



Doncaster  
Council

## Agenda

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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:** Wednesday, 27th January, 2021

**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 736723/737462/736712 for further details.

### BROADCASTING NOTICE

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**Damian Allen**  
Chief Executive

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Issued on: Tuesday, 19 January 2021

**Governance Services Officer for this meeting:** Sarah Maxfield  
01302 736723

Doncaster Metropolitan Borough Council  
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### **Members of the Audit Committee**

Chair – Councillor Austen White

Vice-Chair – Councillor Richard A Jones

Councillor Charlie Hogarth, Tosh McDonald and David Nevett

**Co-opted Member:** Kathryn Smart

## DONCASTER METROPOLITAN BOROUGH COUNCIL

### AUDIT COMMITTEE

MONDAY, 19TH OCTOBER, 2020

A MEETING of the AUDIT COMMITTEE was held VIRTUALLY via MICROSOFT TEAMS on MONDAY, 19TH OCTOBER, 2020, at 2.00 pm.

#### PRESENT:

Chair - Councillor Austen White  
Vice-Chair - Councillor Richard A Jones

Councillors Charlie Hogarth (Items 1 - 8), Tosh McDonald, David Nevett and Kathryn Smart.

#### Also in attendance

Debbie Hogg	- Director of Corporate Resources
Faye Tyas	- Assistant Director of Finance
Peter Jackson	- Head of Internal Audit
Holly Wilson	- Head of Corporate Procurement
Helen Potts	- Principal Legal Officer
Rob Isaac	- Financial Planning and Control Manager
Gareth Mills	- Engagement Lead, Grant Thornton (External Auditor)
Perminder Sethi	- Engagement Senior Manager, Grant Thornton (External Auditor)

#### 54 TO CONSIDER THE EXTENT, IF ANY, TO WHICH THE PUBLIC AND PRESS ARE TO BE EXCLUDED FROM THE MEETING.

There were no items on the agenda where the public and press were to be excluded.

#### 55 DECLARATIONS OF INTEREST, IF ANY

There were no declarations made at the meeting.

#### 56 MINUTES OF THE MEETING HELD ON 23RD JULY 2020

RESOLVED that the minutes of the meeting held on 23rd July, 2020, be approved as a correct record.

#### 57 AUDIT COMMITTEE ACTIONS LOG

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

In noting the positive progress made against the actions which were classified as green, the Chair acknowledged the good work carried out by the Internal Audit team, particularly in view of the challenging circumstances as a result of the Coronavirus pandemic.

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

## 58 REVIEW OF THE WHISTLEBLOWING POLICY

The Committee considered a report which outlined proposed revisions to the Council's Whistleblowing Policy and procedures following a review and sought approval of the revisions.

The Policy had been reviewed following the Council's adoption of the Cooperative Party's 'Charter Against Modern Slavery', approved by Cabinet at its meeting on 30th June 2020. In line with the Charter requirements it was recommended that the Whistleblowing Policy made explicit reference to modern slavery, as set out at paragraph 6 of the report and section 2.12 of the Policy, respectively. It was noted that Councils across the political spectrum had signed up to the Charter to ensure exploitation has no place in their supply chains.

The Co-operative Party's Charter against Modern Slavery goes further than existing law and guidance, committing councils to proactively vetting their own supply chain to ensure no instances of modern slavery are taking place.

A further proposed change to the existing Policy was the addition of a paragraph at section 5.3, regarding 'Anonymous Allegations and Confidentiality' to make clear that where whistle blowers wished to remain anonymous, whilst their wishes would be respected, it would be useful for them to provide a means of contact that did not reveal their identity, but would allow for further information to be obtained.

It was noted that should the revisions to the Whistleblowing Policy be approved, the Monitoring Officer would email staff to advise of the changes and the process to follow if staff wished to raise concerns.

In response to a query regarding how many people to date had used the Policy, Helen Potts, Principal Legal Officer advised that during the last year there had been three whistleblowing complaints, one from a member of staff and two from members of the public. Members were reminded that the annual report of the Monitoring Officer submitted to the Committee in June had a section on whistleblowing activity.

During further discussion, in answer to a question regarding benchmarking, Members were advised that benchmarking had been carried out with neighbouring authorities and beyond to measure the effectiveness of the whistleblowing policy. It was noted that Barnsley in 2019 received 6 whistleblowing complaints and 4 in 2020; Sheffield recorded 8 complaints between 2014-2017; Manchester from March 2017-2018, received 28 complaints, which had reduced to 12 in 2018-2020. 36 whistleblowing complaints had been reported in Leeds in July 2019. Rotherham whistleblowing report was exempt and consequently information was not available.

The Committee in noting the low numbers of whistleblowing disclosures in Doncaster considered the Policy to be effective but, felt that this should be continued to be monitored.

Reference was made to paragraph 8 of the report, regarding the whistleblowing training course on the training portal and clarity was sought as to whether training on the whistleblowing policy was mandatory, optional, or for line managers only. Members asked if whistleblowing was covered as part of an employee's induction, or was this communicated to staff via email. It was noted that the whistleblowing training was not mandatory for staff, but awareness of the Policy and training was communicated to staff via email.

With reference to paragraph 7 of the Policy regarding how staff could raise concerns and the process to follow in raising such concerns, a Member queried whether the Policy should be strengthened to reinforce the point that where a complaint could not be resolved informally or, at line manager level, it would be dealt with by the Head of Service, or Director. It was reported that previously not all whistleblowing complaints were considered at a local level, but had not been dealt with appropriately, therefore, it had been decided that complaints should be referred to the named senior officers in the policy who would determine who would deal with the complaint on a case by case basis. The presentation of information to highlight the number of times the Policy had been used had been revised to ensure that statistics were presented in a clearer format.

Further to a question from the Chair, the Principal Legal Officer advised that she was not aware of any local authority reporting disclosures under the whistleblowing policy concerning Modern Slavery in respect of suppliers and third party contractors.

In response to a question regarding how staff who don't have access to a computer, were able to have access to the Whistleblowing Policy, Members were informed that staff could speak to their line manager, or Human Resources to get a paper copy of the policy. During subsequent discussion, Members requested that arrangements be put in place for those staff working in directorates who don't have access to a computer, to receive briefings on the Whistleblowing Policy in order to raise awareness. The Principal Legal Officer undertook to raise this matter with the Monitoring Officer and the Assistant Director of Human Resources.

In answer to a question regarding raising awareness and staff having an understanding of and confidence in the whistleblowing complaints process, the Principal Legal Officer stated that it may be appropriate to include questions to address this as part of the next staff survey, and undertook to raise this issue with the Assistant Director of Human Resources. It was noted that all complaints under whistleblowing were reported to this Committee in the Monitoring Officer's annual report.

Following a further question, it was noted that awareness of the Whistleblowing Policy was not raised at staff 'one to one' meetings.

Arising from subsequent discussion with regard to the low number of whistleblowing complaints from staff and the importance of raising awareness of the whistleblowing policy to all staff across the Council, it was agreed that when the Monitoring Officer send the email reminder to staff about the whistleblowing complaints process that

Trade Unions be included in the email distribution, in order that as many employees are captured as far as possible.

The Chair on behalf of the Committee thanked the Principal Legal Officer for the presentation of the report.

RESOLVED

- (1) to note and endorse the revisions to the proposed Whistleblowing Policy;
- (2) that arrangements be put in place for those staff with no computer access to be briefed on the Whistleblowing Policy;
- (3) in order to raise awareness of the Whistleblowing Policy, consideration be given to including this in the next staff survey; and
- (4) the Monitoring Officer send an email to all staff and relevant Trade Unions regarding the Whistleblowing Policy

59 BREACHES AND WAIVERS TO THE COUNCIL'S CONTRACT PROCEDURAL RULES

The Committee received a report introduced by Holly Wilson, Head of Procurement which provided details of all waivers and breaches to the Council's Contract Procedure Rules for the two month period 1st July 2020 to 31st August 2020.

The report covered a shorter period than usual, due to the report presented to the Audit Committee in July 2020 which was by exception and gave an overview in relation to contracting, procurement and governance activity over the COVID-19 situation.

The table at paragraph 3 of the report provided a summary of the number of new waivers and breaches recorded for each Directorate since the last audit report submitted to the Committee in July 2020.

It was noted that there were 0 new breaches and 8 waivers to Contract Procedure Rules for this 2 month period, details of which were provided within Appendices 1 and 2 respectively. Details of the percentage of waivers granted against the amount of the contracts awarded for this period were set out at Appendix 3.

In presenting the report, the Head of Procurement drew Members attention to paragraph 24 of the report in relation to Covid-19 related activity and reported that no further information had been received from the Cabinet Office in respect of the supply and relief of PPE since the Procurement Policy Note 02 and 04/2020 released in June regarding dealing with supply chains up to 31st October 2020.

Following the presentation of the report, the Chair invited questions from the Committee.

In reference to the Covid-19 related activity, a Member asked whether the Council could be more proactive by using local contractors, thereby keeping money in the town, which would also help stop contractors from outside of Doncaster travelling in to the area. The Head of Procurement stated that at the current time it was appropriate

to keep in place the incumbent contracts arrangements with suppliers outside of Doncaster. However, she assured Members that the Procurement team was working with local suppliers where possible.

In response to a question in relation to PPE Stock levels, the Head of Procurement advised that the Department for Health and Adult Social Care would now supply the Council with free PPE for sector organisations, including, domiciliary care, domestic violence and the educational sectors, which had taken away this pressures from the Council.

In relation to the waivers outlined at Appendix 2 of the report, Members were assured that the Procurement Team provided robust challenge to contractors before applying for a waiver.

With reference to the contract ceasing on YMCA Goodall House, it was reported that this service related to a hostel arrangement for young people, which was to be de-commissioned and alternatives were being considered which would engage Doncaster Children's Services Trust in developing a strategic programme of works. Members were assured that new arrangements would be put in place when the contract expired in March 2022.

Following further questions, the Committee welcomed the improvement in the reduction of breaches and waivers and would want this trend continue. In respect of training on the application of the Contract Procedure Rules, Members expressed the view that this should be mandatory for all staff involved in the contract process.

During discussion Members were given assurances that the Annual Governance Statement report, which made reference to wider training was to be provided to all senior managers within the Council and that procurement was to be an element of this training. An update would also be made at senior management meetings, emphasising the need for officers to comply with the finance and contract procedure rules.

After the Head of Procurement responded to further questions, it was then

#### RESOLVED

- (1) to note the information and actions contained in the report regarding waivers and breaches in relation to the CPR's; and
- (2) to note any new procurement and contracting activity matters linked to COVID-19.
- (3) to recommended that training on Contract Procedure Rules be made mandatory for those officers who have contract or budgetary responsibility and the Committee be kept informed of attendance at such training.

#### 60 INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD: JULY 2020 TO SEPTEMBER 2020

Peter Jackson, Head of Internal Audit presented a report which provided an update on the work carried out by Internal Audit for the period 1st July 2020 to 30th September

and showed this in the context of the Audit Plan for the year. The report also included progress on the implementation of the audit recommendations and performance information, as detailed in Sections 3 and 4 of the report.

Following the presentation of the report, discussion followed, during which the Head of Internal Audit responded to a number of questions from Members seeking clarity on aspects of the report.

Members welcomed the work that had been undertaken with management in reviewing the Service Plans and assessing changes in service provision which had not identified any additional areas for urgent review.

In response to a question from Kathryn Smart, the Head of Internal Audit advised that he was still assessing the service areas and activities requiring Audit engagement in order to discharge the Internal Audit Service requirements and his personal responsibilities.

Following further questions, it was noted that where there had been slippage in implementing the audit recommendations, this was primarily linked to the impact of Covid-19 and revised completion dates had been agreed with service managers in all instances.

With regard to the revised Audit Plan, as detailed at paragraph 4 of the report and Section 1 of Appendix 1 respectively, it was noted that a review was ongoing. Once agreed with management, the updated plan would be circulated to the Committee.

It was noted that in common with other local authorities, audits were taking longer to complete when done virtually.

Arising from further questions, it was noted that in taking the Audit Plan forward, regard would be had to the operational experience of working in a Covid environment.

During further discussion, the Director of Corporate Resources advised that whilst Internal Audit had been supporting the Council's Covid responsive work, given the importance of delivering the Audit Plan, the Internal Audit team would not be deployed in the same way as previously in supporting the Covid responsive work.

It was noted that the current level of resource was sufficient to provide an opinion. However, if there was a significant increase of unplanned work this would cause difficulties for the Internal Audit team. It was noted that resource levels for delivering the Internal Audit Plan would be agreed between the Head of Internal Audit and the Assistant Director of Finance and Corporate Services.

#### RESOLVED

- (1) to note the position of the internal audit plan;
- (2) to note the internal audit work completed in the period;
- (3) to note the position with regards to the implementation of previous audit recommendations; and

- (4) to circulate the revised Audit Plan to Audit Committee Members when approved.

61 STATEMENT OF ACCOUNTS, LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT 2019/20 - ISA 260 REPORT TO THOSE CHARGED WITH GOVERNANCE (MINUTE NO. 50, 23 JULY, 2020)

The Committee considered a report which sought approval of the Council's audited Statement of Accounts 2019/20, as attached to the Appendix to the report and the key issues that the Committee should consider before the External Auditor issues their opinion of the financial statements.

Rob Isaac, Financial Planning and Control Manager introduced the report. It was highlighted that since the unaudited accounts were presented to the Committee in July, whilst there had been no significant changes made to the accounts, the ISO 260 providing a summary of the key aspects of Grant Thornton's work had been updated. It was noted that overall, the report was a positive one, with 5 adjusted misstatements made to the accounts relating to Pension Fund liability and group consolidation of Doncaster Children's Services Trust. Whilst Grant Thornton had not concluded the audit, it was anticipated that there would be no major issues identified. In these circumstances, it was recommended that the Chief Financial Officer in consultation with the Chair sign off any changes.

Grant Thornton presented the ISO 260 report, detailing the key aspects of the external auditors work for the 2019/20 audit of the statement of the accounts. The Engagement Lead highlighted the key headlines from the executive summary, in particular regarding the work on the accounts this year had been impacted by the Covid-19 pandemic, which had resulted in the audit taking longer than anticipated to complete, due to the audit of the accounts being done remotely which had been a challenge. It was noted that the audit was nearing completion, subject to the completion of outstanding matters in respect of the Pension Fund Liability and Group Consolidation accounts for Doncaster Children's Services Trust, as detailed on pages 3 and 4 of the ISO 260 report. Grant Thornton had raised a small number of recommendations arising from the audit, as detailed in the Action Plan at Appendix A.

It was anticipated that Grant Thornton would give an unqualified position, subject to assurance being provided from the Pension Fund auditor in relation to their work on the South Yorkshire Pensions Fund and the material uncertainty in relation to the valuation of the Council's assets as a direct result of Covid 19, which was not a unique risk to Doncaster. The External Auditor concluded by stating that it was anticipated to give an unqualified Value for Money conclusion for 2019/20 which detailed work in relation to the Council's financial standing and the Council's preparations for Brexit. Furthermore, the Council had not had to exercise any additional statutory duties.

Following the presentation of the report, the Chair on behalf of the Committee commended representatives from Grant Thornton and Officers of the Council for their work in challenging circumstances.

It was noted that due to the impact of Covid-19 and the audit being carried out remotely, the time taken to deliver the audit has significantly increased. The proposed variation in fees to cover this additional time was due to the additional work relating to the impact of Covid-19 and group consolidation work, which would need to be approved by the regulator the Public Sector Audit Appointments Ltd (PSAA). It was

reported that the fees would be included in the Audit Letter which would be submitted to the Committee in January 2021.

