Plan
 - Section 2. Audit Work Undertaken During the Period
 - Section 3. Implementation of Audit Recommendations
 - Section 4. Internal Audit Performance
3. A summary of the main points from each of the sections is provided in the following paragraphs:

Section 1: The Audit Plan / Revisions to the Plan

4. The 2020/21 Audit Plan was originally created during January / February 2020 and circulated to Directors for input in March, with the intention for it to be approved by the Audit Committee early April. Due to the Covid-19 pandemic, the April Audit committee was cancelled and a revised plan was approved at the June Audit Committee.

5. Work continues to understand the impact of Covid-19 upon the Council and how this should be reflected in the Audit Plan.

Section 2: Audit Work Undertaken During the Period

- 6 Like many other services within the Council, we have been severely disrupted during the Covid-19 situation. During the period of March to June we have been supporting various cells and other council services directly whilst only carrying out minimal work on our routine audits. Detail of this work is set out in the report.
- 7 In addition to this responsive work, the team have completed some more routine audit work in this period which is also included in the report.

Section 3: Progress on the implementation of audit recommendations

8. Minimal work has been carried out in doing our usual follow up work during this period as part of a council-wide reprioritisation of resources due to the Covid-19 situation. The report therefore presents a picture of a notable rise in actions that have become overdue. This is understandable and does not reflect negatively upon management. We are working with management to bring these actions to completion within the next quarter where possible and return to a normal and satisfactory level of overdue actions.
9. The total number of overdue i.e. actions that have passed their agreed implementation dates, high risk level recommendations is 7 (4 reported for previous period). This is made up of 4 from Economy and Environment and 3 for Corporate Resources. Details of these are recorded at Appendix B.
10. The total number of overdue medium and low risk level recommendations is 60 (17 reported for previous period). The majority of these are from Economy and Environment and Corporate Resources.
11. The current number of audit recommendations agreed and awaiting implementation is 72 (81 reported previously), of which 67 have passed their agreed implementation dates as set out above. Further information on audit recommendations is set out in Section 3 of this report.

Section 4: Performance Information

12. Due to the impact of Covid-19, minimal performance information is available as the majority of this information relates to planned audit work, which has understandably been very low in this period. Normal reporting of this information is planned for the next progress report
13. The key issue is around the sufficiency of planned coverage for the 2020/21 year. The Head of Internal Audit stated in the audit plan report for June's audit committee that "... *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." This position continues to be the case.

RECOMMENDATIONS

14. The Audit Committee is asked to note:
- the position of the internal audit plan
 - the internal audit work completed in the period
 - the position with regards the implementation of previous audit recommendations
 - Information relating to Internal Audit's performance in the period.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

15. 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

16. 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

17. Not applicable - for information only

REASONS FOR RECOMMENDED OPTION

18. Not applicable - for information only

IMPACT ON THE COUNCIL'S KEY OUTCOMES

19. Internal Audit assesses how effectively the Council is managing risks that threaten the achievement of the Council's objectives. Any improvement in the management of the risks will have a positive impact thereby increasing the likelihood of the Council achieving its objectives. Internal Audit's work is, therefore, relevant to all priorities.

Outcomes	Implications
<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	
<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that 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 	<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>

<ul style="list-style-type: none"> • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.</p>
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RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS [SRF 07/07/20]

21. There is a statutory obligation on the council to provide an adequate and effective internal audit of its accounts and supporting systems of internal control.

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

FINANCIAL IMPLICATIONS [ST 07/07/20]

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

HUMAN RESOURCE IMPLICATIONS [KG 07/07/20]

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

TECHNOLOGY IMPLICATIONS [PW 15/01/20]

24. There are no specific technology implications in relation to this report. As stated in the body of the report, one of the high risk actions relating to ICT Mobile Devices has been fully implemented and progress has been /is being made on the others.

EQUALITY IMPLICATIONS [PJ 05/07/20]

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 reports covered by the document will have taken into account any relevant equality implications.

HEALTH IMPLICATIONS [RS 08/07/20]

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

CONSULTATION

27. There is consultation with managers at the outset, throughout and at the conclusion of individual audits in order to ensure that the work undertaken and findings are relevant to the risks identified and are accurate. Regular meetings are held with Senior Management to ensure there is effective and relevant Internal Audit coverage provided.

BACKGROUND PAPERS

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

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

None

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Peter Jackson
Head of Internal Audit

Appendices Attached

**Appendix 1 - Internal Audit Progress Report April to June
2020**



**Doncaster
Council**

Doncaster Council

Internal Audit Progress Report

April to June 2020

Section 1: Revisions to the Audit Plan

1.1. The 2020/21 Audit Plan was originally created during January / February 2020 and circulated to Directors for input in March, with the intention for it to be approved by the Audit Committee early April. Due to the Covid-19 pandemic, the April Audit committee was cancelled and a revised plan was approved at the June Audit Committee.

