

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 29TH APRIL, 2021

A MEETING of the AUDIT COMMITTEE was held VIRTUALLY via MICROSOFT TEAMS on THURSDAY, 29TH APRIL, 2021, at 10.00 am.

PRESENT:

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

Councillors Charlie Hogarth, David Nevett and Kathryn Smart.

ALSO IN ATTENDANCE

Debbie Hogg - Director of Corporate Resources
Faye Tyas - Assistant Director of Finance
Scott Fawcus - Assistant Director of Legal & Democratic Services & Monitoring Officer
Peter Jackson - Head of Internal Audit
Holly Wilson - Head of Procurement
Gareth Mills - Engagement Lead, Grant Thornton (External Auditor)
Perminder Sethi - Engagement Senior Manager, Grant Thornton (External Auditor)

APOLOGIES:

An apology for absence was received from Councillor Tosh McDonald.

76 VARIATION TO THE ORDER OF BUSINESS

RESOLVED that the in accordance with Council Procedure Rule 4, the Order of Business be varied to consider Agenda Item 7, 'Breaches and Waivers' to the Council's Contract Procedure Rules' after Agenda Item 10. '2020-21 Draft Annual Governance Statement'.

77 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.

78 DECLARATIONS OF INTEREST, IF ANY

There were no declarations made at the meeting.

79 MINUTES OF THE MEETING HELD ON 27TH JANUARY 2021

RESOLVED that the minutes of the Audit Committee meeting held on 27th January, 2021, be approved as a correct record.

80 MINUTES OF THE EXTRAORDINARY MEETING HELD ON 17TH FEBRUARY, 2021

RESOLVED that the minutes of the Audit Committee meeting held on 17th February, 2021, be approved as a correct record.

81 AUDIT COMMITTEE ACTIONS LOG

Peter Jackson, Head of Internal Audit presented a report which detailed all actions agreed at previous Audit Committee meetings that allowed Members to monitor the progress made.

Members noted that the three actions agreed at the January and July 2021 meetings were progressing well. There were no actions outstanding from earlier meetings.

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

82 PROCEDURE FOR HANDLING COMPLAINTS REGARDING ALLEGATIONS OF MEMBER MISCONDUCT - PROPOSED REVISIONS

Scott Fawcus, Assistant Director of Legal and Democratic Services and Monitoring Officer introduced a report which outlined suggested revisions to the Council's procedure for handling Member complaints, having regard to proposals put forward by the Local Government Association (LGA). The proposals had been drawn up having regard to operational experience from Councils.

A copy of the revised Complaint Handling Procedure was attached at Appendix A to the report for the Committee's consideration and endorsement.

The Monitoring Officer summarised the proposed revisions to the Procedure which comprised:-

- Extending the period for acknowledging complaints by the Monitoring Officer from 3 to 5 working days.
- Clarification that the Code of Conduct applied to all forms of communication and interaction by a Councillor.
- 'Vexatious complaints' (and new definition) added to the list of the types of complaint that the Monitoring Officer will not investigate.
- Clarification that complaints would only be accepted for formal consideration/investigation if submitted to the Monitoring Officer using the Council's official Code of Conduct Complaints form.
- New wording confirming that the Monitoring Officer would speak to a Councillor who was the subject of a complaint ('the Subject Member') before forwarding the complaint for informal resolution to the Councillor's Group Leader/Political Group, or to the Parish Council, if the subject member was a Parish Councillor.

In response to a question from a Member seeking clarity as to whether a hard copy of the Member complaint form was available, it was noted that people were encouraged to submit complaints online, however, paper copies were available.

RESOLVED that the revised Procedure for Handling Complaints, as set out in Appendix A to the report be approved.

83 ADOPTION OF A NEW MODEL CODE OF CONDUCT FOR MEMBERS

The Committee considered a report which proposed a new Model Code of Conduct for Members. The Committee was asked to consider whether to recommend the new Code for adoption by full Council at its meeting on 21st May, 2021 and to publicise the Code on the Council's website.

It was reported that the Local Government Association had been commissioned by the Government to develop a national code of conduct for adoption for all tiers of local government.

It was noted that currently there were two Codes of Conduct in use across the Borough, some Parish Councils had adopted the Code of Conduct agreed by the Council, whilst other Parish Councils had adopted a Code of Conduct proposed by the National Association of Local Councils (NALC), which meant that different sets of rules were being applied. This had caused confusion amongst Members and inconsistencies when determining complaints. It was hoped that a universal code approach by both Council and Parish Council's would resolve this problem. The Monitoring Officer highlighted the main changes to the Code as summarised in paragraph 10 of the report.