In response to concerns raised by a Member with regard to 5 adjusted misstatements, in particular, the omission of the opening pension liability of £14.2m in the group accounts and the under recording and external income and expenditure of £4.5m, for the Doncaster Children's Services Trust (DCST), it was explained that this year was the first year that DCST Group accounts had been incorporated in to the Group accounts. This had resulted in further complications due to the accounting policies regarding the Pension liabilities being different for the Trust compared to the Council's accounts. Therefore, adjustments had to be made to the accounts to make them consistent with the Council's accounts when consolidated.

With regard to a further query regarding the erroneous inclusion of prior year comparatives for 2018/19 in respect of DCST, it was noted that when looking at the requirements of how to incorporate comparators in the accounts, the Finance Team had wrongly assumed that prior year comparators in respect of the DCST should be included in the accounts because the DCST had not been included in the group accounts last year. It was reported that prior year comparators had since been removed. Next year there would be prior year comparators and the opening and closing balances would be included where they should be.

In relation to a query regarding the recommendation from Grant Thornton in respect of the economic life of the Council's land and buildings assets, it was noted that steps would be introduced in the presentation of next year's accounts to ensure consistency between the Council's asset register and the Council's accounting policy.

In response to a query from the Chair regarding the Local Code of Corporate Governance 2020/21, as appended to the report at Appendix B, the Head of Internal Audit confirmed that he was satisfied with the Code, which was consistent with the authority's governance arrangements.

In respect of the Annual Governance Statement 2019/20, in response to a question from the Chair regarding the Data Quality arrangements within the Assistive Technology service, the Director of Corporate Services stated that she would confirm if the completion date of 30th November for this work would be achieved and report back to the Committee at a future meeting.

With regard to a further question in relation to the Data systems in respect of the Children's Services and Adult Services directorates, it was noted that the Go Live of the Children's DIP system had been delayed. It was anticipated that the Adults Services system would Go Live from March 2021, however, it was reported that there would be a need to look at the activities taking place during the next few months to make sure that this date could be achieved.

Further to a question from the Chair, Grant Thornton confirmed that Council officers had willingly engaged and provided responses in a timely manner when asked for information to support their work in undertaking the audit.

In response to a question from the Chair regarding the robustness and sustainability of the Council's finances, having regard to Covid-19, Members were advised that the Council's position was volatile, adjustments were being made to the current budget,

having regard to known commitments and that there would be further updates once the settlement from central Government was known.

The Assistant Director of Finance wished to place on record her thanks to Grant Thornton and the Head of Financial Management for their support in preparation of the accounts.

RESOLVED that

- (1) the contents of the external audit ISA 260 report, be noted;
- (2) the contents of the Letter of Representation attached at Appendix F to the report, be endorsed for signature by the Chair of the Audit Committee and the Chief Financial Officer;
- (3) the Statement of Accounts 2019/20 for the year ending 31st March 2020, as appended to the report, be approved;
- (4) the Annual Governance Statement 2019/20, as attached to the report at Appendix C, be approved for signature by the Mayor and the Chief Executive; and
- (5) authority be delegated to the Chief Financial Officer and Assistant Director of Finance, in consultation with the Chair, to agree any adjustments to the Statement of Accounts 2019/20, following the completion of the audit by Grant Thornton, should any changes be necessary, prior to signing by the Chief Financial Officer and the Chair of the Audit Committee.

CHAIR: \_\_\_\_\_

DATE: \_\_\_\_\_

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## Doncaster Council

### Report

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27<sup>th</sup> January 2021

#### 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 three actions requested in the October 2020, July 2020 and January 2020 meetings. There are no actions outstanding from earlier meetings. Of these:
  - Two are complete and the remaining one relating to lone working in the Trading Standards team is delayed due to the Covid situation.

##### 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><b>Doncaster Working:</b> 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"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	
	<p><b>Doncaster Living:</b> 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"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> <li>• Healthy and Vibrant Communities through Physical Activity and Sport</li> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	
	<p><b>Doncaster Learning:</b> 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"> <li>• Every child has life-changing learning experiences within and beyond school</li> <li>• Many more great teachers work in</li> </ul>	

	<p>Doncaster Schools that are good or better</p> <ul style="list-style-type: none"> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	
	<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes.</li> </ul>	
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	<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 12/01/21]

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

## FINANCIAL IMPLICATIONS [ST 13/01/21]

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

## HUMAN RESOURCES IMPLICATIONS [KG 13/01/21]

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

### **TECHNOLOGY IMPLICATIONS [PW 12/01/21]**

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

### **EQUALITY IMPLICATIONS [PJ 09/01/21]**

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 12/01/21]**

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

### **CONSULTATION**

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

### **BACKGROUND PAPERS**

17. None

### **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

None

### **REPORT AUTHOR & CONTRIBUTORS**

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**Debbie Hogg**  
**Director of Corporate Resources**

**AUDIT COMMITTEE ACTION LOG – OCTOBER 2020**

Follow-up actions from previous meetings:-

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
<b>Meeting October 2020</b>			
<b>Whistleblowing Policy</b> that arrangements be put in place for those staff with no computer access to be briefed on the Whistleblowing Policy;	Revised policy was approved at October 2020 Audit Committee. Reminders to be provided to staff upon release of revised policy	Helen Potts	In Progress – for completion by January 2021
<b>Meeting July 2020</b>			
<b>Internal Audit Progress Report – Food Standards – Lone Working</b> Members queried an implementation date of 30/11/20 for this action to be put in place.	Due to Covid, no officers are currently lone working. However, after the above 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. An indicative date of 30/11/20 was anticipated however, this has been revised to 31/03/21 to ensure this has been completed. There is ongoing management monitoring of the lone working situation.	Nasir Dad	Scheduled for 31/03/2021
<b>Meeting January 2020</b>			

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
<p><b>Adults, Health and Wellbeing - Contract and Commissioning Report</b>            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.</p>	<p>A report is scheduled for Wednesday 27<sup>th</sup> January 2021            Audit Committee</p>	<p>Mark Wakefield</p>	<p>Included on agenda for 27<sup>th</sup> January 2021 Audit Committee</p>



## Doncaster Council

27 January 2021

**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 six monthly update

### **RECOMMENDATIONS**

2. To note that the Council has had no surveillance application authorised under RIPA since the last report to the Audit Committee on the 30<sup>th</sup> January 2020.

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

3. A RIPA policy and procedures that are fit for purpose assist in ensuring that the Council has appropriate 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

## BACKGROUND

4. 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.
5. The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 came into force on 1<sup>st</sup> 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.
6. 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.
7. Trading standards regularly use directed surveillance for the purpose of their investigations, particularly to undertake test purchasing and subsequent monitoring of suspects and premises to determine methods of sale and supply, frequency of supply, and identity of associates, gathering evidence for enforcement action. The last authorisation that was applied for and granted, was in March 2020. As a result of the Covid pandemic. Doncaster Council officers have been focusing on the covid response that have not required the use of any RIPA powers. This has included responding to enquiries from business and members of the public and enforcing the legislation against those who were seen to be in breach. This was (and continues to be) in addition to its more traditional roles. The service is planning to resume its normal activities in the coming months but this will depend on vaccine rollout and other health and safety controls.

## OPTIONS CONSIDERED

8. There are no alternatives considered..

## REASONS FOR RECOMMENDED OPTION

9. 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

- 10.

	Outcomes	Implications
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	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.
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## **RISKS AND ASSUMPTIONS**

11. 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: 18/12/20]**

12. 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 21/12/2020]**

13. 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 03/1/21]**

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

## **TECHNOLOGY IMPLICATIONS [Officer Initials... ET Date 18/12/20]**

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

## **HEALTH IMPLICATIONS [Officer Initials RS Date 17/12/20:]**

- 16.. 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 18/12/20.]**

17. 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**

RIPA: Regulation of Investigatory Powers Act 2000

CHIS: Covert Human Intelligence Source

IPCO: Investigatory Powers Commissioner's Office

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## Doncaster Council

### Report

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Date: 27 January 2021

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

**UPDATE REPORT ON CONTRACTS AND COMMISSIONING IN ADULTS,  
HEALTH AND WELLBEING**

Relevant Member(s)	Cabinet	Wards Affected	Key Decision
Cllr Blake			No

#### **EXECUTIVE SUMMARY**

1. This report provides Members an annual progress update on improvements made by the adults commissioning and contracts function since January 2020.

#### **EXEMPT REPORT**

2. There are no exemptions in this report.

#### **RECOMMENDATIONS**

3. To note the information contained in this report and to stand down the reporting of progress by the Adult Commissioning and Contracts function to Audit Committee, which has been in place since April 2017. To revert to business as usual audit processes to provide oversight and assurance in respect of commissioning and contract activity going forward.

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

4. Effective commissioning, procurement and contract management is essential, to ensure the delivery of value for money, quality, effective and efficient services to the citizens of Doncaster.

#### **BACKGROUND**

5. Prior to 2017, there had been a number of breaches of the Council's Contract Procedure rules (CPR's) and a number of waiver requests to

CPR's. There were 30 contracts that had either expired or were due to expire and required recommissioning or to be decommissioned. The Commissioning and Contract team had a range of continuity issues, with resources in key positions leaving and a lack of stable senior leadership, which led to the team working in a consistently reactive way and did not allow any of the managers to be strategic / forward looking or build the foundations to support future joint commissioning and work with partners; based on a clear, coordinated strategic approach and direction.

6. The key issue identified was one of capacity, not capability. In order to address this issue, experienced additional capacity and leadership posts were put in place. Priorities were re-profiled and changes made to staff reporting lines i.e. to maximise available capacity and focus that capacity on essential work priorities.
7. Year on year improvements have been noted by Audit Committee since 2017 which has led to a gradual stepping down of the frequency of progress reports required by Audit Committee in recognition that sustained improvement was being made over a continued period.
8. A pivotal milestone in this improvement journey was the appointment of two permanent Heads of Service in summer 2018. In 2019 an audit was undertaken as part of Audit's 2019/20 annual work plan to assess the governance arrangements and processes in place within the Contract and Commissioning Team for Adults and Communities. The findings of the audit were received by Commissioning and Contracts on 20th December 2019 and concluded:-

*"In our opinion, the control environment for the governance arrangements and processes in place within the Contracts and Commissioning Team for Adults and Communities are sound and are being well managed. As such, we are able to provide **substantial assurance** that effective governance and management of the service are currently in place."*

The content of this report demonstrates that effective governance and management of the service has continued.

## **ACTIVITY**

9. Achievements of the Commissioning and Contracts function in the last twelve months (since January 2020) cover a range of activity and actions including a functional realignment of Commissioning and Contracts, (ongoing) COVID19 pandemic response work and business as usual activity:-

### **Functional Realignment**

10. During 2019/20 a review of the Commissioning and Contracting commenced as part of the "One Council" programme involving a review of all functions across the Council commenced. The Council's response to the COVID19 pandemic impacted on the original timeline to complete and action this review in terms of Commissioning and Contracts. However in September 2020 the review concluded and a realignment of Commissioning and Contracts functions was implemented to create

- A Strategic Commissioning function sited within Public Health. This function is focussed on integrated systems and population based strategic commissioning bringing together Adults, Children's and health commissioning activity.
  - An Operational Commissioning function which remains within Adult Social Care. This function is focussed on procurement, contract management and quality monitoring of commissioned adult social care services.
11. Both functions continue to work closely together driven through complementary and collaborative working lead by the Heads of Service of both functions to maintain end to end joint working from commissioning through to procurement, contract award, contract management and quality monitoring.
12. More recently Strategic Commissioning have convened an all age Integrated Localities Commissioning Group. This group will provide a focal point for delivering commissioning actions flowing from Doncaster's Locality Working Model to improve outcomes at a local level, predicated on a strengths based approach. This will involve drawing insights and intelligence from localities both in terms of local assets, needs and gaps to inform commissioning actions and investment.

### **COVID19 pandemic response**

13. A primary focus of Commissioning and Contracts for the majority of the year has been supporting providers to maintain safe delivery of services since the onset of the COVID19 pandemic in March 2020. This broad offer of support includes daily provider contact for information sharing, advice, guidance and signposting to mitigate transmission within services. In addition, a range of targeted financial support has been provided to offset the extraordinary costs service providers are incurring, increasing their resilience to the financial pressures they face in the delivery of their services during the COVID19 pandemic.
14. **Non-financial support**
- Supported providers to put in place business continuity plans once the response to COVID19 pandemic commenced
  - Maintained daily contact with all contracted social care providers (including residential care, nursing care, domiciliary care, extra care, housing related support, day services and others) throughout the COVID19 pandemic to:
    - Ensure appropriate support when dealing with symptomatic or positive individuals or staff
    - Provide information on number of cases recorded for each service to provide senior management with an oversight of cases and outbreaks
  - Supported providers experiencing outbreaks in services including signposting to appropriate Infection Prevention and Control, Public Health and Psychological support.
  - Provided information to colleagues in hospital discharge, Public Health, Primary Care and partner organisation of services closed to admission due to outbreaks
  - Supported residents being discharged out of hospital to ensure they are placed in the most appropriate service based on their COVID19 status and the COVID19 status of their home of choice

- Attended and contributed to Daily COVID19 Incident Management Meetings and the weekly COVID19 Board meetings chaired by Public Health to maintain oversight of high risk areas with outbreaks
- Jointly set up, chaired and contributed to the Locality Care Home MDTs to oversee the COVID19 status and quality of service delivery within care homes, organising and supporting a wide range of partner organisations to support care homes in a responsive manner.
- Undertaken visits to services to monitor quality when high risk concerns are identified utilising appropriate infection control measures including appropriate use of PPE
- Provided support to the provider market and Direct Payment recipients with access to Council supplies of PPE when providers have been unable to source their own supplied
- Supported the planning and roll out of the vaccination programme for care homes and the Social Care workforce
- Provided regular communication of changes in guidance and supported with the interpretation of the guidance to different service types

#### 15. **Financial support**

- **Care Home Void Payments:** These payments were targeted at the residential and nursing care home sector in recognition that such services experienced a decline in the number of residents within their homes where they had been dealing with a COVID19 outbreak both through loss of residents and through no new placements into the service. Commissioning and Contracts managed this process within the agreed criterion for such payments.
- **Supplier Relief Scheme:** This scheme was implemented in response to the 'Procurement Policy Note 02/20 Supplier Relief' due to COVID19 which was released by the Cabinet Office to guide contracting authorities around payments to suppliers to ensure service continuity during and after the current situation. The scheme was designed to help sustain existing council providers and their supply chains including adult social care providers. Commissioning and Contracts worked in partnership with Strategic Procurement and Finance colleagues to manage Doncaster's scheme within a set criterion.
- **Adult Social Care Infection Control Fund:** The objective of this financial support was to support care homes and Care Quality Commission regulated community care providers, including those with whom the local authority does not have a contract, to reduce the rate of COVID19 transmission. The funding was ring fenced exclusively for actions which support care homes and community care providers to tackle the risk of COVID19 infections and was made in addition to funding already received.