The plan taken to June's Audit Committee reflects:

- The work of the audit team during the response period, - this is set out in para 2.6.
 - 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. This is still work in progress.
 - Other planned work for the team for the remainder of the year.
- 1.2. We continue 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.
- 1.3. We will work with management in reviewing Service Plans and assessing changes in service provision. We will then produce a revised audit plan which has been agreed with management and this will then be shared with audit committee members when available so they are aware of the revised plan and can approve it as usual at the next meeting of the audit committee in October 2020.

Section 2: Audit Work Undertaken During the Period

- 2.1 Like many other services within the Council, we have been severely disrupted during the Covid-19 situation. During the period 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 set out in para 2.6.**
- 2.2 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

- Performed real-time risk based work

2.3 In addition to this responsive work, the team have completed some more routine audit work in this period. For this work Internal Audit provides an opinion on the control environment for all systems, services or functions which are subject to planned audit review. The opinions given are taken into account when forming our overall annual opinion on the adequacy and satisfactory operation of the Council's governance, risk management and internal control arrangements at the end of the year.

Internal Audit Opinion

2.4 Internal Audit provides an opinion on the control environment for all systems, services or functions which are subject to planned audit review. The opinions given are taken into account when forming our overall annual opinion on the adequacy and satisfactory operation of the Council's governance, risk management and internal control arrangements at the end of the year.

2.5 A "*substantial assurance*" opinion is given where there are no or low levels of concern. A "*reasonable assurance*" opinion is given where there are issues of concern that need to be addressed which may put at risk the achievement of objectives in the area audited. A "*limited assurance*" opinion is given in any area under examination where one or more concerns of a 'fundamental' nature are identified or where there are a considerable number of issues of concern arising which need addressing. A '*no assurance*' opinion is given where immediate action is required to address fundamental gaps, weaknesses or non-compliance identified in the area under review, although '*no assurance*' opinions are extremely rare.

Summary of Findings from Audit Reviews

2.6 Summary conclusions on all significant audit work completed April to June 2020 and any completed work not previously reported, are set out in **Appendix A**.

Audits providing 'limited' assurance opinions

2.7 No limited assurance opinions were given this quarter.

Responsive Audit Work and Investigations

2.8 In addition to our planned assurance work, we also investigate allegations of fraud, corruption or other irregularity and/or error, and respond to requests for assistance from services and functions in the Council. During this reporting period, we have also undertaken work in support of the Authority response to the Covid-19 situation. A summary of the significant pieces of work that have been completed or are ongoing is provided below:

Audit Area	Update
<u>COVID-19 Responsive Work</u>	
<p>Communities Cell <u>Work</u>:</p> <ul style="list-style-type: none"> • Attendance at the Communities Cell calls / catch up meetings giving advice and guidance. • Attendance at Voluntary, Charity, and Faith Sector Workstream Cell meetings. • Development and production of 'A guide for Volunteering during the Coronavirus outbreak – Doncaster Community Hub Guide and Best Practice for voluntary groups and volunteers'. • Review of a Community Group's operations. <p>Advice and guidance continues on an ongoing basis and has already been provided on the following:</p> <ul style="list-style-type: none"> • Compliance with national guidance and best practice. • Doncaster Community Hub regarding food boxes. • Identification / Disclosure and Barring Service checks of volunteers including production of identity badges. • Expense claims for volunteers. • Verification requirements for volunteers for car insurance. • Delivery of medicines and food parcels. • Methods of payments to be utilised – supermarkets e gifts cards, Post Office accounts. • Car insurance of volunteers. • Data Protection. • Cash Handling. 	<p>Complete</p> <p>Ongoing</p> <p>The guide has now been published by the Doncaster Community Hub. Regular reviews and revisions of the guide are ongoing.</p> <p>Complete</p>

Audit Area	Update
<ul style="list-style-type: none"> • Sarah's Act 2015. • Insurance and risk assessments. • Advice on volunteers receiving gifts and hospitality. • Operation and registration of foodbanks and food distribution centres. • Completion of a British Standards and Information risk assessment for spontaneous volunteers. 	
<p>Excess Deaths and Data Cells Work:</p> <ul style="list-style-type: none"> • Modelling death data using national models. • Modelling the bereavements services system and using death data models to predict bereavement services and funeral director demands (comparing them to actual available capacity) so that the data can be used for planning purposes. • Daily monitoring and reporting on local deaths (using data from Coroners and Registrars). • Analysing COVID death rates among the population and in care homes. • Analysing death rates in hospital and the community. 	Ongoing
<p>Finance and Procurement Cell Work:</p> <ul style="list-style-type: none"> • Attendance at the daily Finance and Procurement Cell Meetings. • Involvement with the Business Rates Grant payment process. • Assistance with PPE stockholding control. • Infection control grant letters to care providers informing of 	Ongoing

