



Doncaster Council

Agenda

To all Members of the

AUDIT COMMITTEE

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

Venue: Council Chamber, Floor 2, Civic Office, Waterdale, Doncaster DN1 3BU

Date: Thursday, 8th July, 2021

Time: 1.00 pm

Please Note: Due to current restrictions arising from the Covid-19 pandemic, there will be very limited capacity in the public gallery for observers of the meeting. If you would like to attend to observe in person, please contact Governance Services on 01302 736723/737462/736716/736712 to request a place, no later than **12.00 noon on Wednesday, 7th July, 2021**. Please note that the pre-booked places will be allocated on a 'first come, first served' basis and once pre-booked capacity has been reached there will be no further public admittance to the meeting. For those who are attending the meeting, please bring a face covering, unless you are exempt.

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**Damian Allen
Chief Executive**

Issued on: Wednesday, 30 June 2021

Governance Services Officer for this meeting: Sarah Maxfield
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Doncaster Metropolitan Borough Council
www.doncaster.gov.uk

Items for Discussion:

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1. Apologies for Absence
 2. To consider the extent, if any, to which the Public and Press are to be excluded from the meeting.
 3. Declarations of Interest, if any
 4. Minutes of the meeting held on 29th April 2021 1 - 10
- A. Reports where the public and press may not be excluded.**
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Members of the Audit Committee

Chair – Councillor Austen White

Vice-Chair – Councillor Glenn Bluff

Councillor Barry Johnson, Sophie Liu and Dave Shaw

Co-opted Member: Kathryn Smart

Agenda Item 4

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: _____



Doncaster Council

Report

8th July 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 six actions requested in the April 2021 meeting. There are no actions outstanding from earlier meetings. Of these:
 - Three are complete and the remaining three are scheduled for completion at the October meeting of the Audit Committee

EXEMPT REPORT

3. The report does not contain exempt information.

RECOMMENDATIONS

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

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

6. The Audit Committee Actions Log, which is updated for each Audit Committee meeting, records all actions agreed during previous meetings. Items that have been fully completed since the previous Audit Committee meeting are recorded once as complete on the report and then removed for the following meeting log. Outstanding actions remain on the log until completed.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

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

IMPACT ON THE COUNCIL'S KEY OUTCOMES

8.

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

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

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS [SRF 24/03/21]

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 01/04/21]

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

HUMAN RESOURCES IMPLICATIONS [JM 24/03/21]

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

TECHNOLOGY IMPLICATIONS [PW 24/03/21]

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

EQUALITY IMPLICATIONS [PJ 22/06/21]

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 24/03/21]

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

18. None

REPORT AUTHOR & CONTRIBUTORS

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Faye Tyas
Assistant Director of Finance

AUDIT COMMITTEE ACTION LOG – JULY 2021

Follow-up actions from previous meetings:-

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting April 2021			
Annual Governance Statement – Cyber Security - 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.	The Council is currently working on remediation's following the annual internal and external IT Health check. Once completed the results will be submitted for PSN accreditation. Doncaster Council have also instructed the services of a third party cyber security expert - this will ensure the Councils security posture remains robust.	Debbie Hogg	Y – Information requested has been provided
Annual Governance Statement – Building Safety Compliance - The Director of Corporate Services gave an undertaking to contact SLHD to find out if awareness sessions for staff on new Building Safety Legislation requirements were to be mandatory	Training will be mandatory for staff who it is essential that they understand the latest requirement	Debbie Hogg	Y – Information requested has been provided
Breach and Waivers to the Council's Contract Procedure Rules - the Assistant Director of Finance and Head of Procurement to consider if any actions are required in relation to the use of waivers;	This will be covered in the October update report for Audit Committee	Faye Tyas	Scheduled for October 2021 meeting

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Breach and Waivers to the Council's Contract Procedure Rules - future reports to provide more details on the reasons for those breaches that continue to be reported	Future reports to provide further information requested	Holly Wilson	Scheduled for October 2021 meeting
Internal Audit Plan – 2021-2022 - The External Auditor and the Head of Internal Audit will meet to discuss what was considered as good practice elsewhere regarding qualitative reporting and also any possible use of Grant Thornton's "Inflow" software.	Meeting held 21 st June 2021 and further meeting to be scheduled to develop the reporting principles agreed. The use of "Inflow" was discussed and not felt to be of use for the Internal Audit Team	Peter Jackson	Ongoing – target date of October 2021
Counter Fraud Activity Report – The Head of Internal Audit is to confirm that fraud risks around Bank mandates and employees working whilst off sick have been considered	Both bank mandate fraud and false sickness leave including working whilst on sick leave are considered and included on the fraud risk register.	Peter Jackson	Y – Information requested has been provided