#### **Business as usual Commissioning and Contracting**

16. Activity over the last twelve months has included:
- Reduced off contract spend from £447k (2020) to circa £161k (2021)
  - Achieved savings of £332k in 20/21 and contributed to additional Adults, Health and Wellbeing budget reductions including Day Opportunities (£409k) and Front Door/Community Offer (£1.103m)
  - Continued delivery of the Joint Commissioning Strategy between the Council and NHS Doncaster CCG supported by detailed delivery plans to deliver integrated working across all commissioning functions.
  - Extended the following services:

- Community Based Crisis Support
- Positive Steps - GP Service
- DIAL Welfare Benefits Advice and Tribunal Service
- Home Support Immediate Response Service
- South Yorkshire Domestic Abuse Perpetrator Programme
- Doncaster Foyer (Supported Accommodation for Young single people aged 16-25)
- Harrogate Court Extra Care Housing and Support for Older People
- Homelessness services - Outreach Workers Waiver
- Homelessness Services (Wharf House, Open House Plus and Tenancy Support)
- Substance Misuse Accommodation and Support Service (Providing a Path to Recovery)
- Supported Accommodation and Support Service for Vulnerable People
- Supported Accommodation and Support Service for Vulnerable People (RRP variation)

A number of these services have been extended as a direct result of the impact of the COVID19 pandemic and the ability of both the Council and providers to undertake re-commissioning/re-procurement at such a critical time.

➤ Homelessness related activity:

- Led/co-ordinated successful bids for funding from the Ministry for Housing, Communities and Local Government (MHCLG):
  - Next Steps Accommodation Programme securing £291,344 of funding to support the Council's response to accommodating rough sleepers during the COVID19 pandemic
  - Cold Weather Fund - £90,000 for 2020/21 to support delivery of Doncaster's Homelessness and Rough Sleeping Winter Plan and Severe Weather Emergency Protocol.
- Developed and submitted Doncaster's Rough Sleeper Delivery Plan received and approved by MHCLG
- Developed delivery plans for each of the three strands of focus and activity of the Homelessness and Rough Sleeping Strategy (Prevention, Accommodation and Care and Support), approved by the (recently) convened Homelessness Board.
- Established partnership agreements with additional providers of accommodation to support and enable the delivery of an additional 30 Housing First properties/tenancies, a key priority of Doncaster's Homelessness and Rough Sleeping Strategy (Accommodation strand).
- Progressed plans for the reform of hostel provision (Accommodation strand) including a best practice review and engagement with hostel landlords regarding the strategic direction of travel. An options paper has been developed for the Director of Public Health and Director of Adult Social Services to inform a wider strategic conversation.

➤ Worked in partnership with Strategic Procurement and Legal Services to obtain approval to directly award a two-year contract to YMCA Doncaster to remedy a historical breach for the Goodall House supported accommodation service. The contractual arrangement includes tapered council funding coinciding with an alternative funding model secured by the provider coterminous with the expiry of the two year contract.

- Procured and established a Framework Agreement for Extra Care service providers to facilitate the future re-procurement of existing Extra Care services housing and procurement of any additional Extra Care services.
- Worked collaboratively with Public Health to progress plans to jointly commission an innovative new model of substance misuse services supporting delivery of Doncaster's ambition to deliver joint commissioning solutions
- Secured a further 12 months Better Care Fund funding for the Council's Complex Lives service through the submission of a business case to and approval by Doncaster's Joint Commissioning Management Board.
- Entered into a Section 76 Integrated Mental Health Service agreement with NHS Doncaster CCG to March 2021 whilst progressing partnership work with NHS Doncaster CCG to develop and implement the Doncaster Mental Health Transformation Programme
- Progressed delivery planning and implementation of the Learning Disability Housing work stream including contributing to the South Yorkshire sub-regional Strategic Housing Needs Assessment for learning disabilities, autism and mental health.
- Progressed delivery planning and implementation of the Learning Disability Short Breaks work stream including work to increase the Shared Lives service offer in partnership with the provider and Adult Social Care.
- Worked collaboratively with Strategic Housing, contributing to their review and refresh of Doncaster's Housing Strategy in respect of specialist housing needs including Older People, Physical Disability and Learning Disabilities.
- Progressed development of the Section 76 with Doncaster NHS CCG within the constraints imposed by NHS England regarding advising local NHS CCGs not to progress/enter into new contractual arrangements during the NHS response to the COVID19 pandemic.
- Continued to work collaboratively with Strategic Procurement and Legal Service to guide commissioning and contracting activity.
- Continued work with providers to support contingency planning in preparation for and following Brexit
- Supported a care home to close following significant quality and management concerns during the COVID19 pandemic response with all residents relocated to other services
- Supported two care homes with inadequate CQC ratings to improve the quality of service and receive follow up inspection results of requires improvement
- Supported the registered providers to continue to meet their regulatory responsibilities with no contracted social care providers in Doncaster having an inadequate CQC rating by January 2021

### **Waivers to CPR's**

18. Following the imposition of the COVID19 national lockdown in March 2020 it was recognised that in responding to the impact of COVID19 pandemic, authorities may need to direct award contracts or extend existing contracts without a call for competition for the duration of the COVID19 pandemic and recovery phase activities. Doncaster Council implemented such measures in the context of:

- Waivers to directly award contracts without a call competition to allow the Council to provide a sustained response for the duration of the

- COVID19 pandemic immediately and in the recovery phase activities.
- Waivers to extend contracts without a call for competition to incumbent providers for a specified periods to allow the Council to provide a sustained response for the duration of the COVID19 pandemic immediately and in the recovery phase activities.

19. The number of waiver reported to audit committee in the last twelve months reporting period is detailed in the table below, together with the number of waivers previously requested in the same time period. Responding to the COVID19 pandemic has been attributable to the increased number of waivers during this reporting period:-

February 2019 to December 2019	February 2020 to December 2020
<b>6</b>	<b>10</b>

Of the ten waivers submitted to (and approved by) the Council’s Monitoring Officer, four waivers were classed as being part of wider strategic programme of works. Three of the four related to the continuation of rapid rehousing pilot services due to additional funding being made available to the council by the Ministry of Housing and Local Government (MHCLG) and one related to continued housing management services at an Extra Care scheme which is subject to a strategic review. All other waivers were put in place based upon the guidance issued by government to public bodies in March in the form of Procurement Policy Note (PPN 01/20) as referred to above. Commissioning and Contracts worked in collaboration with Strategic Procurement and Legal services to identify contracts that were due to be tendered or awarded in 2020 and to extend those contracts to prevent disruptions to services during the COVID19 pandemic. It should be noted that there have been no breaches to Contract Procedure Rules over the last 12 months.

### OPTIONS CONSIDERED

20. Not applicable - for information only.

### REASONS FOR RECOMMENDED OPTION

21. Not applicable - for information only.

### IMPACT ON THE COUNCIL’S KEY OUTCOMES

22.

	<b>Outcomes</b>	<b>Implications</b>
	<p><b>Doncaster Working:</b> 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"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	<p>Effective commissioning and contracting:-</p> <ul style="list-style-type: none"> <li>• Benefits the local economy by increasing opportunities for local service providers.</li> <li>• Supports the delivery of modern, quality, value for money services.</li> </ul>

	<p><b>Doncaster Living:</b> 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"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> <li>• Healthy and Vibrant Communities through Physical Activity and Sport</li> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	
	<p><b>Doncaster Learning:</b> 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"> <li>• Every child has life-changing learning experiences within and beyond school</li> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	
	<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes</li> </ul>	<p>Robust contract management processes ensures that individuals remain safe and supported.</p>
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting</li> </ul>	<p>Effective Commissioning, procurement and contract management supports modern, quality, value for money services</p>

	<p>community assets and strengths</p> <ul style="list-style-type: none"> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	
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## **RISKS AND ASSUMPTIONS**

23. Key risks include:

- A reduction in key posts within the commissioning and contracts function which would impact on the team's ability to deliver business as usual commissioning and contracting. The realignment of the Commissioning and Contracts Service did not necessitate a reduction in posts and ordinary turnover of staff has been managed through recruitment to vacant posts except where voluntary redundancy has been approved by the Council.
- The impact of responding to the ongoing COVID19 pandemic in terms of capacity to support and maintain services for vulnerable citizens and support service provider viability/sustainability and the need to direct resources and prioritise accordingly whilst seeking to maintain business and usual commissioning and contracting activity. This is being mitigated by close working with colleagues in Procurement and Legal services to balance procedural and statutory requirements against the demands of responding to the COVID19 pandemic as referred to in 'Waivers to CPRs' section above.

## **LEGAL IMPLICATIONS [Name: SRF Date: 18/01/21]**

24. The Council has a series of legal powers and duties around the provision of Adult Services. The Council must also follow both internal and external regulations surrounding its Commissioning and Procurement processes including compliance with Contract Procedure Rules.

Legal Services provides ongoing advice and assistance on commissioning and procurement exercises and contract matters and will continue to input into the matters detailed with this report.

## **FINANCIAL IMPLICATIONS (PW 19/01/2021)**

25. The overall Adults Health and Wellbeing budget has been adjusted to reflect the reductions identified in paragraph 17 of this report. There are no further financial implications arising from this report.

## **HUMAN RESOURCE IMPLICATIONS (AT 15/01/21)**

26. There are no direct HR implications in respect of this report. Continued HR & OD support will be provided to the Commissioning & Contracts Team to assist them in delivering their key priorities.

## **TECHNOLOGY IMPLICATIONS: (ET 15/01/21)**

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

## **HEALTH IMPLICATIONS (Initials: RS Date: 15/01.2021)**

28. Commissioning is a key way to improve and protect the health of Doncaster residents and this includes both the policy making and sourcing elements of the commissioning processes. Decision makers should welcome this update on key elements of the commissioning cycle and should also take note of the performance and contribution of key contracts in improving health and reducing health inequalities.

## **EQUALITY IMPLICATIONS [MW 13/01/21]**

29. Due Regard Statements will be completed as necessary in line with Council Policy and the Public Sector Equality Duty.

## **CONSULTATION**

30. Consultation will be undertaken with key stakeholders associated with in pursuit of the delivery of commissioning and procurement priorities.

## **BACKGROUND PAPERS**

31. Nil

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

- CPR's – Contract Procedure Rules
- CCG - Clinical Commissioning Group
- MDT – Multi-disciplinary team

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## Doncaster Council

### Report

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Date: 27<sup>th</sup> January 2021

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

### **2019-20 Annual Governance Statement – Progress Update**

#### **EXECUTIVE SUMMARY**

1. The Councils Annual Governance Statement (AGS) is an annual report which provides a review of governance arrangements for the authority. The final 2019-20 Annual Governance Statement was presented to the Audit Committee in October 2020. It identified issues and outlined actions that needed to be dealt with.
2. As in previous years Audit Committee members are provided with a brief update that outlines what progress has been made against the issues identified in the current Annual Governance Statement.
3. Attached to this report is an update on progress made against the improvement issues identified in the 2019-20 Annual Governance Statement (Shown in Appendix A). Since the publication of the final Annual Governance Statement in October 2020, there has been a slight change to the completion date for the issue Doncaster Integrated People Solution (DIP's), which has moved from March 2021 to July 2021 and Governance Functions, which has moved from March 2021 to June 2021, these changes have been reflected within the attached progress report.

#### **EXEMPT REPORT**

4. N/A

#### **RECOMMENDATIONS**

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

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

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

#### **BACKGROUND**

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

professional accounting practice. The Council's governance arrangements in place during 2019-20 have been reviewed in line with the guidance and an Annual Governance Statement has been produced.

8. The 2018-19 AGS contained 10 significant issues and due to the continued commitment to embed good governance we effectively managed 6 significant issues and removed them from the AGS. As part of the 2019-20 process we identified 3 new areas of significant risk. This gives us a total of 7 key areas of focus on our current AGS, a reduction of 3 compared with the 2018-19 AGS.
9. The Annual Governance Statement document is a valuable means of communication. It enables the Council to explain its governance arrangements and how the controls it has in place manages risks of failure in delivering its outcomes. The COVID-19 situation is clearly a significant challenge, however our governance arrangements appear to have held strong during this period.

### OPTIONS CONSIDERED

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

### REASONS FOR RECOMMENDED OPTION

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

### IMPACT ON THE COUNCIL'S KEY OUTCOMES

12.

	<b>Outcomes</b>	<b>Implications</b>
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	<p>The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place</p>

### RISKS AND ASSUMPTIONS

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

**LEGAL IMPLICATIONS [Officer Initials NC Date 15/01/21]**

14. Regulation 6 of the Accounts and Audit Regulations (England) 2015 requires Local authorities to produce and publish an Annual Governance Statement. The individual elements of the Annual Governance Statement have been the subject of legal advice where required.

**FINANCIAL IMPLICATIONS [Officer Initials MS Date 15/01/21]**

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

**HUMAN RESOURCES IMPLICATIONS [Officer Initials KM Date 15/01/21]**

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

**TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 14/01/21]**

17. There are no specific technology implications arising from this report. As outlined in the progress update, the implementation of the Doncaster Integrated People Solution (DIPS) is progressing well after delays due to the Covid situation. Adult Social Care is due to go live 1<sup>st</sup> March 21 and Children Social Care in July 21 and the current legacy systems used will be decommissioned.

**HEALTH IMPLICATIONS [Officer Initials RS Date 14/01/2021]**

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

**EQUALITY IMPLICATIONS [Officer Initials SWr Date 14/01/21]**

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

**CONSULTATION**

20. N/A

**GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

21. N/A

**BACKGROUND PAPERS**

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

Corporate Governance Framework – reviewed and approved October 2020  
2019-20 Annual Governance Statement

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# 2019-20 Annual Governance Statement - Progress Update

## SECTION 1: Significant Governance Issues arising from the 2019-20 review

1. ASSURANCE OVER FINANCIAL RESILIENCE AND SERVICE SUSTAINABILITY IN RESPONSE TO COVID 19	Completion Date	Responsible Officer(s)
<p>Whilst the Council’s governance arrangements currently appear to have held strong during the COVID-19 response period, our financial position is exposed and dependent upon central government fully reimbursing it for the cost.</p> <p><b>ACTIONS:</b></p> <p><b>Short horizon</b> We are monitoring COVID related cost pressures separately from routine council business. This approach will provide will provide a degree of separation and additional attention being applied to these unique circumstances. Operational managers have been provided with instructions on the reporting arrangements and budgetary control. Quarter 1 finance and performance report approves the transfer of additional resources to operational managers to manage these in year pressures. We are currently reporting a balanced budget in 2020/21.</p> <p><b>Medium Term Horizon</b> Monthly MHCLG returns are being completed and this providing the evidence base for additional resources to be provided. The long term financial implications arising from business failure and increased numbers of redundancies is of concern. We are using nationally available data to model these scenarios and feed into our Medium Term Financial Plan refresh in September 2020. Additional savings are anticipated to achieve a balanced budget over the next 3 years and operational manager are currently engaged in developing strategies and formulating plans in readiness for Budget Council in March 21.</p>	<p>March 2021</p>	<p>Debbie Hogg - Director of Corporate Resources</p>
<b>Progress update</b>		
<p>We continue to monitor COVID related cost pressures and income losses alongside our normal monthly monitoring processes. We are using the Collaborative Planning (CP) module of our ERP system to ensure the information gathered is consistent and complete. Service managers are engaged in this process and understand the importance of the information. Additional monitoring information is being provided in the quarterly Finance &amp; Performance monitoring reports – included allocations received and expenditure to date. The information from CP is also used to complete returns to MHCLG on a monthly basis and claims for sales, fees and charges losses. The quarter 1 Finance and Performance monitoring report approved budget transfers that ensured services had sufficient budget to meet cost pressures and to reduce income targets. The quarter 2 report approved further transfers and more changes are likely to be approved in the quarter 3 report. We continue to report a balanced budget in 2020/21 due to careful management of budgets and the £28.7m of emergency COVID-19 grants received.</p> <p>The Medium Term Financial Strategy (MTFS) was refreshed and reported to Cabinet in September 2020. That report outlined assumptions around changes in funding, cost pressures and inflation across 2021/22-2023/24. It also identified a budget gap. Since then, we have received the November Spending Review and the provisional local government finance settlement in December. We are reviewing the assumptions and updating the budget proposals in preparation for the Cabinet meeting on the 16th</p>		