Audit Area	Update
grants awarded.	
<p>Customer Services Support: A member of the audit team had been increasing the Customer Services resource by taking calls from the public and helping them complete self-isolation forms alongside undertaking other Internal Audit work.</p>	Complete
<p>Support to Registrars:</p> <p>Two members of the audit team were on standby to receive training to register deaths should this be required.</p> <p>One team member provided periodic admin support in the issuing of death certificates, as required.</p>	Complete
<p>Support to Adults to release their essential staff to work on front line duties: Support has been provided in improving data in the system to support fees and charges.</p>	Ongoing
<p>Doncaster Community Fund Grants:</p> <ul style="list-style-type: none"> • Fighting Back Fund <ul style="list-style-type: none"> ◦ Provided guidance and advice. • Members Ward Budgets <ul style="list-style-type: none"> ◦ Provided guidance and advice. ◦ Development of the grant award process. ◦ Issuing the letter / agreement once approval has been given. ◦ Chasing the return of signed agreements. 	<p>Complete</p> <p>Complete</p>
<u>Non – Covid-19 Responsive work</u>	
Adult Social Care Fees and Charges Implementation Support	New fees and charges for many adults' services are being introduced in 2020/21. Internal Audit have been involved with providing advice and consultancy to some of these areas rolling out the charges to ensure that they are robustly delivered and that any associated risks are well

Audit Area	Update
	managed.
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 is provided to the Portfolio Holder and Chair of Board regarding residual matters still to be resolved.</p>
Data Matching - Supplier to Payroll Payments	<p>Monthly checks are completed and are proving very worthwhile in identifying anomalies that require investigating. For example, employees who are being paid through both Payroll and Accounts Payable which may be in breach of Inland Revenue regulations (IR35) or where the employee has not informed their manager of secondary employment.</p>
Big Picture Learning (Educational Establishment) Grant Verification Work	<p>Providing ongoing support and assistance working with Children's Commissioning to verify the agreed grant outcomes submitted by Big Picture Learning to the Council. This is to validate the funding that is eligible to be paid over to Big Picture Learning.</p>
Payroll System Implementation	<p>Internal Audit are involved in the meetings regarding the implementation of the new Rotherham Payroll / Human Resource System to support the project to meet its intended results.</p>

Section 3: Implementation of Audit Recommendations

- 3.1 Following the completion of audit work, improvement plans are produced in consultation with service management containing details of actions and dates agreed by management for their implementation. Final reports, incorporating agreed improvement plans, are then formally issued to the appropriate Director, Assistant Director and Head of Service.

- 3.2 Internal Audit subsequently seeks assurance that agreed actions arising from audit work have actually been implemented. This involves contacting the officer allocated to complete the action to obtain evidence that agreed actions have been implemented or, where they have not, that appropriate progress is being made. Where fundamental weaknesses in internal control arrangements have been identified, more detailed follow up work is undertaken.
- 3.3 Any recommendations that are not implemented in line with agreed timescales are reported as part of the Council's Quarterly Resource Management processes and consequently monitored through that process. Additionally, Assistant Directors are provided each month with details of all actions outstanding in their area and these are then reviewed with Internal Audit and the Director and their management teams each quarter. Overdue high risk level recommendations are reported routinely by Internal Audit to the Audit Committee.
- 3.4 Due to the Covid-19 pandemic and prioritisation of council resources to support essential services, we did not pursue updates from management for the majority of outstanding recommendations during the period March to June. There is limited known progress in respect of the implementation of outstanding actions in this period, as is demonstrated in the table below. Many Services have been dealing with emergency Covid responses or have incurred disruption due to the pandemic in this time. Services are now being contacted in order to make an assessment of progress against individual actions. We are working with management to bring these actions to completion in the next quarter where possible and return to a normal and satisfactory level of overdue actions
- 3.5 There are a total of 67 actions that our records are showing as overdue i.e. that have passed their agreed implementation date. A breakdown of these via Directorate is detailed in the below table and details of all these actions has recently been circulated to the relevant Assistant Directors.
- 3.6 A summary of the overdue high level recommendations is also provided in Appendix B.

Directorate	Number of high risk level recommendations overdue at 30/06/20				Number of medium / lower risk level recommendations overdue at 30/06/20			
	At 02/07/18	At 09/07/19	At 10/03/20	At 30/06/20	At 02/07/18	At 09/07/19	At 10/03/20	At 30/06/20
Adults, Health & Wellbeing (AHWb)	16	7	1	0	53	13	0	8
Economy & Environment (EE)	0	1	3	4	11	18	10	31
Corporate Resources (CR)	0	0	0	3	22	5	7	20

Learning & Opportunities (Children & Young People) (LOCYP)	0	0	0	0	10	2	0	1
Council Wide	0	0	0	0	2	0	0	0
TOTAL	16	8	4	7	98	38	17	60

3.7 The majority of the overdue recommendations shown above are in respect of the audits listed below:

Trading Standards (Economy & Environment)

The first actions became overdue on 31/12/2019 and all actions were originally due to have been implemented by 30/06/20 but have not been able to be due to the Covid-19 situation. Revised dates and actions for the major actions are set out in Appendix B. There are currently 30 actions awaiting implementation, of which 4 are high risk, 23 are medium risk and 3 are low risk level recommendations. 23 of these actions had original implementation dates between 31/03/20 and 30/06/20 i.e. the pandemic response period.