Following the presentation of the report, a Member asked whether the proposed new Code would in future take into account the inappropriate actions taken by Councillors. It was explained that the general principles of the Code based on the former Nolan principles had not changed from that of the current Code. The Monitoring Officer stated that the sanctions available to the Audit Hearings Sub-Committee following an investigation remained unchanged. Sanctions to suspend or disqualify Councillors for serious breaches of the Code would require changes to primary legislation. Arising from a further question regarding whether the local authority could apply additional sanctions to the Code, it was advised that to apply sanctions outside of the Code would be unlawful.

In response to a question, Members were advised that should the new Code be adopted by the Council, the Monitoring Officer would write to all Town and Parish Councils encouraging them to sign up to the new Code to ensure consistency in approach in handling Member complaints. It was noted that briefing sessions and training on the Code would be offered to all Members, including, Town and Parish Councils following the elections.

During further discussion, in answer to a question from a member regarding elected Members representing the Council on external organisations, the Monitoring Officer stated that each Outside Body determined its own Code of Conduct and that Members representing the Council were bound by that Code of Conduct for those meetings. However, where an Outside Body had not adopted a Code of Conduct, the Member appointed to the Outside Body was bound by the Code of Conduct adopted by the Council. It was noted that some neighbouring authorities, including, Rotherham and Wakefield had since adopted the new Code. It was hoped that by other authorities adopting the same approach would bring consistency across the South Yorkshire region. The Monitoring Officer confirmed that he would endeavour to encourage Outside Bodies to adopt the new model code.

RESOLVED that

- (1) RECOMMEND to Full Council that the Local Government Association's (LGA's) Model Member Code of Conduct be adopted;
- (2) RECOMMEND to Full Council that the Monitoring Officer be given delegated powers to grant dispensations to Members on the grounds set out in paragraphs 11 to 15 of the report and that the Audit Committee's Terms of Reference be amended accordingly; and
- (3) Note that a number of other consequential changes to various parts of the Council Constitution arising from the adoption of the revised Code of Conduct will be made by the Monitoring Officer using his existing delegated authority.

84 2020-21 DRAFT ANNUAL GOVERNANCE STATEMENT

The Committee considered a report which sought approval of the draft Annual Governance Statement (AGS) for the 2020-21 financial year, which the Council was required to produce alongside the financial statements for the year.

2020-21 had been a year of new challenges and opportunities as a result of the Covid-19 Pandemic. Despite this, all Heads of Service have shown continued commitment to evidencing

that good governance is in place, by completing their self-assessments in a timely and accurate manner.

The draft Annual Governance Statement document attached to the report at Appendix A referred to:-

- 3 key areas of improvement that had been completed, or had been effectively managed to the extent that they were no longer significant.
- 5 new significant issues arising from the 2020-21 review of effectiveness of the corporate governance arrangements.
- 4 key areas identified during previous years that remained an issue in 2020-21.

It was noted that there were 9 key areas of focus for 2020-21, which was a slight increase on last year, which was a result of the challenges that have impacted on some statutory service delivery and the continued financial demands of the pandemic.

A Member spoke of the recent media coverage in respect of the London Borough of Hackney and Cleveland authorities who have been affected by cyber issues which has had a costly financial impact on the Councils. In terms of lessons learnt, she queried what actions had been put in place by the Council in the event of an attack and whether consideration had been given to quality accreditation for the cyber defences the Council has in place to ensure assurance was given that cyber standards were met. It was noted that the Council was in regular contact with the National Cyber Security Centre regarding action to be taken in the event of an alert being issued. Contact had been made with London Borough of Hackney and Cleveland Councils to find out how they addressed the cyber-attacks in their respective Councils. The Director of Corporate Resources undertook to find out if the Council had any form of Quality Accreditation to give assurance that the Council had robust arrangements in place in respect of its cyber defences. Whilst not specifically related to this issue, it was noted that the Council continued to develop Business Continuity Plans to mitigate disruption in service delivery.