February, 2021 and Budget Council on 1st March, 2021. COVID-19 continues to have an impact throughout in the assumptions, as it has created cost pressures across services and has impacted on reduced forecasts for council tax and business rates into the medium-term, but £9.8m of further emergency COVID-19 grants will be received

2. GOVERNANCE FUNCTIONS	Completion Date	Responsible Officer(s)
<p>An improvement area has been identified around knowledge and understanding of various key governance policies and procedures that are in place to help support senior managers with their roles and responsibilities E.g. Financial Procedures Rules and Corporate Procurement Strategy.</p> <p><b>ACTIONS:</b> A series of training sessions will be developed and rolled out for all senior staff (down to Head of service) to attend / complete via e-learning to improve awareness of key governance policies, procedures and arrangements that are in place to support senior managers</p>	<p>June 2021</p>	<p>Scott Fawcus - Assistant Director Legal &amp; Democratic Services</p>
<b>Progress update</b>		
<p>The series of training sessions that were planned to be developed and rolled out for all senior staff has been delayed, this has been timetabled before end of June 2021.</p>		

3. DATA QUALITY ARRANGEMENTS WITHIN THE ASSISTIVE TECHNOLOGY SERVICE	Completion Date	Responsible Officer(s)
<ul style="list-style-type: none"> <li>• Continue to maintain daily assurance arrangements to ensure that each call has been dealt with and responded correctly, according to established procedures.</li> <li>• New charging protocols rollout, planned to commence in April 20</li> <li>• Data cleansing exercise to be completed as part of the rollout of the new charging protocols</li> <li>• Managing new contract arrangements to be issued to new service users from April 20</li> <li>• Ensure vulnerable service users are taking correct decisions relating to their new contract arrangements from April 20</li> </ul> <p><b>ACTIONS:</b> Maintain current daily assurance arrangements during implementation and post implementation phase of ARC/ HEART review Introduce phased approach to implementation from April 20 to November 20, including a data cleansing exercise and issuing new contracts with a dedicated resource team.</p> <ul style="list-style-type: none"> <li>• Ensure the cohort of vulnerable service users are identified and a strengths based conversation takes place to ensure their best interests are maintained prior to variation or cancellation of the service.</li> </ul>	<p>November 2020</p>	<p>Carolyn Nice - Assistant Director Adult Social Care</p>
<b>Progress update</b>		

- Assurance arrangements are considered business as usual so completed daily.
- 97% complete in issuing new contracts, data cleansing is ongoing to maintain accurate records
- Appropriate measures in are place to ensure customer safety when querying the service options and potentially cancelling the service.

## SECTION 2: An update on key improvement areas that were previously identified and remain an issue in 2019-20

4. ADULT SOCIAL CARE MARKET SUSTAINABILITY	Completion Date	Responsible Officer(s)
<p>The potential impacts of this fragile market includes:</p> <ul style="list-style-type: none"> <li>• Provider failure and associated disruption of care for people of Doncaster</li> <li>• Lack of investment from providers to develop services and innovate together with potential contraction of existing offer</li> <li>• Restricted choice of services and the providers of services for people of Doncaster.</li> </ul> <p><b>ACTIONS:</b></p> <ul style="list-style-type: none"> <li>• Continue to support the market to make informed commercial and service planning decisions in order to stimulate a sustainable, diverse social care market to meet the current and future needs of the people of Doncaster.</li> <li>• Develop and maintain an ongoing awareness of local business environment for providers, providers business models and other intelligence to inform commissioning actions</li> <li>• Ongoing engagement with providers through partnership arrangements, contract management and contract monitoring activity to maintain oversight of the social care market in Doncaster</li> </ul>	<p>March 2021</p>	<p>Phil Holmes – Director of Adults, Health &amp; Wellbeing</p>
<b>Progress update</b>		
<ul style="list-style-type: none"> <li>• Market sustainability has been primarily supported through the provision of advice, guidance and a range of financial support throughout the COVID response actions to mitigate the impact of the pandemic on services and citizens accessing services since March 2020, informed by guidance issued by ADASS/LGA in March 2020. This has included funding specifically targeted at the Adult Social Care market to cover voids costs, Infection Control Fund monies, access to PPE, together with recompensing appropriate extraordinary costs incurred by providers under the Council’s Supplier Relief Scheme. In addition the Council’s business support grant has provided support for organisations and businesses that did not fall within the remit of such targeted funding.</li> <li>• In September 2020 the Contracts and Commissioning Service was realigned into two distinct but linked functions – Operational Commissioning (with responsibility for Procurement, Contract Management and Quality monitoring) sited within Adult Social Care and Strategic Commissioning (with responsibility for Populations and systems commissioning) sited within Public Health. The Strategic Commissioning function will develop further to include Children’s and Health commissioning. This will implement Doncaster’s ambition to deliver all age integrated commissioning in line with the aims and objectives of Doncaster’s Joint Commissioning Strategy.</li> </ul>		

- COVID has impacted on the speed of progress of a number of 'business and usual' actions, however work has continued to develop a Market Position Statement (MPS) which will support the market to make informed commercial and service planning decisions to stimulate a sustainable, diverse social care market to meet the current and future needs of the people of Doncaster. The MPS is on track to be published in April 2021.
- An Integrated Locality Commissioning Group has been convened to deliver a locality approach to commissioning of services anchored to the recently established Locality Management groups to deliver outcomes led and informed by engagement with local communities.
- Operational Commissioning continue to develop and maintain ongoing awareness of local business environment for providers (crucial during COVID), providers business models and other intelligence to inform commissioning actions. Engagement with providers through partnership arrangements, contract management and contract monitoring activity to maintain oversight of the social care market in Doncaster has continued where appropriate throughout the pandemic although this has been hindered by the demands of responding to COVID.

5. ORGANISATIONAL WORKFORCE	Completion Date	Responsible Officer(s)
<p>Within this context the council needs to ensure it has the right people, with the right skills, working in the right way, within effective roles, programmes and flexible structures. This brings a series of core behaviours and key competencies that are needed to address both capacity and capability issues within the organisation to successfully drive through performance.</p> <p>As an organisation we need to systematically identify and address critical skills gaps now and for the future; develop and deploy resources to ensure services can be delivered to a high standard and are value for money. There are already a number of current and emerging recruitment difficulties and skill shortages for certain occupational groups, in particular IT, adult social workers and occupational therapists, which need to be addressed.</p> <p><b>ACTIONS:</b> To be monitored and addressed through priority actions included in this year's workforce strategy 2020/21, specifically:</p> <ul style="list-style-type: none"> <li>· Development and implementation of a Recruitment and Resourcing Policy, focusing on effective ways of recruiting people with the right attitude and behaviours and a more flexible model for the types of skill needed</li> <li>· Attracting and engaging a talented workforce including apprenticeship and graduate talent</li> <li>· Ensuring leadership development and learning programmes meet current needs including increased horizon scanning of future skills requirements</li> </ul>	<p>March 2021</p>	<p>Jill Parker – Assistant Director - HR, Communications &amp; Executive Office</p>
<b>Progress update</b>		
<ul style="list-style-type: none"> <li>• Flexible and different approaches to recruitment have been utilised, including agency and temporary staff to support skills gaps and build additional capacity in the workforce and deliver organisational objectives. This is on-going and will continue into 2021 as part of the overall Recruitment and Resourcing Policy development.</li> </ul>		

- This year's cohort of graduates have been recruited through the National Graduate Development Programme and recruitment to the apprenticeship programme are ongoing covering various roles across the organisation, which continue to bring in fresh ideas and energises the workforce.
- Annual PDR's have been undertaken which identify training requirements and appropriate leadership development and learning programmes are in place.

6. DATA QUALITY ARRANGEMENTS	Completion Date	Responsible Officer(s)
<p>An improvement area has been identified around the quality of historic data, as well as resilience of current plans to embed a good data quality culture. It is important to ensure that historic data being migrated between information systems is of good quality. Proposals were approved to make resources available to address these areas.</p> <p><b>ACTIONS:</b> Following the successful introduction of a new approach to data quality, and major steps taken to remedy errors existing within legacy datasets, the data quality project will be mainstreamed into the wider service improvement work areas. The products introduced by the project, including data quality e-learning and self-assessment toolkits, will drive further data quality improvements across the organisation in order for the work to be sustainable in the medium and long term.</p>	Ongoing	Lee Tillman – Assistant Director of Strategy & Performance
<b>Progress update</b>		
<p>The data quality project was mainstreamed into normal service. Data quality standards have been applied to new system implementations in adult social care, helping to support wider practice standards in this area. The work conducted into amending historic issues has significantly reduced the risk of future problems, and new practice standards should sustain this improvement.</p> <p>The rollout of the e-learning has been impacted by COVID-19 resource issues, but is scheduled to be completed within quarter 4 2020-21.</p>		

7. DONCASTER INTEGRATED PEOPLE SOLUTION (DIPS)	Completion Date	Responsible Officer(s)
<p>The full implementation of an integrated technology solution for Adult and Children Social Care case management, Early Help, Financial Management, Education Management, integration between key systems and joining up with health and partners is progressing. Due to its importance and how it will change these services and ways of working, it is remaining as a key issue to monitor.</p> <p><b>ACTIONS:</b></p> <ul style="list-style-type: none"> <li>• Review and redesign of all business processes.</li> <li>• Implement new Children's Social Care Management solution for use by the Council, Doncaster Children's Services Trust and other key partners.</li> <li>• Implement new Adult Social Care Management solution to be used by the Council and key partners.</li> </ul>	July 2021	Julie Grant – Assistant Director of Customers, Digital & ICT

<ul style="list-style-type: none"> <li>• Implement new Education Management Solution to be used by the Council and key partners.</li> <li>• Implement new associated financial solutions.</li> <li>• Implement all key integrations with other key systems including joining up with health, financials etc.</li> <li>• Implement Citizen, Professional &amp; Provider Portals</li> <li>• Migration of all required data from many solutions.</li> <li>• Train all users of these solutions across partners and providers.</li> <li>• Decommission all the legacy solutions.</li> </ul>		
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**Progress update**

The programme is progressing well after delays due to the Covid situation and it is hoped further delays are not required. Most of Education Management is now successfully implemented and being used daily across partners and providers to deliver services. Adult Social Care, Financials & Portals are due to go live 1<sup>st</sup> March 2021. Children Social Care & Financials are planned to go live in July 2021.

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## Doncaster Council

### Report

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Date: 27<sup>th</sup> January 2021

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

**INTERNAL AUDIT REPORT FOR THE PERIOD: OCTOBER TO DECEMBER  
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 the period of October to December 2020.
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 Management Actions arising from 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 original plan was revised at the June Audit Committee and has been continually reviewed during the year with a formally revised version issued in December 2020. Section 1 sets out further detail and any further changes to date

## **Section 2: Audit Work Undertaken During the Period**

5. In the June report we updated that we have now resumed some of our routine and planned audits after being heavily involved in Covid responsive work. During the period October to December, more routine planned work was carried out with work supporting the pandemic recovery diminishing. Detail of this work is set out in the report.
6. We have a substantial amount of work in progress, with the majority of work on planned audits or non-Covid responsive work, which we will be able to report in the future updates. We are finding that efficiencies are attained e.g. in travel time to meetings and being able to access people more easily meaning some areas of work can be completed quicker. Unfortunately, we are also still finding that audits are taking longer to complete due to working with teams still needing to prioritise resources to address the pandemic recovery. This is consistent with other audit teams who we work with and also at a national level.

## **Section 3: Progress on the implementation of Management Actions arising from Internal Audit recommendations**

7. This has been a high priority area of work in this period and we have worked extensively with management in this area. We have been able to agree the successful implementation of a number of previously agreed management actions. Where this has not yet been possible, we have worked with management in agreeing appropriate revised timescales and any mitigations that could be put in place prior to full implementation. We have also agreed prioritisation of actions where possible i.e. with a view to mitigating higher risks at the earliest opportunity. However, this has not been possible in some instances due to the council-wide reprioritisation of resources due to the Covid-19 situation and other work prioritisations. This has been most prominent for the Trading Standards teams and others in the enforcement area due to the greatly heightened workloads in interpreting and enforcing ongoing changes in Covid related legislation and guidance. They have a critical role in ensuring the safety of PPE for schools, care homes and all other users of PPE as well as EU exit / transition arrangements.
8. There are 4 high risk level overdue management actions i.e. actions that had passed their original agreed implementation dates which are all with Trading Standards as noted above. All these 4 (5 reported for previous period) high risk management actions had revised implementation dates agreed by the relevant Assistant Directors in previous periods and these dates have not yet passed. The previously overdue high risk action implemented during this period was from the Corporate Resource ICT Mobile Devices review in line with its agreed revised date. Details of these, including the revised implementation dates, are recorded at Appendix B.

9. The total number of overdue medium and low risk level management actions was 46 (52 reported for previous period), again revised implementation dates have now been agreed for all of these actions and none of these have passed those dates. The majority of these fall within the Economy & Environment (31) and Corporate Resources (12) directorates.
10. The current number of management actions agreed and awaiting implementation is 64 (62 reported previously), of which 50 had passed their original agreed implementation dates and revised dates have been agreed, as set out above. As previously reported, we will monitor the actions against the revised implementation dates, which have been agreed with Assistant Directors. Any future revisions to the dates must be approved in the normal manner with any concerns being escalated in the first instance to the Section 151 Officer.
11. Of the 64 management actions, 14 have not yet passed their originally agreed implementation dates. Further information on audit recommendations is set out in Section 3 of this report.
12. As detailed above, there has been substantial work carried out in this area. Through discussions with the relevant managers, we are fully sighted on all the reasons for the delays and plans for delivery. Additional support has been provided to understand the risk of the delay and look at alternatives. Having undertaken a thorough review of the risk in this area, we have assessed the situation as satisfactory and will continue to tightly monitor and manage this area.

#### **Section 4: Performance Information**

13. Due to the impact of Covid-19, minimal performance information is available as the majority of this information relates to planned audit work completed, which has understandably been low in this period with high levels of responsive work and planned audit work being work in progress. Key indicators are over the timeliness of the issue of draft and final reports and these have all been issued within target timescales. Full reporting is expected to be achieved in the 2021/22 financial year.
14. The fundamental 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 as was also reported in the October and July 2020 progress reports.*

## **RECOMMENDATIONS**

15. 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 management actions arising from Internal Audit recommendations

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

16. 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**

17. 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**

18. Not applicable - for information only

## **REASONS FOR RECOMMENDED OPTION**

19. Not applicable - for information only

## **IMPACT ON THE COUNCIL’S KEY OUTCOMES**

20. 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.

<b>Outcomes</b>	<b>Implications</b>
<b>Doncaster Working:</b> Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;	

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

to provide effective leadership and governance	
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## **RISKS AND ASSUMPTIONS**

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

## **LEGAL IMPLICATIONS [SRF 15/01/21]**

22. 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 18/01/21]**

23. 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 [RH 19/01/21]**

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

## **TECHNOLOGY IMPLICATIONS [PW 15/01/21]**

25. There are no specific technology implications in relation to this report.

## **EQUALITY IMPLICATIONS [PJ 09/01/21]**

26. 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 17/01/21]**

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

## **CONSULTATION**

28. 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**

29. 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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**Head of Internal Audit**



**Doncaster  
Council**

**Doncaster Council**

**Internal Audit Progress Report**

**October to December 2020**

## **Section 1: Revisions to the Audit Plan**

- 1.1. Work continued in this period in making sure our workplan reflected the needs and risks of the Council during this unprecedented year. A revised plan was presented and approved by Directors in December 2020 and then confirmed with Audit Committee members. The plan reflects completed and ongoing work as well as work intended to be undertaken in the final months of this financial year.
- 1.2. We will continue to work with all relevant teams within the Council to ensure our plan for the remainder of the year remains relevant and this work will also provide information to help shape the Internal Audit Plan for 2021/22, the planning for which is already underway. We are also sense checking our planning and approach with other Audit Teams in the region that are in our working network. This will ensure that audit resources continue to be targeted to reviewing the highest risks to the council.
- 1.3. This plan is attached for reference at Appendix C. Members should also note two further changes to that plan which are the deferral of the Direct Payments Working Group Support and Heritage Service: Arts and Culture Review due to the activity / service not taking place due to Covid.