ICT Mobile Devices (Corporate Resources)

There were 14 actions agreed in total (4 high, 8 medium and 2 low risk level). These all had original implementation dates between 31/03/20 and 30/06/20 i.e. the pandemic response period. 1 high risk level action and 4 lower risk level actions have been fully implemented this period and progress has been / is being made on the others.

3.8 There are a further 5 actions that are not yet overdue giving a total number of audit recommendations currently agreed and awaiting implementation of 72 (81 reported previously).

3.9 The spread of all recommendations awaiting implementation including those not yet due is shown below:

Directorate	Number rec's at 10/03/2020	Number of rec's at 30/06/2020
Adults, Health and Wellbeing	9	8
Economy & Environment	39	35
Corporate Resources	32	28
Learning & Opportunities (Children & Young People)	1	1
TOTAL	81	72

Section 4: Internal Audit Performance

Performance Indicators

- 4.1 The Audit Committee has previously agreed the key performance indicators that should be reported to it relating to the performance of the Internal Audit service:

- 4.2 Due to the impact of Covid-19, minimal performance information is available as the majority of this information relates to planned audit work, which has understandably been very low in this period. Normal reporting of this information is planned for the next progress report

Planned Audit Work Completed in Period / Not Previously Reported

APPENDIX A

Audit Area	Assurance Objective	Final Report to Mgm't.	Overall Audit Opinion	Summary of Significant Issues
LEARNING AND OPPORTUNITIES:CHILDREN & YOUNG PEOPLE				
Nothing to report.				
CORPORATE RESOURCES				
Housing Rents – Core Financial Processes 2019/20	This audit examines the extent to which the operational risk and operational processes are effectively managed within the housing rents process to ensure that the right rents are collected from the right people, at the right time and that rents are properly accounted for.	29/01/20	Substantial Assurance	None
Core Financial Processes - Cash Book Audit 2019/20	To examine the extent to which the operational risks and operational processes are effectively managed within cash collection and cashbook to ensure that they are fit for purpose and that cash is properly collected, safeguarded and can be easily traced, receipted and reconciled.	13/03/20	Substantial Assurance	None
Civic Mayor Expenditure Review 2019/20	The objective of the review was to provide support to the development of documented governance arrangements within the Civic Mayor's Office, specifically in relation to expenditure.	20/03/20	Not Applicable - Guidance only	None
Core Financial Processes - Accounts Receivable Audit 2019/20	Examine the extent to which the operational risks and operational processes are effectively managed within the Accounts Receivable system / processes to ensure that billing takes place for goods and services that have been provided and that there are sound arrangements to maximise collections.	05/05/20	Substantial Assurance	None

Audit Area	Assurance Objective	Final Report to Mgm't.	Overall Audit Opinion	Summary of Significant Issues
Core Financial Processes - General Financial Ledger 19/20	Confirm that the controls that are in place within the general ledger system are operating well and ensure that the data input to the system both directly and from feeder systems is accurate.	27/05/20	Substantial Assurance	None
ECONOMY AND ENVIRONMENT				
Bus Service Operators Grant (June Claim)	Confirm expenditure and that it is in keeping with the conditions of the grant. Sign off the grant statement as true and fair as stipulated by the grant.	24/06/20	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
ADULTS AND COMMUNITIES				
Troubled Families Grant (December to March)	Confirm expenditure and that it is in keeping with the conditions of the grant allowing Doncaster Council sign off.	n/a	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Schools Financial Value Standard (SFVS) Checks	Confirming Local Authority schools are complying with the Council's Statement on Internal Control requirements and that Schools Financial Value Standards are effectively embedded in schools.	n/a	Not applicable – Verification only	No significant issues raised.

Overdue Major Recommendations

APPENDIX B

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
ADULTS AND COMMUNITIES						
Deprivation of Liberties Standards (DOLS)	The DoLS team have not determined a series of specific exception reports that they require to provide management information on the processes carried out by the team. These would help inform them of any part of the process taking longer than expected, any cases stuck at particular stages, parts of the process not being completed or data quality errors that require correction.	Management information is not available to enable performance monitoring ensuring key targets are met. Data quality and processes issues cannot be detected and corrected.	The DoLS team will subsequently monitor the reports.	31/08/18	28/02/20	Complete The Power BI management reports are being used by Management during supervisions with staff and to inform them on performance and take any necessary action.
ECONOMY AND ENVIRONMENT						
Trading Standards and Food and Animal Safety	The Food and Animal Health team consists of 11 staff (2 vacant posts currently) all	Appropriate spans of control do not exist therefore	The Food and Animal Health and Trading Standards team structures will	31/12/19	30/11/20	The Trading Standards & Licensing structure has been revised to reduce the number of direct reports to the