Arising from a further question in relation to Building Safety compliance, the Director of Corporate Services stated that at the time of the Grenfell disaster, the Council had undertaken a comprehensive examination of all matters in terms of fire safety measures and assurances were provided in relation to compliance. The Tenants and Residents Association (TARA) had been established to support tenants and to give them a voice. With regard to ensuring building safety compliance, the Director of Corporate Services informed Members that the Chief Executive at SLHD would be putting in place arrangements to centralise information to easily identify any gaps in compliance regarding building safety compliance requirements.

The External Auditor pointed out that in terms of good practice, it was the first AGS that had been presented to the Committee at this early stage in the audit process across his local client base which provided Members the opportunity to feedback on the AGS before it was signed off at the end of the year. He also acknowledged that it was good to see that the AGS had taken into account key governance issues relating to the Children's Trust and SLHD which had been incorporated in the related to issues outside of the Council.

A Member referred to the new Fire Safety legislation that came into force on 24th April 2021 as a result of the Grenfell enquiry and asked whether there would be mandatory training for both management and Officers at SLHD and Council staff in relation to the new fire safety regulations and whether that training was recorded. The Director of Corporate Services advised that she did not have the details in relation to training for SLHD staff, however she gave an undertaking to contact SLHD to find out if awareness sessions for staff were to be held on the new requirements. In relation to Council staff, it was noted that training was undertaken on-line and a record of that training was recorded on the system.

In noting the key areas for improvement from previous statements over the year which they had been effectively managed and were no longer significant, a Member referred to the sustained pressures on the Finance and the Internal Audit team during the past year due to the Covid

pandemic and acknowledged the hard work carried out by Officers in managing to balance the budget in difficult circumstances. He gave thanks and praised the Finance and the Internal Audit team for their work during a difficult year. The Director of Finance thanked the Member for recognition of the team's work who had worked extremely hard during the last 12 months.

RESOLVED that the outline of the draft Annual Governance Statement for 2020-21, be endorsed prior to it being published for consultation as part of the Draft Accounts in July 2021.

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

Holly Wilson, Head of Procurement presented a report which provided details of all Waivers and Breaches to the Council's Contract Procedure Rules (CPRs) for the period 1st September 2020 to 28th February 2021.

The table at paragraph 2 of the report provided a summary of the number of new waivers and breaches recorded for each Directorate since the last report submitted to the Committee in October 2020.

It was noted that there were 2 new breaches and 15 waivers to Contract Procedure Rules during the reporting period, details of which were provided at Appendices 1 and 2 of the report, respectively. Details of the percentage of waivers granted against the amount of the contracts awarded for this period were set out in Appendix 3 of the report.

During discussion, whilst Members expressed disappointment about the level of waivers, it was noted that compared to previous reports presented throughout the Covid-19 pandemic the number of waivers were decreasing. The Head of Procurement reported that the Procurement Team continued to support the Council's recovery from Covid-19. The Pandemic had adversely impacted on the resources of the Council, this coupled with the need to distribute Covid-19 grant funding from central government quickly had sustained the number of contracts requiring a waiver to meet the deadlines.

Further to a request from a Member, in relation to the total contracts awarded for the period 1st September to 28th February 2021 versus the number of waivers, as detailed at Appendix 3 of the report, the Head of Internal Audit gave an undertaking that future reports would provide details regarding the contract value of waivers in each directorate.

In response to a question from Members regarding the two new breaches relating to contracts for Offsite Storage of Archives within the Learning and Opportunities Children and Young People (LOP&S) directorate and whether a training need had been identified, as detailed in Appendix 1 of the report. The Head of Procurement confirmed that a request had been submitted for retrospective waivers but they had been rejected as there were insufficient grounds for doing so and therefore were in breach of CPRs. The Head of Procurement stated that the issue was being monitored and provided assurance that the project was on track with a date for completion in October 2021, and the necessary funding was in place to procure the works. The Head of Procurement assured Members that she had met with the Assistant Director and Officers within the Learning, Opportunities and Skills directorate in relation to the contracts and had provided an overview of the correct procedures to be followed and that further training would be undertaken by Officers.

A Member raised concerns with regard to the timeline to resolve the breach in respect of the contract at YMCA Goodhall House within the Adults, Health and Wellbeing directorate which had first been reported to the Committee in April 2017. The Head of Procurement stated that this contract linked to the adoption of the Homelessness Strategy which had been approved and that part of this Strategy involved the de-commissioning of this service contract in March 2022 and would remain an issue until the Homelessness Strategy was adopted.