## **Section 2: Audit Work Undertaken During the Period**

- 2.1 During the period October to December, the majority of our work has been on our routine and planned audits as well as resource intensive, ongoing, responsive work, both Covid and non - Covid related and much of this is not able to be reported upon at this point in time but will be in future progress reports. Operationally and as previously reported, there are some efficiencies e.g. in travel time to meetings and being able access people more easily meaning some work can be completed quicker. However, many of the audits have taken longer to complete due to customers still needing to prioritise resources to address the pandemic recovery. Additionally, some audit types are not easily undertaken remotely e.g. investigations, and some grant based work
- 2.3 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. Our work carried out during the initial pandemic response period and subsequent to that will also be pivotal to that opinion.

## Internal Audit Opinion

2.4 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

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

### Audits providing ‘limited’ assurance opinions

2.6 No limited assurance opinions were given this quarter.

### Responsive Audit Work and Investigations

2.7 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 continued to undertake work in support of the Authority response to the Covid-19 situation, although this is considerable less than the previous periods. A summary of the important / significant pieces of work that have been completed or are still ongoing is provided below:

Audit Area	Update
<b><u>COVID-19 Responsive Work</u></b>	
<b>Communities Cell Work:</b> <ul style="list-style-type: none"> <li>Attendance at Voluntary, Charity, and Faith Sector (VCFS) Workstream Cell meetings.</li> </ul>	Continued attendance at VCFS Workstream Cell meetings for awareness and provision of advice where required.
<b>Excess Deaths and Data Cells Work:</b> <ul style="list-style-type: none"> <li>Supporting SPU in daily monitoring and</li> </ul>	Ongoing daily work to support

Audit Area	Update
reporting on local deaths (using data from Coroners and Registrars).	SPU. This is a quick daily task using the section's data software to help improve the efficiency of the reporting by SPU.
<p><b>Finance and Procurement</b></p> <ul style="list-style-type: none"> <li>• Involvement with the Business Rates Grant payment process.</li> <li>• Business Rates Grant Reconciliation</li> <li>• Involvement with the Business Rates Grant Post Assurance work.</li> <li>• Assistance with PPE stockholding control.</li> </ul>	<p>Completion of the Business Rate Grants is undertaken on a weekly basis.</p> <p>A reconciliation of all Business Rates Grants paid up to the end of September 2020 has been completed.</p> <p>Provided support with fraud risk assessments and monthly assurance reporting to Government. Post assurance checking to be carried out by Internal Audit. Nationally available systems such as Spotlight or NFI may also be used.</p> <p>Completed assessment of stock accuracy and control arrangements.</p>
<b><u>Non – Covid-19 Responsive work</u></b>	
Adult Social Care Fees and Charges Implementation Support	This extensive piece of work is now complete bar any ad hoc / residual issues and has put billing and reconciliation arrangements in place which were not previously possible.
National Fraud Initiative Preparations have been completed for the data extract and subsequent upload for the National Fraud Initiative 20/21.	From here the data is matched at a national level for investigation as appropriate when available in early 2021.

Audit Area	Update
School Academisation	Support has been provided to the School Improvement Team in reviewing the academisation process at a school and to identify improvement points in future academisations and over governance arrangements in this area.
Primary School Investigation	Significant investigative work has been undertaken at a Doncaster primary school relating to the school's administration of finances. Whilst the investigative work has been completed, disciplinary action is still ongoing and there is significant work in supporting the school in implementing new or revised systems and processes
Annual Fraud and Error Report	The Annual Fraud and error report has been compiled from work undertaken by the Internal Audit Team and other teams who work in this area. It is reported upon as a separate agenda item for this committee.

### Section 3: Implementation of Management Actions arising from 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 agreed management actions 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 management actions are reported routinely by Internal Audit to the Audit Committee.
- 3.4 This has continued to be a high priority area of work and we have worked extensively with management in this area. We have been able to agree the successful implementation of a number of previous actions. Where this has not yet been possible, we have continued working with management in agreeing appropriate revised timescales and any mitigations that might be put in place before full implementation. We have also agreed prioritisation of actions where possible i.e. with a view to mitigating higher risks at the earliest opportunity. Some revised dates are having to be extended to reflect the ongoing Covid-19 situation and other work prioritisations. Accordingly, this report records the current status in respect of outstanding and / or overdue actions.
- 3.5 There were a total of 50 actions (57 previous period) which were overdue i.e. that have passed their agreed implementation date. A breakdown of these via Directorate is detailed in the table below and details of all these actions has recently been circulated to the relevant Assistant Directors. All these 50 management actions have had revised dates agreed by their relevant Assistant Directors and we will tightly monitor and report on the achievement of these revised dates.
- 3.6 The detail of the high level management actions and revised implementation dates is provided in Appendix B.

Directorate	Number of high risk level management actions overdue at 31/12/20					Number of medium / lower risk level management actions overdue at 31/12/20				
	At 02/07/2018	At 10/03/2020	At 30/06/2020	At 29/09/2020	At 31/12/2020	At 02/07/2018	At 10/03/2020	At 30/06/2020	At 29/09/2020	At 31/12/2020
Adults, Health & Wellbeing (AHWb)	16	1	0	0	0	53	0	8	4	3

Economy & Environment (EE)	0	3	4	4	4	11	10	31	31	31
Corporate Resources (CR)	0	0	3	1	0	22	7	20	17	12
Learning & Opportunities (Children & Young People) (LOCYP)	0	0	0	0	0	10	0	1	0	0
Council Wide	0	0	0	0	0	2	0	0	0	0
<b>TOTAL</b>	<b>16</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>98</b>	<b>17</b>	<b>60</b>	<b>52</b>	<b>46</b>

3.7 The main area where there has been significant delays is:

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. Delays are, in the main, due to the teams resources being needed to support the Covid-19 situation which is still very much an ongoing issue. In addition to their existing responsibilities and workloads they are responsible for interpreting and enforcing ongoing changes in Covid related legislation and guidance and have critical role in ensuring the safety of PPE for schools, care homes and all other users of PPE. Revised dates and actions for the major rated actions are set out in Appendix B and any available resource is being prioritised to address these areas. There are currently 30 actions awaiting implementation, of which 4 are high risk, 23 are medium risk and 3 are low risk level actions. 23 of the 30 actions had original implementation dates between 31/03/20 and 30/06/20 i.e. the initial pandemic response period. Revised implementation dates had previously been approved for all these actions to 31/03/2021. Due to the ever developing Covid situation we have agreed revised extensions where it is clear already that the revised date of 31/03/2021 cannot be met. The Head of Service will provide assurance over the seized goods held in the secure store by carrying out a stock check and reconciling these to underlying records to ensure that all goods are accounted for. We have agreed with service management that this is priority area to be progressed whilst their resources are currently so limited. Ongoing monitoring of their outstanding actions remains a priority and progress will be made where possible.

3.8 The spread of all management actions awaiting implementation including those not yet due is shown below:

Directorate	No. of actions at 10/03/2020	No. of actions at 30/06/2020	No. of actions at 29/09/2020	No. of actions at 31/12/2020
Adults, Health and Wellbeing	9	8	4	3
Economy & Environment	39	35	35	35
Corporate Resources	32	28	23	26
Learning & Opportunities (Children & Young People)	1	1	0	0
<b>TOTAL</b>	<b>81</b>	<b>72</b>	<b>62</b>	<b>64</b>

- 3.9 Having undertaken a thorough review of the risk in this area, we have assessed the situation as satisfactory and will continue to tightly monitor and manage this area.

## 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 completed, which has understandably been low in this period with high levels of responsive work and planned audit work being work in progress . Key indicators are over the timeliness of the issue of draft and final reports and these have all been issue within target timescales. Full reporting is expected to be achieved in the 2021/22 financial year.

## 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
<b>LEARNING AND OPPORTUNITIES:CHILDREN &amp; YOUNG PEOPLE</b>				
Nothing to report.				
<b>CORPORATE RESOURCES</b>				
Payroll Processing	To ensure that the systems and processes remain well controlled within the new i-Trent Payroll System and to ensure that there are sound Governance arrangements in place.	November 2020	Reasonable Assurance	10 medium risk and 2 low risk management actions
Bus Service Operators Grant (December 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.	December 2020	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Password and User Account Management	To ensure that the process and procedures in place for creating, amending and deleting members of staff access from Council systems and buildings are robust and effective, and to make appropriate recommendations for improvement where applicable.	December 2020	Substantial Assurance	1 medium risk and 2 low risk management actions
Core Financial Systems – Cash Book	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	January 2021	Substantial Assurance	No recommendations for the cash book system.

Audit Area	Assurance Objective	Final Report to Mgm't.	Overall Audit Opinion	Summary of Significant Issues
	reconciled.			
<b>ECONOMY AND ENVIRONMENT</b>				
Homes and Communities Agency Grant (HCA)	Grant certification. Confirm expenditure and that it is in keeping with the conditions of the grant.	November 2020	Not Applicable	No report, grant certification only.
<b>ADULTS AND COMMUNITIES</b>				
Troubled Families Grant (August to November)	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.
Adult Social Care Fees and Charges	This piece of work will provide advice and consultancy to those areas rolling out the charges to ensure that they are robustly delivered and that any associated risks are well managed.	August 2020	N/A consultancy / advice	None

## Overdue High Risk Management Actions arising from Audit Recommendations

## APPENDIX B

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
<b>ECONOMY AND ENVIRONMENT</b>						
Trading Standards and Food and Animal Safety  RE Team Structure	<p>The Food and Animal Health team consists of 11 staff (2 vacant posts currently) all 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>Appropriate spans of control do not exist therefore 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>	The Food and Animal Health and Trading Standards team structures will be reviewed to ensure appropriate spans of control exist to ensure Managers are able to fully support the staff within the teams.	31/12/19	31/03/21  30/06/21	The Trading Standards & Licensing structure has been revised to reduce the number of direct reports to the 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 The implementation date for this action has subsequently been revised to reflect the anticipated Covid restrictions. Covid compliance work and the ongoing uncertainty regarding the impact of the EU exit means we are unsure of the exact impact on us and this review will take place in

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
						due course. There are also difficulties in recruiting Port qualified staff. Resources are currently being moved around internally to ensure suitable qualified staff are available for all required tasks.
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 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.  In addition, a food law	Staff may be working to differing rules / breaching rules as they are not clear on the rules in place.  Non-compliance with Food Law Code of Practice.	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 necessary. Once a decision regarding combining the documents has been made, the document(s) will be approved as necessary and published.	01/01/20	31/03/21	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. The enforcement rationale needs to be in place to show a consistent approach to any enforcement activity carried.

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	<p>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 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.</p>					
Trading Standards and Food and	To ensure the welfare of staff when working alone, food staff have	Staff may be in danger when working alone	Management will ensure that all food staff are registered	31/03/20	31/03/21	Due to Covid, no officers are currently lone working. However, after this issue was

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
Animal Safety  Lone Working	<p>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 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>	as no one knows their location or whether they should be expected back (and are therefore missing).	<p>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 scheme and the process to follow.</p>			raised, the system was updated to ensure everyone was registered, and when lone working begins again, all will be reminded to use the system. The implementation date for this action has subsequently been revised to reflect the anticipated Covid restrictions.
Trading Standards and Food and Animal Safety  28 day deadline	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	Inspections not being completed in time resulting in criticism from the Food Standards Agency.	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.	30/04/20	<del>31/03/21</del> 30/06/21	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 Food Standards Agency year. This

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	<p>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 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>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>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>			<p>has been recognised by the Food Standards Agency as a challenge and allowances have been made in the 2019-2020 returns. The implementation date for this action has subsequently been revised to reflect the anticipated Covid restrictions.</p> <p>Significant backlog of routine and new food inspections has developed due to the Covid pandemic. A letter has been sent to the FSA outlining our position and they have reassured that DMBC are delivering the high priority activities that they are expecting. Covid compliance, inspection of high risk businesses and compliance for food imports at the airport remain a priority.</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
<b>CORPORATE RESOURCES</b>						
ICT Mobile Devices  Reconciliation of Hard Drives	<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</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>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 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>	31/03/20	31/10/20	Complete

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	<p>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>					



## Doncaster Council

### Report

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Date: 27<sup>th</sup> January, 2021

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

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

### **PREVENTING AND DETECTING FRAUD AND ERROR – October 2019 to September 2020**

#### **EXECUTIVE SUMMARY**

1. This attached Report summarises the work done by the Council during the period October 2019 to September 2020 to prevent, detect and investigate fraud and corruption in line with the Government's *Fighting Fraud and Corruption Locally Strategy* and minimise errors whether caused by fraud or not.
2. The report shows that the overall incidence of fraud remains very low in general terms, taking into account the scale of the Council's activities. Proactive counter fraud activities to prevent and detect fraud and error early continue to be a focus in the Council's strategy.
3. The fraud landscape for the council has changed significantly over the period covered by this report with the Covid pandemic providing additional challenges. The governments approach to supporting businesses affected by Covid and temporarily closed by Covid restrictions, was to introduce various business rates grants and reliefs. Administered by local councils on behalf of the government, these grants were rolled out at fast pace and represented a significant new fraud opportunity for fraudsters to exploit. Additional grants and reliefs were available in the following areas:
  - Small business rates relief
  - Rural rate relief
  - Retail hospitality and leisure relief
  - Discretionary grants

4. The Council's approach to these grants was to undertake proactive checks to verify business credentials before any payments were released. This has had the effect of minimising the Council's fraud exposure, but as with all fraud, it is impossible to stop completely. The Council paid 5,419 grants with a combined value of £57.9m during the period to the end of this report. This covers both government prescribed grants and discretionary grants available during the reporting period.
5. 7,620 grants were applied for during the period with 28.9% of these being rejected for various reasons. 22 cases of fraud or error were detected, which represents 0.4% of grants paid out in this respect (by number).
6. Fraud and error highlighted in the report include:
  - 2,201 Business Rate Grants refused after checks ----
  - 22 detected cases of fraud or error in Business Rates Grants paid **£271,000**
  - 414 Council Tax Single Persons Discounts cancelled **£157,260**
  - 13 cautions / warnings and 16 pending cases relating to Blue Badge fraud. ----
  - Housing Benefit – 1287 cases referred to the Single Fraud Investigation Service (Department for Work and Pensions) for investigation with 284 Direct Earnings Attachments to recover historically written off debt (value shown to the right) **£68,504**
  - Proactive checks by the Council and its partners prevented / detected 146 duplicated invoices **£453,404**

## EXEMPT REPORT

7. This report is not exempt.

## RECOMMENDATIONS

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

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

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

## BACKGROUND

10. The production of an annual fraud response report, which details the work done to counter fraud and corruption, is in line with good practice recommended by CIPFA. In Doncaster, we take that further and include detected error and recoveries in our reporting, hence the production of an annual Preventing and Detecting Fraud and Error report. Doncaster Council adopts a risk based approach to fraud and seeks to educate staff on identifying fraudulent behaviour, educate managers to assess the risks of fraud in their areas and to detect and investigate fraud where it is identified. The Council's commitment to combatting fraud and corruption is contained in the Anti-Fraud and Corruption Framework which is approved by the Audit Committee and is due to be re-published in 2021 and is scheduled to be completed and presented for comment and approval at the April 2021 Audit Committee.