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
RE Team Structure	<p>directly reporting to the Food and Animal Health Manager.</p> <p>The Trading Standards team consists of 22 staff all directly reporting to the Trading Standards Manager.</p> <p>These structures do not follow the HR Structure Review Policy and Procedure in terms of spans of control and are considered to be excessive.</p>	<p>the Managers are unable to support all staff adequately.</p> <p>The quality of work cannot be effectively reviewed with such minimal levels of supervisory time.</p>	be reviewed to ensure appropriate spans of control exist to ensure Managers are able to fully support the staff within the teams.			manager from 22 to 12 and this has been in effect for the past 6 months. Food Safety, Animal Health and Health and Safety direct reports remains at 15 and this has been the case for the past 6 years. Currently this works but this will be reviewed post Covid and Brexit once we can fully understand pressures on the team
Trading Standards and Food and Animal Safety Regulators code and Food Law Enforcement Policy	All authorities that engage in regulation and enforcement activities are required to publish their own regulators code that sets out how they will work and communicate with those that they	<p>Staff may be working to differing rules / breaching rules as they are not clear on the rules in place.</p> <p>Non-</p>	The draft regulators code written for all of Regulation and Enforcement and the Council Environmental Protection draft enforcement policy should be reviewed and amended as	01/01/20	31/08/20	Draft policy in line with Regulators Code and Food Law Code of Practice has been drafted. This needs sign-off through the governance process and will then be implemented across E&E

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	<p>regulate. A draft regulators code was written for all of regulation and enforcement but has never been approved by full council, nor has it been published on the Council's website as required.</p> <p>In addition, a food law enforcement policy is required by the Food Law Code of Practice and should be made available to the public.</p> <p>There is also a Council Environmental Protection draft enforcement policy, which is not finalised. The previous enforcement policy was dated May 2013.</p> <p>A South Yorkshire</p>	<p>compliance with Food Law Code of Practice.</p>	<p>necessary. Once a decision regarding combining the documents has been made, the document(s) will be approved as necessary and published.</p>			

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	Food Safety Law Enforcement Protocol was produced in 2012 which was agreed between all food leads, however this was never sent to members for approval at Doncaster.					
Trading Standards and Food and Animal Safety Warrant Cards	The warrant cards have not been updated as required to incorporate legislation changes. These were originally delayed due to the impact of Brexit. In the event of a big operation being carried out, out of date warrant cards could jeopardise the outcome.	Non compliance with legislation.	Warrant cards will be updated as soon as possible in line with legislation. These will be regularly reviewed as legislation changes come into effect.	31/12/19		Complete All Brexit related changes to warrant cards were completed (Trading Standards) and authorised sheets (Food Safety).
Trading Standards and Food and Animal Safety Use of Private	For the safety of staff, pool cars should be used for all work related visits. Currently, there are some mileage claims made where staff	Welfare of staff may not be ensured.	Management will ensure that pool cars or the trading standards designated vehicle are used in work related visits	13/03/20		Complete (awaiting evidence) Officers have been reminded through the PDR and 1:1 process that if they are using their own vehicles at work they must have appropriate