Doncaster Council

Date: 8th July 2021

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

ANNUAL REPORT OF MONITORING OFFICER

EXECUTIVE SUMMARY

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

RECOMMENDATIONS

2. It is recommended that the Committee:-
 - (i) notes the MO's annual report on complaint handling activity for the period 1st April 2020 to 31st March 2021;
 - (ii) notes the whistleblowing return for 2020/21.
 - (iii) notes the nil money laundering reports for 2020/2021.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

4. The Monitoring Officer has the specific duty to ensure that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. The main duties of the Monitoring Officer are set out below. The Monitoring Officer's legal basis is found in Section 5 of the Local Government and Housing Act 1989 (as amended).

The Monitoring Officer has three main roles:

1. To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration;
2. To be responsible for matters relating to the conduct of Councillors and officers; and
3. To be responsible for the operation of our Constitution.

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

Councillor Complaint Handling Activity – 1st April 2020 to 31st March 2021

5. The Monitoring Officer works closely with the Councils designated Independent Person (IP), Philip Beavers on matters of Member Behaviour and Complaints.
6. The Council's *Arrangements For Handling Complaints Regarding allegations of Member Misconduct* requires that all complaints are provided upon the Council's specified complaints form. In accordance with this process, the Monitoring Officer is only able to consider these formal complaints and it is those, which are detailed within this report. Upon receipt of a formal complaint, the Monitoring Officer considers whether the complaint is a potential breach of the Council's Code of Conduct and consults with the Independent Person upon its contents. In consultation with the Independent Person, the Monitoring Officer considers whether the allegations are serious enough to potentially, warrant a formal investigation and potentially a hearing of the Audit Committee (Standards Hearing) Sub-Committee. Since the law changed in 2011 that sub-committee has met on only two occasions. Wherever possible the Monitoring Officer will seek an alternative form of resolution, most usually an apology.

Revised Code of Conduct & Revised Complaints Handling Procedure

At its AGM on 21st May 2021, the Council resolved to adopt the new LGA Model Code of Conduct, which was drafted following recommendations by the Committee, On Standards In Public Life. The new Code remains based upon the Nolan Principles and aims to be a national code adopted by all tiers of Local Government. Members attended briefing sessions prior to adopting the Code and further training is currently being provided to all Doncaster MBC Councillors.

Following adoption by DMBC, the Monitoring Officer has written to all Parish & Town Council Clerks across the Doncaster area encouraging them to sign-up to the new Code and offering assistance to Clerks in relation to that adoption.

The Council also updated its Procedure on Complaint Handling and clarified that vexatious and informal complaints (complaints not provided on the prescribed complaint form) will not be considered.

Borough Councillors

7. During the period since my last report, **eight** complaints have been received in relation to Borough Councillors. Three complaints were not considered to be a breach of the code and the subject Councillors apologised for their actions, on that basis the MO and the Independent Person determined that no further action was required. Where complaints were not considered to be a breach of the Code the complainants were notified accordingly.

Parish & Town Councillors

8. The Monitoring Officer has received **nine** complaints against Parish & Town Councillors during the period 1st April 2020 to 31st May 2021. Two complaints received were, considered to be breaches of the Code of Conduct but the subject member had previously issued an apology in relation to the matter and thus further action was unnecessary. Where complaints were not considered to be a breach of the Code the complainants were notified accordingly.
9. On a final positive note, I would reiterate my comments made in previous years that the levels of complaints received and most importantly, the number of actual breaches remain very low, and most Councillors and most Town & Parish Councils in Doncaster do not appear on my radar and that point should be noted by the Committee. To put that in context there are 37 Town & Parish Councils across Doncaster and over 350 serving Councillors across Doncaster so the amounts of complaints received is proportionately extremely low.
10. A detailed summary of all complaints dealt with by the MO in consultation with the Independent Person during the 2019/20 Municipal Year is set out in **Appendix A** to this report.

Whistleblowing Returns for 2020/21

11. The MO has overall responsibility for the maintenance and operation of the Whistleblowing Policy, which includes keeping a record of all whistleblowing cases and presenting a summary of these to the Audit Committee on an annual basis.
12. The Whistleblowing Policy was revised in February 2018. This applied the policy to members of the public, stakeholders, and contractors as well as employees. Whistle blowers are asked to report their concerns to named senior officers. This ensured that senior management were aware of any matters and that the correct processes were followed and reported to the Monitoring Officer for the annual report. Not all complaints received are whistle-blowing reports, even where the complainant has cited them as such.