During subsequent discussion, a Member stated that it would be helpful if future reports were to provide more detail as to the reasons for the delay in resolving specific breaches. The Head of Procurement gave an undertaking to ensure that future reports provide an explanatory note with regard to those breaches that were taking longer to resolve and the rationale for the delay, in order to provide greater assurance to the Committee.

In response to a question regarding the number of waivers that had been delayed or required an extension due to Covid-19, the Head of Procurement gave assurances that prior to waivers being granted, robust challenge arrangements were in place and that only those requests that passed the challenge stage were granted a waiver. It was anticipated that the number of waivers would be reduced as the Council comes out of Covid-19 in the recovery phase.

The Assistant Director for Finance provided further assurance that there was funding in the capital programme for the Archives project and reported that the overall projects would be monitored and managed as part of the performance management cycle of reporting and meetings. The Assistant Director for Finance, in consultation with the Head of Procurement to consider sending an update to Managers highlighting the Audit Committee's concerns regarding the need to manage and reduce waivers.

RESOLVED

- (1) to note the information and actions contained in the report regarding waivers and breaches in relation to the CPR's, as set out at in the report; and
- (2) to note any new procurement and contracting activity matters;
- (3) that the Assistant Director of Finance, in consultation with the Head of Procurement consider whether any action should be taken at the present time to highlight the use of waivers; and
- (4) that future reports provide more details with regard to the reasons for breaches that have been outstanding for a long period of time.

86 ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2020/21

The Committee received a report which provided information on the work of Internal Audit during 2020/21, as set out in Appendix 1, including the Head of Internal Audit's overall opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. The report also supported the annual review of the Council's governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS).

In presenting the report, the Head of Internal Audit stated that he was satisfied with the Council's governance, risk management and control arrangements despite the challenges over the past year. He highlighted the salient points within the report as detailed in paragraphs 5 to 8 of the report, in particular referred to two main areas of concern in relation to the Trading Standards (Food Safety Team) and North Bridge Stores.

With reference to paragraph 4.4 of Appendix 1 to the report, it was noted that there had been a significant decrease in assurance work in the year April 2020 to March 2021 compared to previous years which was due to unplanned responsive work mainly relating to Covid work and Covid grants. A Member asked when the assurance work would recover back to the level of previous years. It was anticipated that it would take some time to return to pre-Covid levels of assurance work.

The Assistant Director of Finance stated that a significant level of assurance had been gained from the recovery work and responsive work that the team had been doing during the pandemic.

During further discussion, Members raised a number of questions in particular, a Member asked how the Council could improve the qualitative aspects of the Internal Audit reports. In reply Gareth Mills, Grant Thornton advised that the Committee could reflect on feedback from customer questionnaires and the 5 yearly external assessment report. The External Auditor could meet with the Head of Internal Audit to discuss what was considered as good practice elsewhere.

RESOLVED that the Committee:-

- (1) the Internal Audit Annual Report for 2020/21, including confirmation that the Council's governance, risk management and control arrangements were adequate and operated effectively during the year, be noted
- (2) the Head of Internal Audit's self-assessment and the confirmation from the external peer assessment in 2016/17 that the service is compliant with the Public Sector Internal Audit Standards, be noted; and
- (3) the decision made for the Head of Internal Audit from Rotherham Council to lead on an external assessment of the Doncaster Internal Audit Service in late 2021 as part of arrangements between Calderdale, Kirklees, Rotherham and Doncaster Council's Internal Audit Services, be noted.

87 INTERNAL AUDIT PLAN 2021/22

The Committee considered a report which set out the proposed Annual Internal Audit Plan for 2021/22, which had been produced following a review of the risk management, controls and governance risks across the Council (including partnership activities). The report set out the planned work to be undertaken during 2021/2022 and allocation of available resources to deliver the Plan. The Plan also highlighted separately for the first time in line with latest guidance, the Counter Fraud work planned to be delivered by the team.

The Head of Internal Audit highlighted key aspects of the Plan. It was reported that the Internal Audit Team would continue to provide flexibility to accommodate unplanned work. In terms of the sufficiency of levels of resources available to the Internal Audit team, the Head of Internal Audit confirmed that at this point he was confident in being able to provide an annual audit opinion at the end of the year.

Members raised a few queries, in particular, regarding the current working conditions and work pressures on the Internal Audit team in delivering its work programme due to additional work been placed on the team due to the Covid-19 situation over the past year given this was to continue for some time yet. The Head of Internal Audit reported that some of the audits were more difficult and time consuming to carry out therefore, additional time had been allocated for these audits. It was envisaged that new ways of working for the Internal Audit team as a consequence of Covid-19 would continue with for example, some meetings continuing to be held virtually.