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
Vehicles	<p>have used their own vehicle for work purposes, some of these are because a pool car has not been available.</p> <p>Given threats that have been made against the teams in recent months and the nature of enforcement work, the use of private vehicles is an unnecessary risk to staff.</p>		<p>wherever possible.</p> <p>Management will ensure that all vehicles being used during the course of work have appropriate checks undertaken even if no mileage claims are made.</p>			<p>approvals and insurance even if they do not claim the mileage allowance. Email shared service wide to remind all employees to ensure they have business use when using their own cars, irrespective of mileage claims.</p>
<p>Trading Standards and Food and Animal Safety</p> <p>Lone Working</p>	<p>To ensure the welfare of staff when working alone, food staff have recently been reminded by email of the lone worker scheme. This scheme requires staff to ring in with their pin number to register onto the system as lone working. However, not</p>	<p>Staff may be in danger when working alone as no one knows their location or whether they should be expected back (and are therefore missing).</p>	<p>Management will ensure that all food staff are registered on the lone worker scheme.</p> <p>Management will check that staff are utilising the system and further remind staff of the importance of using the lone worker</p>	31/03/20	30/11/20	<p>Due to Covid, no officers are currently lone working. However, after this issue was raised, the system was updated to ensure everyone was registered, and when lone working begins again, all will be reminded to use the system.</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	<p>everyone in the food team are registered and utilising the Lone Worker System.</p> <p>Given threats against staff and the nature of the work undertaken this is essential and its use should be enforced.</p>		<p>scheme and the process to follow.</p>			
<p>Trading Standards and Food and Animal Safety</p> <p>28 day deadline</p>	<p>All inspections should be completed within 28 days of their inspection due date. However, this target is never met and it is understood this situation is not unique to Doncaster and is common amongst other local authorities.</p> <p>The team however, do work in priority order and, therefore, higher risk premises will be inspected prior to the lower risk</p>	<p>Inspections not being completed in time resulting in criticism from the Food Standards Agency.</p>	<p>Inspections will be allocated in plenty of time in order for staff to be able to plan their work to be able to complete inspections within the 28 day deadline of their due date.</p> <p>Priority will be given to any inspections becoming due (in particular higher risk categories) to ensure they are completed as soon as possible to their due date.</p>	<p>30/04/20</p>	<p>31/03/21</p>	<p>Unable to implement this action due to Covid – once business as usual does restart, there will be a significant backlog which will take time to overcome and the 28-day target will remain in flux for the current FSA year. This has been recognised by the FSA as a challenge and allowances have been made in the 2019-2020 returns.</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	<p>premises.</p> <p>Testing revealed that there are a number of inspections in the higher risk categories that are overdue. All Category A and B overdue inspections have now been allocated to officers. It is noted that the Food and Animal Health team currently have 2 vacant posts and that this will have an impact on this work.</p>		<p>Spot checks will be carried out to confirm that inspections are being allocated promptly to ensure deadlines are being met.</p> <p>Performance reports that show this information will be circulated at team meetings.</p>			
CORPORATE RESOURCES						
<p>ICT Mobile Devices</p> <p>Reconciliation of Hard Drives</p>	<p>The security measures in place to protect information on hard drives is secured by Bitlocker encryption. All encryption codes are preset the same when being configured and there is no guidance to</p>	<p>Data on hard drives is at risk of being inappropriately accessed.</p> <p>General Data Protection Regulations and the Information</p>	<p>Hard-drives will be removed by the contractor when they dispose of them appropriately. The contractor will record the hard-drive serial number against the relevant asset badge number and will confirm by</p>	31/03/20	31/08/20	<p>Until the contract is in place with the contractor, devices remain on site at the Civic Office. Once the contract is in place the contractor will remove devices from premises with hard-drives still installed and will provide the serial numbers for DMBC to reconcile against their records.</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	<p>instruct employees to change this when issued. Therefore most employees will have the same Bitlocker code</p> <p>Where hard drives are removed from devices waiting for disposal these are stored for a period of time before being appropriately destroyed and are therefore unsecure.</p> <p>Although serial numbers are present on hard drives there is no record maintained of these when hard drives are stored. A reconciliation cannot be carried out to ensure that all hard drives have been destroyed.</p>	<p>Security Policy may be breached leaving the Council subject to risks of reputation, litigation and professional negligence.</p>	<p>way of certificate that hardware has been disposed of appropriately. The report will be used to reconcile against the Council's inventory record of which devices that have been disposed of.</p>			

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
<p>ICT Mobile Devices</p> <p>Guidance for Bitlocker Encryption</p>	<p>The security measures in place to protect information on hard drives is secured by Bitlocker encryption. All encryption codes are preset the same when being configured and there is no guidance to instruct employees to change this when issued. Therefore most employees will have the same Bitlocker code</p> <p>Where hard drives are removed from devices waiting for disposal these are stored for a period of time before being appropriately destroyed and are therefore unsecure.</p> <p>Although serial numbers are present</p>	<p>Data on hard drives is at risk of being inappropriately accessed.</p> <p>General Data Protection Regulations and the Information Security Policy may be breached leaving the Council subject to risks of reputation, litigation and professional negligence.</p>	<p>Guidance will be produced and communicated to all staff to ensure that their Bitlocker code is updated from the original setting.</p>	<p>31/03/20</p>	<p>30/11/20</p>	<p>This cannot progress until all users have had their laptops/desktops upgraded from the current version of Windows to the latest (1909) version. This is currently ongoing but is having to occur slowly due to over 2,500 staff who are working from home. Additionally, there are many hundreds of devices in buildings which are not being used and to which the updates cannot be made at the moment. A plan to progress this, once everyone is on Windows 1909, is currently being formulated.</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	<p>on hard drives there is no record maintained of these when hard drives are stored. A reconciliation cannot be carried out to ensure that all hard drives have been destroyed.</p>					
<p>ICT Mobile Devices Arrangement for Disposal Service</p>	<p>Whilst a contractor currently provide a disposal service of ICT devices and equipment, there is no formal contract in place.</p>	<p>General Data Protection Regulations and the Information Security Policy may be breached leaving the Council subject to risks of reputation, litigation and professional negligence.</p>	<p>Advice will be sought from the Strategic Procurement Team to ensure that appropriate contract arrangements are in place to dispose of hardware and equipment.</p>	<p>31/03/20</p>	<p>31/08/20</p>	<p>Progress was underway to ensure that an appropriate contract was in place. This has been delayed due to COVID-19 but will be picked up again to progress.</p>

Audit Progress Report and Sector Update

Doncaster Metropolitan Borough Council

Year ending 31 March 2020

9 July 2020



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Introduction

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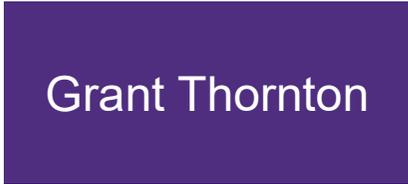
This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

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

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

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

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Covid-19 update

Impact on working arrangements:

- Following the government's announcement on Monday 16th March, we closed our Grant Thornton offices for the foreseeable future and your audit team are continuing to work from home.
- We will therefore be working remotely during the accounts audit and have discussed the logistics of these arrangements with the finance team.
- Although there are some audit tasks which are best undertaken in person, the majority of the audit will be completed remotely. This is however likely to make the audit process longer. We will work closely with the finance team to make this different way of working as efficient as possible.
- We acknowledge there may need to be further changes to planned audit timings due to potential illness within the audit team or the finance team and due to the further developments of Covid-19.