In accordance with the Council's Whistleblowing policy, complaints are assessed and either dealt with as Whistleblowing complaints or otherwise referred to the Council's Corporate Complaints process and investigated as part of that process.

The policy states as follows :-

"2.6 A way to establish whether an individual raising a concern is a 'whistle-blower' or a 'complainant' is to consider the nature of the concern.

• If the concern is about wrong doing and affects others, e.g. the general public and not just 1 individual, family or household, then you are likely to be a whistle-blower

• If the concern affects only yourself, your family or household and is not about wrong doing, then you are likely to be a complainant

9.1 (you will be advised if it is considered that the matter falls within the grievance or complaints or another procedure - the decision whether it falls outside of the whistleblowing procedure will be done in consultation with the Monitoring Officer and Assistant Director of Human Resources, Communications and Executive Office).

13. In accordance with its Policy the Council considered one whistleblowing complaint as detailed below.

Date	Name of officer reported to	Brief Summary of Matter	Outcome
March 2021	Chief Executive	Concern over staffing levels and working practices in a DMBC service area	Considered under a wider service review & an assurance provided to the Whistleblower on the issues raised.

Anti- Money Laundering Returns for 2020/21

14. Money laundering is the method by which cash or funds obtained illegally are passed or "laundered" through financial systems to disguise their criminal origin. The "laundered" funds can then be used for legitimate transactions that do not arouse suspicion. The Council's Anti-Money Laundering Policy has been revised due to changes in the law in 2017 and the revised Policy is presented to the Committee as a separate report today. Where an officer suspects (or knows) that money laundering activity is taking place it must be reported to the Money Laundering Reporting Officer, who is the Monitoring Officer, and obtain advice and permission to continue the transaction.
15. For the period April 2020 to March 2021 there have been no reports made to the Money Laundering Reporting Officer.

OPTIONS CONSIDERED AND REASONS FOR RECOMMENDED OPTION

16 Not applicable – this report is primarily for noting.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

17.

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

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS [Officer Initials...NC... Date...25/06/21]

- Section 27(1) of the Localism Act 2011 places a duty on relevant authorities to promote and maintain high standards of conduct by Members and Co-opted Members of the authority.
- Section 28 of the Localism Act 2011 requires Principal Authorities to have in place arrangements for investigating allegations of Member misconduct (both Members of the Council and Parish/Town Councils in the Borough) and taking decisions on those allegations. It also requires Councils to appoint at least one Independent Person who is to be, consulted as part of the complaint handling process. The Council has in place arrangements for discharging these arrangements.
- Whistleblowing protection for workers is provided in the Public Interest Disclosure Act 1998 incorporated into the Employment Rights Act 1996, and amended by the Enterprise and Regulatory Reform Act 2013. It gives protection from detrimental treatment of workers who disclose reasonable concerns about serious misconduct or malpractice at work. Workers are protected from detrimental treatment if their disclosure qualifies as a 'protected disclosure'. In order to ensure that they qualify for protection, the worker should follow a certain procedure as set out in our Policy.
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on 26 June 2017. They implemented the EU's 4th Directive on Money Laundering and replaced earlier Regulations which were previously in force. Whilst the new Regulations do not directly place specific responsibilities on local authorities in respect of money laundering, it is accepted best practice for the Council, as

a guardian of public finances, to comply with the spirit of the legislation and put in place appropriate anti-money laundering safeguards.

FINANCIAL IMPLICATIONS

23 Financial implications were not requested in relation to this report.

HUMAN RESOURCES IMPLICATIONS [Officer Initials RH Date 25.06.21]

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

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

EQUALITY IMPLICATIONS [Officer Initials...SRF... Date...25/06/21.]