A Member asked whether there was any IT software which could make the work of Internal Audit more efficient. The Head of Internal Audit advised that they had used market leading software for nearly 20 years to ensure they were working efficiently and effectively.

A Member asked the External Auditor whether they could suggest any areas for improvement in the Internal Audit team to assist them in their work. Gareth Mills commented that Grant Thornton was currently using a new software system called 'Inflow' across all of its audits for both the commercial and public sector which allowed secure data sharing and provided a greater degree of interrogation of data. He could not however provide information regarding the potential costs of the software, but was happy to meet with the Head of Internal Audit to discuss this matter outside of the meeting. The Head of Internal Audit made reference to the Counter

Fraud Plan, as set out at Appendix C to the report which set out some of the development work that has been carried out by the Internal Audit team during the past years, but was to be further developed in relation to data analytics. The Head of Internal Audit welcomed the opportunity to meet with the External Auditors to explore whether there were ways to integrate Internal Audit and External Auditors sets of data and whether any efficiencies could be made in order to get best synergy out of the assurance from both Auditors.

The Assistant Director of Finance reported on the Council's overall approach to making efficiencies across the Council and spoke of the work currently being undertaken by ICT, Human Resources and the Assets team on providing a framework for developing and implementing blended working across the Council. It was anticipated that a survey was to be sent to all managers to feedback on the future needs of the Civic building in terms of technology, and future ways of working in terms of how the Council can become more efficient with improvements to service delivery. The Internal Audit team was currently reviewing the needs of their service which would feed into this process.

RESOLVED that the Audit Committee:-

- (1) the principles and strategy underpinning the 2021/22 Internal Audit Plan as set out in Section 1 and expanded upon in Section 7 of the Internal Audit Plan report, be supported; and
- (2) the Plan at Appendix A of the report, noting the necessity for future and ongoing reviews of the Plan whenever it is appropriate to do, be supported.

88 COUNTER FRAUD ACTIVITY REPORT

The Head of Internal Audit presented a report proposing changes to the Council's Anti-Fraud, Bribery and Corruption Framework to comply with a new Counter Fraud Strategy that had been launched for Local Government, and provided an overview of the counter fraud function for Doncaster.

It was noted that many of the proposed revisions to the Anti-Fraud, Bribery and Corruption Framework were cosmetic or changes in terminology, to provide consistency with the new Counter Fraud Strategy. However, new text had been added to the Prosecutions and Sanction Policy to explain how decisions as to whether or not to prosecute an offence were made.

A Member in welcoming the report, commented that it was helpful to see the risk assessment of Counter Fraud mapped out in terms of how the Council would review the controls in each area. She observed that Cyber Fraud had been assessed as a critical risk to the Authority, however queried why the heat map setting out the fraud risks and level of exposure to the Council, as appended to the report had assessed the likelihood of this risk as 'unlikely'. The Head of Internal Audit explained that in the event of a fraud attack, Cyber Fraud had been assessed as critical in terms of its impact on the Council. In relation to the reason that cyber fraud had been assessed as unlikely, explained that the risk had been based on the arrangements the Council have put in place. An audit needs assessment had been carried out by the Council's IT audit providers who had provided a reasonable level of assurance in relation to what they expected to see in place for the Council. It was further reported that work was currently taking place in relation to business continuity of the Council in the event of a cyber-attack.

A Member referred to counter fraud activity in respect of employees working whilst off sick and bank mandates where it was noted that there was currently particularly high activity in this area and asked whether these issues had been identified as risks to the Council. The Head of Internal Audit indicated that both risks may have been subsumed within other risks, but he could not confirm that this was the case. It was subsequently agreed that the Head of Audit provide confirmation to the Committee in the next Action Log report.

The Chair suggested that it would be beneficial for Audit Committee Members to attend training in the future so they could gain a better understanding of fraud arrangements. The Head of Internal Audit advised that the Counter Fraud Plan did provide for Audit Committee Members to receive training in order to have an oversight of the Council's Counter Fraud arrangements and agreed that it was timely to provide refresher training for Members.