## OPTIONS CONSIDERED

11. Not applicable

## REASON FOR RECOMMENDED OPTION

12. Not applicable

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

	Outcomes	Implications
	<p><b>Doncaster Working:</b> 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"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	<p>No implications.</p>
	<p><b>Doncaster Living:</b> 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"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> <li>• Healthy and Vibrant Communities through Physical Activity and Sport</li> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> </ul>	<p>Fraud and error reduces the money available to the public purse and, therefore, has an impact on the Council's ability to provide services and develop Doncaster for its citizens.</p> <p>Blue badge fraud has a direct negative impact on the available parking spaces in the town centre for individuals with reduced mobility.</p>

	<b>Outcomes</b>	<b>Implications</b>
	<ul style="list-style-type: none"> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	
	<p><b>Doncaster Learning:</b> 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"> <li>• Every child has life-changing learning experiences within and beyond school</li> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	No implications
	<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes</li> </ul>	No implications.
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	Error and fraud against the Council directly affect the public purse by reducing the amount of monies available to the Council to provide services and improvements for Doncaster citizens.

## **RISKS AND ASSUMPTIONS**

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

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

## **LEGAL IMPLICATIONS [SRF 15/01/21]**

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

## **FINANCIAL IMPLICATIONS [RS 19/01/21]**

15. Failure to minimise and effectively deter and combat fraud and corruption detracts from Council funds and therefore Council service delivery at a time of increased budgetary pressure and service demands.
16. The financial benefits of effectively minimising fraud in this period can be found in the body of the report.

## **HUMAN RESOURCE IMPLICATIONS [KG 15/01/21]**

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

## **TECHNOLOGY IMPLICATIONS [PW 14/01/21]**

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

## **HEALTH IMPLICATIONS [RS 14/01/21]**

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

## **EQUALITY IMPLICATIONS [NFW 14/01/21]**

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

## **CONSULTATION**

21. None

## **BACKGROUND PAPERS**

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

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

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

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

## **REPORT AUTHOR & CONTRIBUTORS**

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## **Appendices**

**Appendix 1** – Preventing and Detecting Fraud and Error – October 2019 to September 2020

**Debbie Hogg**  
**Director of Corporate Resources**

# Doncaster Council

## Preventing and Detecting Fraud and Error Report

### October 2019 to September 2020



# Fraud and Error Prevention



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

This year has been extremely challenging with the fast pace changes to combat the Covid pandemic. This has led to new government initiatives to try and support businesses through grants paid through the Council. These fast paced changes impact

the fraud landscape that the Council faces and leads to increases in risk.

Despite the fast changing nature of the current fraud environment, the Council has continued to deploy fraud checking and testing where possible to prevent and detect fraud and error with Covid grants being no exception.

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

This report documents the Council's activities in respect of fraud prevention, detection and pursuit and reports on both proactive counter fraud work and responsive investigative work. Our strategy in this respect is documented in the Council's Anti-Fraud and Corruption Framework which is available on the Council's internet site at <http://www.doncaster.gov.uk/>. This framework is currently under review in order take into account the latest published guidance. These changes will be reported to Audit Committee when completed (it is anticipated that this will available April 2021).

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

## **The Overall Picture**

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

The overall level of fraud experienced by the Council remains very low for a council of this size (based on out turn information from the National Fraud Initiative) with a proactive approach being taken to manage risks even in new areas such as the payment of grants to business due to Covid.

Because each of our activities is different, consolidating everything into one set of figures is not appropriate. Instead, key statistic boxes against all activities give information on the success (and context) of each of our activities individually.

The remainder of this report documents our counter fraud and investigative activities for the period 1<sup>st</sup> October 2019 to 30<sup>th</sup> September 2020.

# Counter Fraud Activity – Acknowledge

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



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## Roles and Responsibilities



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

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## Fraud Risks

- *The Council has a Fraud Risk Register that is in use that is currently maintained by Internal Audit. This is a very comprehensive list of fraud risks containing 30 different fraud risks covering things like employee fraud, grant fraud, procurement fraud and bribery and corruption risks. This register helps us to plan out counter fraud activity and is updated regularly.*
- *New and emerging fraud risks are added to the register and risk assessed as they are uncovered locally and across the sector.*
- *Areas of risk are considered for inclusion, as appropriate, on the Internal Audit Plan and Internal Audit work with services to provide advice to further mitigate any existing fraud risks.*



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## Training and Policies



*The Fighting Fraud and Corruption Locally guidance on which the Council's policies and procedures are based, was refreshed in April 2020. As a result, the Council's own Anti-Fraud and Corruption Framework is currently under review and should be re-launched in 2021. The current framework, however, is robust and fit for purpose and continues to be applied at this time. This guidance is available on the Council's website.*

# Counter Fraud Activity – Prevent and Detect

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



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



## **The National Fraud Initiative**

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

NFI matches are released annually although the data checks run follow a 2 year cycle. The last exercise was run in 2018/19 and results were reported in the last edition of this report. The 2020/21 exercise is currently underway and data has been successfully submitted for most of this year's data matching exercises. The following data has been uploaded for cross checking: -

- Blue Badge parking permit and Residential Parking permit data
- Creditor payment data (current and historic)
- Housing tenant and housing waiting list data
- Market trader data
- Pensions and payroll data
- Right to buy information
- License information for taxi drivers
- Private supported residential care home information.
- Housing Benefit information (supplied by the Department for Work and Pensions)
- The Electoral Register

In addition to the above, data relating to Covid Grants has been requested and the Council is actively participating in this and will take action as necessary to recover any grants that have been paid either fraudulently or erroneously. (Upfront checks were undertaken on all Covid Grant payments)

Data on Personal Budgets and Residential Care Home clients has not currently been provided to the initiative, but was provided in the previous NFI cycle. Due to amendments made to the National Health Service Act 2006, this data is now classified as patient data and the Cabinet Office are currently considering their legal data matching powers to ensure this data can be processed legally. It is anticipated that the data will be submitted for matching when any issues are resolved.

Data matches for investigation are due to be released between January and April 2021 and will be investigated as they are released. Any results will be published in subsequent issues of this report.

## Blue Badge Fraud

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



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

Key Statistics	
Results	Number / Value
Cautions issued	2
Written warnings issued	11
Unable to take further action	3
Prosecuted	0
Ongoing cases (awaiting court dates)	16

Prosecutions have been lower in the period March to September 2020, primarily due to the pandemic. Reduced activity in town centre locations is directly leading to lower levels of contraventions, and therefore, lower levels of enforcement activity with delayed prosecution activity due to the various lockdowns and restrictions that have been occurring.



## Housing Benefit Overpayments

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

Key Statistics	
Results	Number / Value
Cases referred to the Department for Work and Pensions	1287
Direct Earning Attachments (to recover overpayments)	284
New Invoices Produced for Recovery	222
Cash recovered	£68,504

## Single Persons Discount Reviews

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



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

Due to the Covid 19 Pandemic however, these reviews were suspended from April through to October, but did take place before April 2020. As a result, fewer households had their entitlement reviewed with resources instead being diverted towards the distribution and checking of the new Covid Business Rate Grants. (Please note that these checks did resume in October / November 2020 but are outside the period of this report).

Key Statistics	
Results	Number / Value
Households reviewed in the period	19,099
Cancelled single persons discounts	414
Value of cancellations (estimated)	£157,260



## Local Authority and DWP Joint Fraud Investigations

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

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

Full investigations and Interviews under caution were suspended from March 2020 due to the Covid 19 epidemic, but discussions are currently on going (as at January 2021) regarding commencement in early 2021.

Key Statistics	
Results	Number / Value
Number of joint investigations undertaken	7
Value of Housing Benefit overpayments generated	£35,173
Value of Council Tax Support overpayments generated	£6,975

## Business Rates Grant Fraud



With the onset of a global Covid pandemic, the government recognised the impact on businesses across the country and introduced a series of additional business rate grants to help businesses in the current Covid crisis. These grants, whilst announced by central government, were passed to local authorities to administer on their behalf with specific and discretionary funding available for councils to support businesses in their area.

Doncaster Council administered 4 different grants during the period of this report (these are existing grants or additional Covid Relief grants);

- Small Business Rates Relief;
- Rural Rate Relief, Retail;
- Hospitality and Leisure Relief and a
- Discretionary relief scheme.

Owing to the speed of roll out of the grants, little guidance was available from the government to determine what counter fraud checks should be undertaken before any grant was awarded and paid; however, Doncaster Council chose to undertake checks before payment of any grant amounts in order to verify the business and prevent as much fraud as possible. 28.9% of grant applications were refused (for numerous reasons, not all of which were related to fraud). Fraud or error was detected in 0.4% of grants paid (by number)

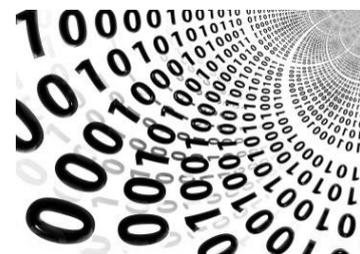
Further checks are planned in 2021 on any payments that have been made. These will be undertaken through the National Fraud Initiative (NFI). Details of payments will be uploaded to the initiative by the end of January 2021 and will be matched against the initiatives other submitted records in order to detect further fraud and error. These will be investigated when released and action taken where it is appropriate to do so. The results of this work will be reported in the next annual report.

### Key Statistics – Business Rates Grants (pre-existing and Covid grants)

Grant	Grants Paid		Grants Refused	Fraud or Error Detected		Recovered so far	
	No	£		No	No	£	No
Small Business Rate Relief	3982	£39,820,000	940	14	£140,000	4	£40,000
Rural Rate Relief	4	£40,000	11	0	-	-	-
Retail, Hospitality and Leisure Relief	847	£15,025,000	271	7	£130,000	2	£20,000
Discretionary Grant	586	£3,006,750	310	1	£1,000	0	-
Duplicate claims detected between grants	-	-	669	-	-	-	-
<b>Totals</b>	<b>5419</b>	<b>£57,891,750</b>	<b>2201</b>	<b>22</b>	<b>£271,000</b>	<b>6</b>	<b>£60,000</b>

## Internal Data Matching Initiatives

Doncaster Council holds lots of information in lots of different information systems. This information can be analysed and cross matched in order to detect fraud and error. Multiple initiatives were planned for the period covered by this report but had to be deprioritised after the start of the Covid pandemic.



2 internal data matching activities were attempted during the period of this report.



### Creditor Invoice Matching

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

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

Key Statistics	
Results	Number / Value
Prevented Payments	109 - £439,456
Recovered Payments	37 - £ 13,948

### Payroll to Creditors Matching

Internal Audit run data comparisons on a monthly basis between Payroll and Creditors data in order to detect employees who are incorrectly remunerated through the creditors system or conflicts of interest that are improperly managed and could expose the Council to fraud. This is a data match that is usually done on an annual basis with the results reported here. However, due to a number of issues, work on these data matches was suspended the most of the period of this report. Changes to the Council's payroll system meant that for the early part of this report, reports needed for data matching purposes were still being developed within the new system. These are now available but delays in re-building the processes were incurred as a result of the Covid pandemic and dealing with higher priority fraud and other risk issues. Processes will be re-designed, and it is anticipated that these initiatives should resume in April 2021 with results being reported in the next annual report.



# Counter Fraud Activity – Pursue

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

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

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

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



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Internal Audit Services has worked on the following cases in the 12 months to the end of September 2020.

## **Whistleblowing Allegations of Time Fraud**

A note from a whistleblower was received alleging time and annual leave fraud by 2 employees. These were investigated and discrepancies were identified. Appropriate internal action was taken in line with the Council's internal procedures.

## **Fraud at a school**

Concerns were raised by the Headteacher of a local authority school, about the financial conduct of a member of their staff. A full audit investigation was undertaken which identified unusual transactions and other anomalies. Further information has not been provided on this investigation due to the fact that internal processes remain in progress as at the date of this report. A full update will be given in the next edition of this report after the completion of all relevant processes.

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# The Annual Audit Letter for Doncaster Metropolitan Borough Council

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# 1. Executive Summary

## Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Doncaster Metropolitan Borough Council (the Council) and its subsidiaries (the group) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings (ISA260) Report on 19 October 2020.

## Our work

## Respective responsibilities

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

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

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

<b>Materiality</b>	We determined materiality for the audit of the Council's financial statements to be £10,944,000 (Group £11,041,000), which is 1.5% of the Council's (and Group's) gross revenue expenditure.
<b>Financial Statements opinion</b>	<p>We issued an unqualified opinion on the Council and Group's financial statements on 30 November 2020.</p> <p>We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and the Authority's share of the pension fund's property investments given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.</p>
<b>Whole of Government Accounts (WGA)</b>	We are currently completing work on the Council's consolidation return following guidance issued by the NAO.
<b>Use of statutory powers</b>	We did not identify any matters which required us to exercise our additional statutory powers.

# Executive Summary

**Value for Money arrangements** We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 30 November 2020.

**Certificate** We are currently unable to certify that we have completed the audit of the financial statements of Doncaster Metropolitan Borough Council. This is because we have yet to complete work on the Council's Whole of Government Accounts consolidation return. Once this is completed, we will be able to certify that we have completed the audit of the Council's financial statements in accordance with the requirements of the Code of Audit Practice.

## Working with the Council

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council, both operationally and in preparing the financial statements. Restrictions for non-essential travel has meant both Council and audit staff have had to work remotely, including remotely accessing working papers and financial systems. In addition, face to face meetings have been replaced by telephone and video conferencing arrangements which has also extended to Council Committee meetings including the Audit Committee.

This is our second year of audit at Doncaster Metropolitan Borough Council and we believe we have continued to develop professional working relationships with you and your officers and have delivered a number of positive outcomes, including:

- sharing our insight – we provided regular Audit Committee updates covering best practice
- providing training – we provided your teams with training on financial statements and annual reporting.