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

BACKGROUND PAPERS

Whistleblowing Policy
Code of Conduct
Anti-Money Laundering Policy

REPORT AUTHOR & CONTRIBUTORS

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**Scott Fawcus
Monitoring Officer**

Summary of Member Code of Conduct Complaints Received in 2020/21

Date received/ref	Complainant	Council	Alleged Breach/detail	Outcome
DMBC				
25/8/20	DMBC Councillor	DMBC	Failure to treat fellow Cllr with respect in a text exchange Subsequently apologised	As apology received no further action required
28/9/20	Member of public	DMBC x 2	Failure to maintain confidentiality - claimed Cllrs shared his complaint about service issues with the wider community thus breaching confidentiality	No evidence to suggest breach occurred. No further action
21/11/20	Member of public	DMBC x 2	Failure to treat with respect in internal communications he had received & general unhappiness with Cllr responses	No breach shown no further action
5/12/20	Member of public	DMBC	Failure to treat with respect	Apology issued to member of public. no further action required

Summary of Member Code of Conduct Complaints Received in 2020/21

4/1/21	Member of the public	DMBC	Failure to make proper declarations of interest	No breach of the code determined
7/1/21 DMBC/PC	Member of the public	DMBC x 2 TMTC Councillor x1	Failure to make proper declarations of interest	No breach of the code
28/1/21	DMBC Cllr	DMBC	Failure to treat with respect in statement made in public meeting	No breach of the code
5/2/21	Member of the public	DMBC	Breach of confidentiality	Member issued apology in respect of GDPR matters. Agreed to undertake additional training. No further action

Summary of Member Code of Conduct Complaints Received in 2020/21

PARISH & TOWN COUNCILS				
12/6/20	Parish Councillor	Hatfield x 2	Not dealt with matter promptly	Not a breach of code No further action
29/5/20	Member of public	Edlington	Failure to treat with respect	Desktop Investigation Insufficient evidence to proceed
1/9/20	Member of public	Askern TC	Failure to treat with respect & breach of confidentiality in relation to Facebook posts	Out of scope of code No breach
15/9/20	Member of public	Askern TC x 2	Failure to treat with respect – facebook posts	Complaint previously dealt with No further action
13 oct	Parish Councillor	Hatfield x 2	Failure to declare interest	No breach no further action MO asked that htc provide guidance to members generally on interests

Summary of Member Code of Conduct Complaints Received in 2020/21

15 nov	Parish Councillor	Hatfield	Failure to declare an interest General unhappiness with council procedures	No breach no further action
21/2/21	Member of the public	Finningley x 2	Failure to treat with respect	No breach of code
15/3/21	Parish Councillor	Finningley	Failure to treat with respect	Insufficient detail provided within complaint to proceed No further action required
22/3/21	Member of public	Finningley	Failure to treat with respect	Apology previously issued to complainant & assurances given No further action required



Doncaster Council

Report

Date: 8th July, 2021

To the Chair and Members of the
AUDIT COMMITTEE

UNAUDITED STATEMENT OF ACCOUNTS 2020/21

EXECUTIVE SUMMARY

1. This report presents the Council's unaudited Statement of Accounts for the 2020/21 financial year. The report highlights the overall financial position for the year and information on performance including improvements achieved in accuracy and quality. The full published accounts are available at:
<http://www.doncaster.gov.uk/services/the-council-democracy/statement-of-accounts>
2. The Accounts and Audit (England) Regulations 2015 apply to the preparation, approval and audit of the Statements of Accounts and other financial statements. These regulations are based on International Financial Reporting Standards (IFRS) which attempt to standardise accounts in a consistent format across both the public and private sectors with the aim of achieving greater transparency.
3. Whilst there is no longer a requirement to present the unaudited accounts to Members before the external audit process commences, the Council has continued this practice as it gives Members early notification of the financial outcome of the previous financial year and is considered to be good practice.
4. The Accounts and Audit (Amendment) Regulations 2021 have extended the publication date for unaudited 2020/21 accounts from 31st May to 31st July and the audited 2020/21 accounts from 31st July to 30th September 2021 for all local authority bodies.
5. Grant Thornton have informed the Council that they will not be able to meet the amended deadline. The approval of the final Statement of Accounts will take place at Audit Committee in November 2021.