RESOLVED that the Audit Committee support the Council's Counter Fraud activity report for 2021/2 and approve:-

- (1) the Fighting Fraud and Corruption Locally Self-Assessment;
- (2) the changes to the Anti-Fraud, Bribery and Corruption Framework;
- (3) the Counter Fraud Plan and the assurance map which maps all the proposed activities to fraud risks; and
- (4) that arrangements be put in place for future refresher training for Audit Committee Members on the Council's Counter Fraud arrangements.

89 AUDIT COMMITTEE ANNUAL REPORT 2020/21

The Committee considered the Audit Committee Annual report which set out key aspects of the work undertaken by the Committee during 2020/21, having regard to its Terms of Reference.

It was noted that the Committee had made a positive contribution during the year which had contributed to the audit function and included:-

- Helping to maintain and improve the Council's system of risk, governance and control by reviewing internal and external audit work carried out during the year.
- Supporting improvement in the Council's control arrangements by ensuring appropriate action was taken to implement management actions and holding officers to account where explanations over any lack of progress are required.
- Critically assessing the Council's governance arrangements and supporting the production of an accurate Annual Governance Statement.
- Supporting the maintenance of the good standards achieved in producing the Council's Statement of Accounts and its Audit within timescales not achieved by many other Local Authorities.
- Supporting the Council's antifraud and corruption arrangements and noting progress in this area as set out in the annual fraud report.
- Ensuring the Council's surveillance policies are kept up to date and reviewing surveillance carried out by the Council.

In presenting the report, Peter Jackson, Head of Internal Audit pointed out that the report was in draft form and that there was scope for any changes to be made.

The Chair highlighted some of the positive outcomes achieved from the Committee's work during the year including:-

- Improvements made to the contract and commissioning arrangements
- A reduction in the Breaches and Waivers of the Council's Contract Procedure Rules
- Maintained a lower number of overdue management actions; and
- Greater amount of close working with Officers

RESOLVED that the Audit Committee Annual Report 2020/21, be noted and that it be published on the Council's website.

Gareth Mills, Engagement Lead (Grant Thornton) presented a report which detailed progress in delivering their responsibilities as the Council's External Auditor for the year ending 31st March 2021 and also provided a sector update.

Members' attention was drawn to two key aspects within the report, one in relation to the proposed audit fee for 2020/21 and secondly, the proposed timetable for the 2020-2021 audit.

It was proposed that there would be an increase in audit fees for 2020-21 to £212,430. It was noted that both the Redmond Review and the Minister for Housing Communities and Local Government (MHCLG) had recognised the need to increase audit fees and as a consequence, MHCLG had made available £15m to local authorities to support the expected uplift in fees. The External Auditor in recognising that the fee was a significant uplift, pointed out that the increase in fees was consistent with discussions held with other local authorities. It was further reported that it was expected that the funding from MHCLG would offset the uplift in fees therefore, the net uplift for the Council resources would be nil. It was further explained that the detail of how the funding would be provided to each authority was unclear, but it was anticipated that funding would be paid to local authorities on a proportionate basis, with External Auditors billing the fee variation to the Local Authority who would then pay this in line with existing arrangements.

In relation to the proposed timeline for the completion of this year's audit, the External Auditor advised that MHCLG has set an indicative date of 30th September 2021, however, given the challenging nature of the availability of specialist public sector external audit staff, the volume of local authority audits, the impact of the Covid-19 pandemic, remote working and the need to prioritise NHS clients earlier than the audit deadline of June 2021, it was anticipated that the target for completion of the Council's accounts would be the end of October with a sign off of the accounts in November. The External Auditor explained that this would mean that the Council would not meet the indicative deadline for completion of the accounts. He pointed out that this was not a reflection of the work of the Financial Management Team, or the Council, but was because Grant Thornton was unable to deliver the audit by the end of September. He emphasised that there would be no financial penalty to the Council. He further explained that in accordance with the audit regulations the Council would need to post a brief statement on the Council's website to the effect that as at 30 September the audit was still ongoing.

In relation to the consultation regarding allocation of the £15m funding, the Assistant Director of Finance advised that an update on the outcome of the consultation would be provided to the Committee at a future meeting. The Assistant Director of Finance highlighted that the Financial Management team would endeavour to continue as in previous years to meet the indicative deadline, but pointed out that this year's accounts placed greater emphasis on the use of estimates which brings additional risks.

RESOLVED that the External Auditor's progress report and sector update (Year Ending 31st March 2021), be noted.

CHAIR: _____

DATE: _____