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Impact on accounts and audit opinions:

The following sets out a number of the key issues which finance teams will need to consider as part of the year end closedown.

- Impact on reserves and financial health and whether the Council needs to provide additional disclosures that draw attention to a material uncertainty around Going Concern (this could also impact on the Vfm conclusion)
- Impact on collectability of debt and assumptions made in bad debt provisions
- Impact on the valuation of Property, Plant and Equipment
- Impact on post-balance sheets events and consideration of the consequences of the virus post 31 March 2020 with some form of disclosure may be needed
- Disclosure of critical judgements
- Disclosure of material estimation uncertainties
- Impact on the content of the Annual Governance Statement, particularly with regards to risks, controls and mitigation
- Considerations in respect of service continuity and disaster planning arrangements (this could impact on the VFM conclusion)
- Impact on reporting to those charged with governance and signing arrangements.

Changes to the local government accounts production and audit timetable:

- The requirement for the public inspection period to include the first 10 working days of June has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020. This means that draft accounts must be approved by 31 August 2020 at the latest.
- Doncaster MBC published its draft 2019-20 accounts on 7 July 2020 ahead of the 31 August deadline.
- The audited accounts target date has moved from 31 July to 30 November 2020.
- Given this is a developing situation, there may be further changes to the accounts process for 2019-20 and we will be in regular dialogue with the finance team over the coming weeks.

Progress as at 9 July 2020

Financial Statements Audit

We started planning for the 2019-20 financial statements audit in late 2019 and issued a detailed Audit Plan, setting out our proposed approach to the audit of the Council's 2019-20 financial statements in January 2020.

We commenced our interim audit in February 2020 with a further visit in March. Our interim fieldwork included:

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

The work completed and findings from our interim audit visit were reported in our Audit Progress Report and Sector Update dated 20 March 2020.

The revised statutory target for the issue of the 2019-20 opinion is 30 November 2020. We have discussed our Audit Plan and timetable with officers.

The final accounts audit commenced on 6 July with our findings to be reported in our Audit Findings (ISA260) Report. We received the Council's draft 2019-20 accounts on 7 July 2020.

We will present our Audit Findings Report at the October Audit Committee meeting and issue our audit opinion by the 30 November target date.

Value for Money

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

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

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

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

Details of our initial risk assessment to determine our approach were included in our Audit Plan presented to the Audit Committee in January 2020.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the 30 November target date.

Other areas

Meetings

We continue to meet with senior officers including the Director of Corporate Resources as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events and publications to support the Council. Your officers attended our Financial Reporting Workshop in February, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

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

Audit Deliverables

2019-20 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2019-20.	April 2019	Complete
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements and a Conclusion on the Council's Value for Money arrangements.	January 2020	Complete
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2020	Complete.
Audit Plan Addendum We issued an updated Audit Plan to highlight the impact of Covid-19 on our audit approach.	April 2020	Complete
Audit Findings (ISA260) Report The Audit Findings Report will be reported to the October Audit Committee.	October 2020	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	By 30 November 2020	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	December 2020	Not yet due

Sector Update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

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

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

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

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

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local
government

Financial Reporting Council – aid to Audit Committees in evaluating audit quality

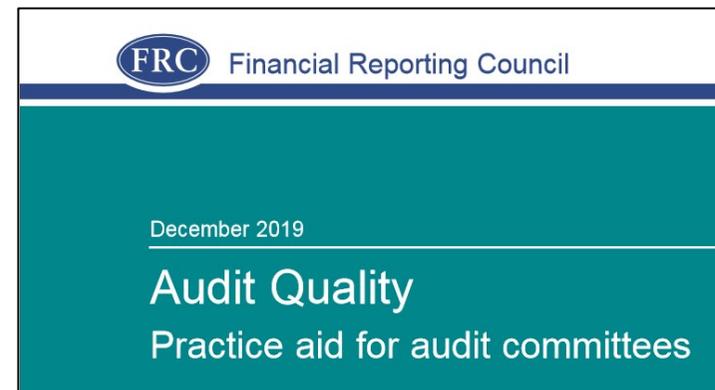
The Financial Reporting Council (FRC) issued an update of its Practice Aid to assist audit committees in evaluating audit quality in their assessment of the effectiveness of the external audit process.

The FRC notes that, “The update takes account of developments since the first edition was issued in 2015, including revisions of the UK Corporate Governance Code, the requirement for all Public Interest Entities (PIEs) to conduct a tender at least every 10 years and rotate auditors after at least 20 years, and increasing focus generally on audit quality and the role of the audit committee. It also takes account of commentary from audit committees suggesting how the Practice Aid could be more practical in focus and more clearly presented.