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

**Grant Thornton UK LLP**  
January 2021

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regular liaison with senior finance managers and members of the Audit Committee to understand the issues facing the Council

- understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness

## 2. Audit of the Financial Statements

### Our audit approach

#### Materiality

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

We determined materiality for the audit of the group financial statements to be £11,041,000, which is 1.5% of the group's gross revenue expenditure. We determined materiality for the audit of the Council's financial statements to be £10,944,000, which is again 1.5% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

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

We set a lower threshold of £550,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

#### The scope of our audit

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

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

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

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

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

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

# Audit of the Financial Statements

## Significant Audit Risks

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

Risks identified in our Audit Plan Addendum	How we responded to the risk	Findings and conclusions
<p><b>Covid-19</b> The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• 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</li> <li>• 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.</li> </ul> <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported</li> <li>• liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council's property valuation expert</li> <li>• evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic</li> <li>• evaluated whether sufficient audit evidence could be obtained through remote technology</li> <li>• evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations</li> <li>• evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment</li> <li>• discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.</li> </ul>	<p>On the basis of our work, we concluded that our audit report opinion would be unqualified with an emphasis of matter relating to the material uncertainty around the valuation of land and buildings and the Authority's share of the pension fund's property investments. This change to our opinion was a direct result of the impact of Covid-19. The reporting of a material uncertainty on the valuation of land and buildings is consistent across our local authority audits.</p>

# Audit of the Financial Statements

## Significant Audit Risks continued

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

# Audit of the Financial Statements

## Significant Audit Risks continued

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of land and buildings</b></p> <p>The Authority re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £1.5billion) and the sensitivity of this estimate to changes in key assumptions.</p> <p>In previous years, valuations have taken place as at 1 April each year, the start of the financial year, following discussions with management during 2018-19 the Council revised the valuation date to the year end, 31 March.</p> <p>Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work, we have:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>evaluated the competence, capabilities and objectivity of the valuation expert</li> <li>discussed with the valuer the basis on which the valuation was carried out</li> <li>challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding</li> <li>in a new development for 2019-20, engaged our own valuer to assess the instructions to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation</li> <li>tested revaluations made during the year to see if they had been input correctly into the Authority's asset register</li> <li>evaluated the assumptions made by management for those assets not revalued during the year and how management had satisfied themselves that these were not materially different to current value at year end</li> <li>considered, where the valuation date was not 31 March 2020 for assets valued in year, the arrangements management had used to ensure the valuation remains materially appropriate at 31 March 2020.</li> </ul>	<p>Our audit work did not identify any issues in respect of the valuation of land and buildings except for the following two matters:</p> <ul style="list-style-type: none"> <li>the Council uses two specialist valuers, the Valuation Office Agency (VOA) for housing stock and the Council's own in-house valuer for all other assets. Both valuation reports included a material valuation uncertainty paragraph as a result of Covid-19. We considered it appropriate to include an emphasis of matter in our audit opinion relating to this material uncertainty. It is important to note that this was a national issue, applying to most local authorities with material land and building asset bases</li> <li>given the material valuation uncertainty as a result of Covid-19 included in the valuation reports, we asked management to expand their existing Covid-19 disclosures in the financial statements to refer to these material uncertainties. Management agreed to expand the existing disclosures.</li> </ul>

# Audit of the Financial Statements

## Significant Audit Risks continued

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of pension fund net liability</b></p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£471m in the Authority's balance sheet at 31 March 2019) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our work, we have:</p> <ul style="list-style-type: none"> <li>• updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls</li> <li>• evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work</li> <li>• assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation</li> <li>• assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability</li> <li>• tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary</li> <li>• undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report</li> <li>• obtained assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>	<p>Our audit work identified that the Council used the figures for its pension fund net liability provided by its actuary in April 2020. The figures provided were based on asset valuations as at 31 January 2020, uplifted for expected changes to 31 March 2020.</p> <p>We asked the Council to obtain an updated actual asset valuation as at 31 March 2020. We also asked the Council to obtain confirmation of the likely impact of the Goodwin judgement (an emerging national issue relating to equal survivor benefits between same and opposite sex widowers) on the pension fund net liability at 31 March 2020. The Council's actuary confirmed the impact of the Goodwin judgement totalled -£1.1m at 31 March 2020, and the difference between the actuary's estimate of asset values included at 31 January 2020 and the actual outturn at 31 March 2020 was an increased liability of £6.9m. Given these differences totalled £8.0m, the Council amended its financial statements.</p> <p>Our review of the assurance letter from the South Yorkshire Pension Fund auditor noted that the valuation report for directly held properties of the Pension Fund included a material uncertainty over the pension fund valuation due to Covid-19. Following discussions with Officers, the Council expanded its disclosure to include this material uncertainty in its financial statements.</p> <p>We included an emphasis of matter paragraph in our audit report in respect of the uncertainty over valuations of the Council's share of the pension fund's property investments given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.</p>

# Audit of the Financial Statements

## Audit opinion

We issued an unqualified opinion on the Council and Group's financial statements on 30 November 2020.

## Preparation of the financial statements

The outbreak of the Covid-19 coronavirus pandemic had a significant impact on the accounts preparation and audit process. Restrictions for non-essential travel meant both Council and audit staff had to work remotely, including remotely accessing working papers and financial systems. In addition, face to face meetings were replaced by telephone and video conferencing arrangements.

The Council presented us with draft financial statements in accordance with the agreed deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit despite the challenges arising from Covid-19.

## Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit Committee on 19 October 2020.

In addition to the key audit risks reported above, we identified the following adjustments relating to the group consolidation of Doncaster Children's Services Trust, the omission of the opening pension liability of £14.2m in the group accounts, the under recording of both income and expenditure of £4.5m and the erroneous inclusion of prior year comparatives for 2018-19.

Management agreed to adjust the draft accounts for these issues and agreed to introduce a formal process to review the group consolidation exercise once completed and ensure appropriate disclosures have been made, including appropriate group notes and prior year comparatives.

## Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website alongside the draft Statement of Accounts.

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

## Whole of Government Accounts (WGA)

We are currently undertaking work in line with instructions provided by the NAO. Once this work is complete, we expect to issue an assurance statement for the group auditor.

## Certificate of closure of the audit

We are unable to certify at this time that we have completed the audit of the financial statements of Doncaster Metropolitan Borough Council. This is because we have yet to complete work on the Council's Whole of Government Accounts consolidation return. Once completed, we will be able to certify that we have completed the audit of the Council's financial statements in accordance with the requirements of the Code of Audit Practice.

## 3. Value for Money conclusion

### Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

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

### Key findings

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

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

As part of our Audit Findings report agreed with the Council in October 2020, we agreed one recommendation to address our findings.

### Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

# Value for Money conclusion

## Value for Money Risks

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – October 2020)
<p><b>Financial Standing</b></p> <p>Doncaster Metropolitan Borough Council, in common with other authorities, continues to operate under significant financial pressures.</p> <p>For 2019-20, the Council planned to deliver a balanced outturn position but to achieve this, needed to deliver savings of some £18.8m whilst managing cost pressures within Adults, Health and Well-Being.</p> <p>The Quarter 2 Finance and Performance Improvement Report, presented to Cabinet on 19 November 2019, detailing the financial performance to Month 6 (September 2019), indicated the majority of savings plans were on track to be delivered by 31 March 2020.</p>	<p>As part of our work we:</p> <ul style="list-style-type: none"> <li>• reviewed key financial and operational documents</li> <li>• continued to monitor the Authority's financial position through regular meetings with senior management</li> <li>• reviewed progress in the identification and delivery of the £18.8m savings required and plans in place to identify cost improvements into 2020-21.</li> </ul>	<p>The Council delivered an outturn General Fund underspend for 2019-20 of £1.4m. Overall, the Council delivered underspends in the main service areas including Adult Health and Wellbeing (£0.7m), Doncaster Children's Services Trust (£1.2m), Economy and Environment (£0.7m) and Corporate Resources (£0.3m) while Children and Young People achieved a balanced year end position. This is an improvement over 2018/19 for Adult Health and Wellbeing which was overspent and results from the rebasing of the service budget. Overspends were contained to other Council wide budgets of £2.0m including £0.85m relating to the floods in November 2019 and £0.77m vired to Corporate Resources for laptop purchases relating to Covid-19 and the necessity for remote home working.</p> <p>Actual savings delivered by directorates totalled some £17.4m compared to a savings target of £18.8m for 2019-20 (a 92.6% delivery rate). This compares to the savings target in 2018/19 of £7.8m with £9.9m being achieved.</p> <p>The Council's underspend of £1.4m for 2019-20 was after the use of general fund balances of £4.3m, which were offset by the release of £6.4m of earmarked reserves, increasing the overall general fund balance at the year end from £14.4m to £16.5m.</p> <p>Capital spend during the year totalled £86.9m (General Fund) compared to a budget of £119.2m, the variance arose as a result of a number of high values sales expected in 2019-20 slipping into 2020-21 and delaying capital spending. Key developments during 2019-20 included the new Danum Gallery, Library and Museum (DGLAM).</p> <p>The Council approved the 2020-21 budget on 5 March 2019, Council Tax for 2020-21 increased by 1.99% plus an additional 2% for the Adult Social Care precept, a total increase of 3.99%. The Council also received additional Social Care Support Grant of £9.6m which was unexpected (and originally not budgeted for) for 2020-21. This resulted in an overall surplus budget of £1.2m for 2020-21 and with budget savings planned of £7m, increased the surplus budget to £8.2m. This surplus was transferred to reserves to deliver a balanced budget for 2020-21.</p>

# Value for Money conclusion

## Value for Money Risks continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – October 2020)
<p><b>Financial Standing continued</b></p>		<p>The Covid-19 pandemic has had a considerable impact on the Council from March 2020. Given the pandemic only started to impact from mid-March, the additional costs have not had a significant impact on the financial outturn for 2019-20. The Council delivered an outturn General Fund underspend for 2019/20 of £1.4m.</p> <p>However, the scale of impact is being felt during 2020-21. There have been significant financial challenges as the Council responded to the COVID-19 pandemic through additional costs to support operational services, lost income through reduced trading activity and some cessation of services. In addition, council tax payments and business rates payments have reduced as lock down began, businesses closed and some businesses furloughed staff.</p> <p>The Council estimates (Quarter 1 Finance and Performance Improvement Report – September 2020) that the impact of Covid-19 for 2020-21 to be £18.2m which has been off set by underspends elsewhere of £4.9m resulting in net additional Covid-19 costs of £13.3m. The Council has received grants from Central Government of £21.8m which will be used to offset the additional Covid-19 costs for 2020-21 with the balance being carried forward into 2021-22 (where there is an expected {most likely} budget gap of £13m).</p> <p><b>Conclusion</b></p> <p>The Council continues to operate under significant financial pressures, however, it has effective arrangements in place to routinely monitor its budget and take appropriate action to mitigate against any significant variances or additional calls on resources.</p> <p>Whilst the Council has a savings target for 2020-21 of £7m, it has a good record of delivering the savings required and considers the savings achievable.</p> <p>The Council continues to effectively manage its financial position and expects the impact of Covid-19, whilst unexpected, to be manageable within the support received.</p>

# Value for Money conclusion

## Value for Money Risks continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – October 2020)
<p><b>Brexit</b></p> <p>The UK left the European Union on 31 January 2020 with a transition period until 31 December 2020. There will be national and local implications resulting from Brexit that will impact on the Authority, which the Authority will need to plan for.</p> <p>We are aware of the Authority's planning for Brexit from our consideration of the Authority's arrangements as part of our prior year VFM related work. For the current year, we will consider the Authority's on-going arrangements and plans to mitigate any risks on Brexit.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 94</p>	<p>As part of our work we:</p> <ul style="list-style-type: none"> <li>• reviewed key financial and operational documents</li> <li>• discussed key relevant matters with senior management.</li> </ul>	<p>On 23rd June 2016, the UK voted to leave the European Union. Article 50 was triggered on 29th March 2017 and the UK formally left the EU on 31 January 2020. While the UK has agreed the terms of its EU departure, both sides were agreeing their future relationship during the transition period, which began immediately after the UK left the EU and ended on 31 December 2020. During this 11-month period, the UK continued to follow all of the EU's rules and its trading relationship remained the same.</p> <p>Since the result of the June 2016 referendum, the Council has continued to monitor developments. The first report on Brexit was presented to the Scrutiny and Overview Management Committee on 27 February 2018. This report recognised the possibility of a no deal Brexit and highlighted that planning was underway for a range of possible scenarios relating to an EU Exit.</p> <p>It also confirmed a multi-agency approach through the South Yorkshire Local Resilience Forum (LRF), a multiagency partnership which brings together the local organisations needed to plan and prepare for major emergencies in the county. This included all the local authorities and blue light services in the region, who had been working together for the last few months to understand the consequences of an EU Exit, including a possible No Deal EU exit and preparing contingency plans.</p> <p>A report to Cabinet on 7 May 2019 provided an update on the Council's preparations for Brexit and set out to:</p> <ul style="list-style-type: none"> <li>• provide dedicated support to businesses using the Government funding received to both mitigate any negative impacts of Brexit and take advantages of opportunities (for example to increase exports);</li> <li>• establish a flexible Contingency Fund to allow Doncaster to address the challenges created by Brexit as they emerged.</li> </ul> <p>Since this report to Cabinet in May 2019, we understand regular updates on Brexit have been provided to members at the Executive Board.</p>

# Value for Money conclusion

## Value for Money Risks continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – October 2020)
<p><b>Brexit continued</b></p>		<p>The South Yorkshire Local Resilience Forum has continued to meet on a regular basis and has been the main forum for the Council for planning for a national No Deal Brexit. There is also a Local Resilience Forum multiagency Brexit planning group in place which has assessed the potential future risks for South Yorkshire from a No Deal Brexit based on the range of potential impacts as listed on the GOV.UK website. Areas considered include transport infrastructure, energy needs (gas, electricity, petrol, diesel), food and water requirements, health and social care provision, community tensions and the economic impact on businesses. Based on this continuing work, there are multiagency contingency plans in place which continue to be monitored and reviewed.</p> <p>Within the Council, the majority of the work to prepare for Brexit has been undertaken by the existing teams based within the Corporate Services and Regeneration Directorates. There is also recognition that should an emergency situation arise, Council officers may need to be temporarily redeployed as part of response and recovery arrangements.</p> <p><b>Conclusion</b></p> <p>The Council has continued to monitor Brexit developments following the referendum in June 2016 and has continued to liaise with neighbouring authorities and other agencies to ensure a co-ordinated approach to an EU exit through the South Yorkshire Local Resilience Forum.</p> <p>The Council recognises Brexit may impact on local businesses and set up a £325,000 fund to support the challenges faced as they arise. It has also set up a dedicated page on Brexit on its website to support both individuals and businesses.</p> <p>The Council continues to monitor developments and liaise with its partners to ensure it was prepared for Brexit on 31 December 2020.</p> <p>The Council has appropriate arrangements in place for managing both the local and national implications resulting from Brexit. However, whilst officers continue to manage and assess Brexit preparations on a monthly basis, the last formal public report to members was in May 2019 (to Cabinet). There is a need to formally update members on Brexit preparations on a regular basis. We raised a recommendation in this regard which was agreed by management.</p>

# A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and the provision of non-audit services.

## Reports issued

Report	Date issued
Audit Plan	January 2020
Audit Findings (ISA260) Report	October 2020
Annual Audit Letter	January 2021

## Fees 2019/20

	Planned fees £	Actual fees £	2018-19 Actual fees £	2017-18 Actual fees KPMG £
PSAA scale fee	126,930	126,930	126,930	164,844
Audit fee variations	*22,350	**46,000	6,500	-
<b>Total proposed fees</b>	<b>149,280</b>	<b>172,930</b>	<b>133,430</b>	<b>164,844</b>

### Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £126,930 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. This was reported in our Audit Plan dated 21 January 2020 and has been updated to reflect the actual outturn as summarised in the following table.

Fee variations are subject to PSAA approval.