The framework set out in the Practice Aid focuses on understanding and challenging how the auditor demonstrates the effectiveness of key professional judgments made throughout the audit and how these might be supported by evidence of critical auditor competencies. New sections have been added addressing the audit tender process, stressing that high-audit quality should be the primary selection criterion, and matters to cover in audit committee reporting.

As well as illustrating a framework for the audit committee's evaluation, the Practice Aid sets out practical suggestions on how audit committees might tailor their evaluation in the context of the company's business model and strategy; the business risks it faces; and the perception of the reasonable expectations of the company's investors and other stakeholders. These include examples of matters for the audit committee to consider in relation to key areas of audit judgment, and illustrative audit committee considerations in evaluating the auditor's competencies.

The FRC encourages audit committees to use the Practice Aid to help develop their own approach to their evaluation of audit quality, tailored to the circumstances of their company. Audit committees are encouraged to see their evaluation as integrated with other aspects of their role related to ensuring the quality of the financial statements – obtaining evidence of the quality of the auditor's judgments made throughout the audit, in identifying audit risks, determining materiality and planning their work accordingly, as well as in assessing issues.”



The Practice Aid can be obtained from the FRC website:

<https://www.frc.org.uk/getattachment/68637e7a-8e28-484a-aec2-720544a172ba/Audit-Quality-Practice-Aid-for-Audit-Committees-2019.pdf>

What is the future for local audit?

Paul Dossett, Head of local government at Grant Thornton, has written in the Municipal Journal “Audit has been a hot topic of debate this year and local audit is no exception. With a review into the quality of local audit now ongoing, it’s critical that part of this work looks at the overarching governance and management of the audit regime. We believe there is a strong need for new oversight arrangements if the local audit regime is to remain sustainable and effective in the future.”

Paul goes on to write “Local (local authority and NHS) audit has been a key part of the oversight regime for public services for more than a century. The National Audit Office (NAO) has exercised this role in central government for several generations and their reporting to Parliament via the Public Accounts Committee is a key part of the public spending accountability framework.

Local audit got a significant boost with the creation of the Audit Commission in 1983 which provided a coordinated, high profile focus on local government and (from 1990) NHS spending and performance at a local level. Through undertaking value for money reviews and maintaining a tight focus on the generational governance challenges, such as rate capping in the 1980s and service governance failings in the 1990s, the Commission provided a robust market management function for the local audit regime. Local audit fees, appointments, scope, quality and relevant support for auditors all fell within their ambit.

However, the Commission was ultimately deemed, among other things, to be too expensive and was abolished in 2010, as part of the Coalition Government’s austerity saving plans. While the regime was not perfect, and the sector had acknowledged that reform of the Commission was needed, complete abolition was not the answer.

Since then, there has been no body with complete oversight of the local audit regime and how it interacts with local public services. The Ministry of Housing, Communities and Local Government; Department of Health; NHS; NAO; Local Government Association (LGA); Public Sector Audit Appointments Ltd (PSAA); the Financial Reporting Council (FRC); the Chartered Institute of Public Finance & Accountancy (CIPFA), audit firms and the audited bodies themselves all have an important role to play but, sometimes, the pursuit of individual organisational objectives has resulted in sub-optimal and even conflicting outcomes for the regime overall.

These various bodies have pursued separate objectives in areas such as audit fee reduction, scope of work, compliance with commercial practice, earlier reporting deadlines and mirroring commercial accounting conventions – to name just a few.

This has resulted in a regime that no stakeholder is wholly satisfied with and one that does not ensure local audit is providing a sufficiently robust and holistic oversight of public spending.

To help provide a more cohesive and co-ordinated approach within the sector, we believe that new oversight arrangements should be introduced. These would have ultimate responsibility for ensuring the sustainability of the local audit regime and that its component parts – including the Audit Code, regulation, market management and fees – interact in an optimal way. While these arrangements do not need to be another Audit Commission, we need to have a strategic approach to addressing the financial sustainability challenges facing local government and the NHS, the benchmarking of performance and the investigation of governance failings.

There are a number of possible solutions including:

- 1) The creation of a new arm’s length agency with a specific remit for overseeing and joining up local audit. It would provide a framework to ensure the sustainability of the regime, covering fees, appointments, and audit quality. The body would also help to create a consistent voice to government and relevant public sector stakeholders on key issues arising from the regime. Such a body would need its own governance structure drawn from the public sector and wider business community; and
- 2) Extending the current remit of the NAO. Give it total oversight of the local audit regime and, in effect, establish a local audit version of the NAO, with all the attendant powers exercised in respect of local audit. In this context, there would be a need to create appropriate governance for the various sectors, similar to the Public Accounts Committee.

While the detail of the new arrangements would be up for debate, it’s clear that a new type of oversight body, with ultimate responsibility for the key elements of local audit, is needed. It would help to provide much-needed cohesion across the sector and between its core stakeholders.

The online article is available here:

<https://www.themj.co.uk/What-is-the-future-for-audit/214769>