Area	Reason	Planned variation £	Actual variation £
<b>Pensions – IAS 19</b>	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this.	3,500	10,000
<b>PPE Valuation – work of experts</b>	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this including the use of a valuation expert.	9,350	15,000
<b>Increased challenge and depth of work</b>	To meet the higher threshold set by the FRC, we have undertaken additional work and challenge in the following areas, including: <ul style="list-style-type: none"> <li>• information provided by the entity (IPE)</li> <li>• journals</li> <li>• management review of controls</li> <li>• accounting estimates</li> <li>• going concern</li> <li>• related parties and similar areas</li> <li>• financial resilience/standing as part of our VFM work.</li> </ul>	5,000	7,500
<b>New standards and developments</b>	This includes preparations for IFRS16, new lease arrangements and other developments including the change to the date of valuation from 31 March to 1 April. The additional work undertaken was less than expected given IFRS16 was deferred.	2,500	1,500
<b>Group accounts</b>	Work required to audit the group consolidation and the significant risk associated with St Leger Homes pensions liability. Additional work was required following the issues identified in the consolidation of Doncaster Children's Services Trust.	2,000	10,000
<b>Covid-19</b>	Additional staffing costs associated with the impact of Covid-19 amounted to some £10,000 but we have absorbed 80% of this and propose an additional £2000.	0	2,000
<b>Overall fee variation</b>		*22,350	**46,000

# A. Reports issued and fees continued

## \*Audit fee variation

Our Audit Plan included a fee variation for £22,350 to take into account the additional audit work to be performed in relation to PPE, pensions and key areas of estimate and judgement. Over the past ten months the current Covid-19 pandemic has had a significant impact on all of our lives, both at work and at home. The impact of Covid-19 on the audit of the financial statements for 2019-20 has been multifaceted. This includes:

- Revisiting planning - we have needed to revisit our planning and refresh risk assessments, materiality and testing levels. This has resulted in the identification of a significant risk at the financial statements level in respect of Covid-19 necessitating the issuing of an addendum to our original audit plan as well as additional work on areas such as going concern and disclosures in accordance with IAS1 particularly in respect to material uncertainties.
- Management's assumptions and estimates - there is increased uncertainty over many estimates including property, pension and other investment valuations. Many of these valuations are impacted by the reduction in economic activity and we are required to understand and challenge the assumptions applied by management. We included an Emphasis of Matter in the Audit Report in respect of the material uncertainty on property values and the Council's proportion of investment properties from the South Yorkshire Pension Fund.
- Financial resilience assessment – we have been required to consider the financial resilience of audited bodies. This has increased the amount of work that we need to undertake on the sustainable resource deployment element of the VFM criteria necessitating enhanced and more detailed reporting in our ISA260.

We have been discussing this issue with PSAA over the last few months and note these issues are similar to those experienced in the commercial sector and NHS. In both sectors there has been a recognition that audits will take longer with commercial audit deadlines also being extended by 4 months and NHS deadlines by a month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached <https://www.frc.org.uk/covid-19-guidance-and-advice> (see guidance for auditors) sets out the expectations of the FRC.

As a result of the above, increased costs have been incurred due to the additional time taken to deliver the audit this year. We have discussed the likelihood of an additional fee variation with the S151 Officer, noting an expected variation of 15% of the above planned fee, taking the proposed fee to £172,930. Please note that all proposed additional fee variations are subject to approval by PSAA in line with the Terms of Appointment.

## Fees for non-audit services

Service	Fees £
<b>Audit related services</b>	
Housing Benefits certification **	19,000
<b>Non-Audit related services</b>	
None	-

### NOTE:

\*\* The £19,000 is the base fee for Housing Benefit Subsidy certification plus for each 40+ testing undertaken:

£2,200 – where the work is completed by the Council

£4,200 – where the work is undertaken by Grant Thornton

## Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table alongside summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.



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# **Doncaster Metropolitan Borough Council**

**Briefing on the FRC Report on Local Audit – 30 October 2020**

**January 2021**

## Background to the report and FRC findings

On 30 October, the FRC published its first annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of fifteen audit files, across eight audit firms, for the financial year 2018/19. A link to the report is [here](#).

The FRC review covers the financial statements and Value for Money (VfM) work at major audits (broadly those with income or expenditure above £500m per annum). Non major audits have been reviewed by the Quality Assurance Department of the ICAEW (the QAD), and the results of these reviews are also summarised in the FRC report. This audit would fall into the definition of major local audit (FRC).

The FRC's key findings include the following:

- The standard of Value for Money work across all firms is high
- The standard of non-major audit inspections completed by the QAD is also high
- For the major audit inspections, firms need to improve the quality of their financial statements work. In particular, auditors need to demonstrate a greater degree of challenge and scepticism, especially around the critical judgements and assumptions in respect of complex estimates, including asset valuations, which the FRC states is important because it *“provides a measure of the governance and management of property assets and enables effective medium term property decisions to be made for the benefit of stakeholders.”*

The FRC reviewed six Grant Thornton files as part of its inspection, which was more than any other firm, due to the market share of our firm. The inspectors assessed one file as requiring limited improvements, and five of the six as requiring improvements. In each of the five cases where improvement was required, the FRC has highlighted the valuation of PPE as being the major area needing increased audit focus. No areas were assessed as 'significant improvements required'.

## How we are responding to the FRC findings

The firm has responded in full to the FRC findings and our response has been published as part of the FRC report. The following are the key points to highlight for your attention:

- Grant Thornton are absolutely committed to audit quality and we welcome the review performed by the FRC (along with comparable reviews performed by the ICAEW, Audit Scotland and Audit Wales) on our work.
- The FRC reviewed 6 VfM files. We are delighted to note that none of these had any more than limited improvements. The review feedback which we received from the QAD was similarly impressive. These are excellent results, and we are proud of the work we have delivered. Like Sir Tony Redmond, we believe that strong VfM work is at the heart of good local audit. We take VfM work seriously, invest time and resources in getting it right, and are not afraid to give difficult messages. In the last year alone, we have issued two Reports in the Public Interest at a major audit, as well as numerous Statutory Recommendations and Adverse VfM Conclusions. The inspection results, which the FRC have not included in this element of their report, illustrate how strong we are at VfM. With the new Code coming into effect for 2020/21, we have already updated and revised our approach, and have trained all our people in the new approach during the autumn.

- In terms of our work on the financial statements inspected by the FRC at major local audits, we recognise that we need to make improvements and are investing heavily to do so. We are also very mindful, when performing our work, that local authority auditors have different roles and responsibilities to commercial auditors, and that users of the local authority financial statements have different priorities from corporate shareholders.
- As regards our work on asset valuations, we are aware that the sector has raised the over-auditing of Property, Plant and Equipment (PPE) as a concern, as highlighted by Sir Tony Redmond. The FRC has given its view as our formal regulator, and we are required to abide by this. We therefore take those findings very seriously. Indeed, we have already undertaken extensive work over the past eighteen months to respond to previous comments made by the FRC and to implement our Quality Investment Plan in 2019, with a further update in 2020. This includes the fundamental reengineering of our approach to the audit of PPE, the increased use of auditor's experts for valuations, and an enhanced programme of training, guidance and support for our teams, all of which the FRC have been fully briefed on. It was not possible to have all of these changes fully in place for the 2018/19 financial year but arrangements were in place for 2019/20. We will continue to drive further improvement as part of our ongoing commitment to quality and to address the FRC findings, which will require further audit work and challenge in this area.

Notwithstanding the above, we note the comments of Sir Tony Redmond in his recent inspection that where statutory adjustments apply, then *'these valuations have no immediate impact on the cost of delivering services or on the financial resilience of a local authority.'* We will work with CIPFA to help it develop alternative ways that local authority accounts can be presented.

Excluding PPE related findings, there were five other areas in which key findings were identified across six financial statements reviews at major local audited bodies. The FRC has also highlighted EQCR, fraud risk factors and completeness of expenditure as its other key findings.

Completeness and accuracy of expenditure was raised by the FRC on two audits and fraud risks raised on three audits. A common issue in each case was that the auditor needed to evidence better their risk assessment and conclusions. In respect of fraud the FRC highlighted the need to improve on the sufficiency of testing including sample sizes. For expenditure, the FRC highlighted the need to disaggregate debits and credits and ensure the completeness of the populations. We are addressing all these points in our ongoing training.

We will continue to develop and improve our audit approach and provide appropriate training for the other areas identified by the FRC in this year's inspections. We currently apply Root Cause analysis to all internal and external files that require significant improvement. We will ensure that we respond to any underlying issues in a systematic manner, through our Quality Investment Plan. We will also undertake a Root Cause review on all of our ICAEW reviews. These results were excellent, with 6 out of 7 files assessed as requiring no or limited improvements. We will be keen to capture the learning from these including what went well and how we can build on this further.

## Conclusions

Quality continues to be at the forefront of our agenda. We are proud of the work we have delivered on VfM and our QAD findings at non-major bodies but will look to build on our track record for VfM work with the introduction of the new NAO Code. In terms of the financial statements inspection findings at major local audits, we will focus on driving through the changes which we consider are most fundamental to deliver better audit quality. We take the findings of inspectorates seriously, and the further investments we are making, including around additional work on PPE valuation, are an indicator of that. You will have already seen the results of this in 2019/20 and should notice further challenge, scepticism and even stronger audit quality as we undertake our 2020/21 audit.

**Grant Thornton**  
**30 October 2020**

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# Doncaster Metropolitan Borough Council

## Local Government audit and financial reporting – the Redmond Review

Grant Thornton  
January 2021



# The Redmond Review – scope and purpose

## Scope

- Launched September 2019. Views by December 2019
- Led by Sir Tony Redmond, former President of CIPFA

## Purpose – to assess

- Effectiveness of audit in local authorities
- Transparency of financial reporting

## Publication

- 8 September 2020

# Context

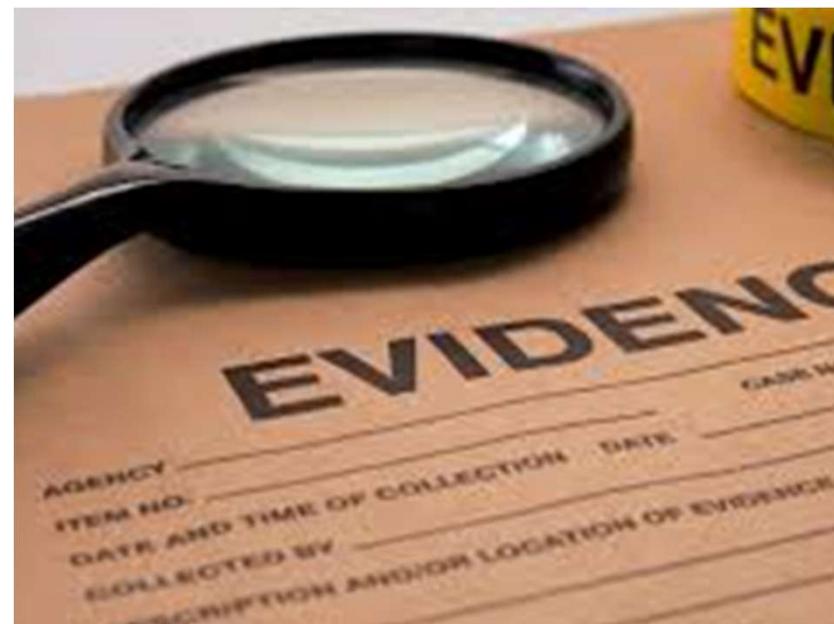
## Why the need for a review?

- Local audit is facing an unprecedented set of challenges
  - Accounts have grown far more complex
  - Authorities are engaging in more innovative / unusual transactions
  - Austerity has reduced the ability of many authorities to prepare high quality accounts and working papers
  - Audit fees have fallen to an unsustainably low level
  - The sign off date of 31 July is too tight (even without Covid 19 pressures)
  - Retention of audit staff is very difficult in this environment
  - Authorities are not getting the service they deserve
  - Radical and urgent reform is needed!

## Areas of focus

### A wide ranging review

- The Expectations Gap
  - Audit and Wider Assurance
  - Audit Quality
  - The Financial Reporting framework
  - Auditor Reporting
- 
- 156 responses
  - Over 100 interviews
  - 83 pages
  - 23 recommendations



# The system is not working



The current local audit arrangements fail to deliver, in full, policy objectives underpinning the 2014 Act.

As a result, the overriding concern must be a lack of coherence and public accountability within the existing system.

The local audit market is very fragile. The current fee structure does not enable auditors to fulfil the role in an entirely satisfactory way.

Without prompt action to implement the recommendations, there is a significant risk that the firms currently holding local audit contracts will withdraw from the market.

## Covering letter to the Secretary of State

- The local audit market is very fragile. The current fee structure does not enable auditors to fulfil the role in an entirely satisfactory way.
- With 40% of audits failing to meet the required deadline for report in 2018/19, this signals a serious weakness in the ability of auditors to comply with their contractual obligations.
- In addition, the ambition of attracting new audit firms to the local authority market has not been realised.

# Detailed findings

## Systems leadership is lacking

- The structure is fragmented and piecemeal. Public sector specialist expertise is now dispersed around different bodies. No one body is looking for systemic problems, and there is no apparent co-ordination between parties to determine and act on emerging risks (Sir John Kingman)
- There is a need for a new organisation with the clarity of mission and purpose to act as the system leader for the local audit framework; and for a standardised statement of service information and costs, compared to the annual budget, that is aimed at taxpayers and service users.

## Detailed findings

### Procurement has resulted in fees which are too low

- PSAA adopted the same procurement framework in 2017 as the Audit Commission had done previously in 2014. No assessment of the amount it would cost to audit each local authority based on their level of audit risk has been made in the past ten years.
- Audit fees in the local authority sector have dropped significantly at the same time that audit fees in other sectors including other parts of the public sector have significantly risen
- Firms stated that the lack of profitability changes the way that local audit work is perceived within the firm. Specialising in this area is seen by many auditors as having a detrimental impact on career prospects.

# Detailed findings

## The audit timescale is unrealistic and unhelpful

- The compression of the audit timetable was mentioned as an issue by every audit firm. Firms raised concerns about the resulting peaks in workload, pressures on staff during the summer months, and knock-on effects when target dates are not met. These pressures contribute to making work unpopular with local audit staff

# Detailed findings

## Financial reporting is overly complex / not always relevant

- Local authority accounts are arguably more complex and more challenging for a service user to understand than accounts produced by other parts of the public sector.
- Scope identified to improve transparency and relevance of reporting e.g:
  - asset valuations: accounting is complex and the perception of many stakeholders is that it does not add value
  - going concern disclosures are perceived to be less relevant in a local authority context than financial resilience

# Detailed findings

## Governance and transparency of reporting needs improvement

- The ability of Audit Committees, which mostly lack independent, technically qualified members, to consider, effectively, audit reports has been challenged in responses to the call for views.
- Transparency and accountability of audit reports, from a public perspective is lacking.
- There needs to be a greater role for full council and a stronger interface between statutory officers and audit.

## Detailed findings

### There is too much focus on Property and Pension Valuations

- Authorities concerned that auditors are spending significant time on fixed asset and pension valuations, rather than on major areas of expenditure and usable reserves, Auditors coming through the system are not developing a wider understanding of LG context
- Firms would prefer to do less work on asset and pension valuations but explained that these areas are given more attention to secure a positive assessment from the FRC
- The FRC believes that if a focus on asset and pension valuations is inappropriate, this is the responsibility of CIPFA/ LASAAC

# Sir Tony's Recommendations

## A call for action

- **A new regulator** - the Office of Local Audit and Regulation to replace the FRC and PSAA
- **Scope to increase fees** - The current fee structure for local audit be revised (i.e. increased) to ensure that adequate resources are deployed to meet the full extent of local audit requirements
- **Move back to a September deadline** - The deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year

# Sir Tony's Recommendations

## A call for action

- **Accounts simplification** - CIPFA/LASAAC be required to review the statutory accounts to determine whether there is scope to simplify the presentation of local authority accounts
- recognition of the **role of authorities in improving governance and reporting** and
- development of **audited and reconciled accounts summaries.**

## Grant Thornton's View

**Sir Tony Redmond's report provides a clear road map to secure appropriate scrutiny and a sustainable future for local government audit. Reinforcing transparency and accountability is critical in protecting the interests of citizens who both fund and rely on the services delivered by local authorities. Introducing an Office of Local Audit and Regulation will help simplify and re-energise this vital public function at a time when local finances and governance are in need of effective oversight. We look forward to supporting Sir Tony and Government as this report progresses from recommendation to reality.**



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