EXEMPT REPORT

6. Not applicable.
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RECOMMENDATIONS

7. Members are requested to note the 2020/21 Statement of Accounts.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

9. The Council's 2020/21 accounts have been prepared in accordance with IFRS and the appropriate accounting codes of practice and were approved by the Council's responsible financial officer on the 28th June ahead of the revised statutory deadline.
10. To give local authorities more flexibility, the Accounts and Audit (Amendment) Regulations 2021 have removed the requirement for the public inspection period to include the first 10 working days of June. Instead, local authorities must commence the public inspection period on or before the first working day of August 2021. This means that accounts that must be confirmed by the responsible finance officer (RFO) must be published by 31st July 2021 at the latest. They may be published earlier.
11. The accounts are available for public scrutiny from 29th June to 9th August. This was advertised on the Council's website on 28th June. The unaudited accounts were placed on the Council's website on 28th June in line with the Government's policy of increased transparency in the public sector with public scrutiny of the accounts being a key feature of the financial governance framework of local authorities.
12. The accounts will be subject to external audit (Grant Thornton have not yet confirmed when this will begin) and it is expected that the audit opinion will be finalised (subject to the continuing work on the Whole of Government Accounts) in time for Audit Committee in November. Members of the Audit Committee will be aware that the Council would normally be required to produce the audited Statement of Accounts for the 2020/21 financial year by 31st July 2021, with the unaudited 2020/21 accounts being produced by 31st May 2021. The Accounts and Audit (Amendment) Regulations 2021 have amended those deadlines to 30th September 2021 and 31st July 2021 respectively.
13. Grant Thornton have informed the Council that they will not be able to meet the amended deadline of 30th September 2021. The accounts and a report will be presented by Grant Thornton to this Committee in November 2021 setting out the result of the external audit in the form of their 'Communication with those charged with governance' report (ISA 260 report), which formally sets out the findings of their audit of the financial statements.

14. Members of this Committee have a key role in scrutinising the accounts in order to maintain strong governance over financial reporting. Early production of the accounts enables the Members of this Committee sufficient time to review the statements and ask challenging and pertinent questions.

The 2020/21 Financial Statements and Supporting Disclosure Notes

15. The style and format of the accounts is largely prescribed by the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice (The Code) and 2020/21 is similar to that used last year, the main changes are described in the following section.

Narrative Report

16. The Narrative Report is 'to' rather than 'in' the Statement of Accounts – the Narrative Report is not formally part of the Statement of Accounts. It contains key facts about Doncaster and about the Council's performance, an explanation of the Accounting Statements, a financial outlook and any significant changes in accounting policy.
17. Audit Committee should assure themselves that the Narrative Report is consistent with the core financial statements.
18. At the meeting on 9th June, Cabinet was presented with the final outturn positions for both revenue and capital for the 2020/21 financial year. 2020/21 has been extremely challenging and our workforce has been focussed on specific activities in response to COVID-19 and other emergencies. This has understandably led to a one-off underspend of £6.0m across all service directorates; which will be targeted towards strategic priorities in 2021/22 including £3.8m investment in our Leisure facilities and £2.0m for severe weather/road safety works.

The Core Financial Statements

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

Comprehensive Income and Expenditure Statement (CIES)

20. The CIES follows accounting standards as per the CIPFA Code of Practice (the 'Code') and ensures all local authorities are reporting on a standardised and consistent basis.
21. There is no direct comparison from the CIES to budget and outturn position. The CIES is not a management account but rather a historical document recording past transactions. It includes costs that do not have to be "funded", e.g. depreciation and asset valuation movements.
22. The CIES shows the Council Structure – Directorates, Net cost of services and the Surplus or deficit on provision of services.
23. The CIES is shown in Appendix A with an explanation of what it shows. Some issues to note: -
 - a. The increase in Adults, Health & Wellbeing gross expenditure is due to a one-off revaluation gain credited in 2019/20 relating to the Dome. The

increase in Adults, Health & Wellbeing gross income is due to an increase in grants: various COVID-19 grants, improved Better Care Fund (iBCF) and Social Care Support grant, of which a proportion has been carried forward to be used in 2021/22.

- b. The increase in Corporate Resources net expenditure is due to COVID-19 pressures and revaluation losses relating mainly to assets that are valued using methods relating to income.
- c. There was a decrease of £32.8m in the loss on disposal of non-current assets. This was caused by a larger number of schools converting to academy status in 2019/20 than converted in 2020/21.
- d. There was an increase of £39.3m in non-ring fenced Government grants. This was largely due to the COVID-19 grants issued in 2020/21 by Government to assist the Council in dealing with the COVID-19 pandemic and the business rates related grants to fund the expansion of the retail relief scheme in 2020/21. The details are contained in Note 33 Grant income.
- e. There was a increase of £12.7m in the surplus on revaluation of non-current assets caused by an increase in housing valuations.
- f. There was an increase of £97.9m in the actuarial losses on pension assets / liabilities caused mainly by fall in the return on plan assets and a change in financial assumptions. The details are contained in Note 39 Defined Benefit Pension Schemes.

Notes relating to the CIES

24. The main changes and issues to note are covered in the following paragraphs: -

- a. Note 1 The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used / funded from resources by local authorities in comparison with those resources consumed / earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates / services / departments. There was a surplus in 2020/21 of £61.4m which consists of the £6.0m underspend on General Fund services (the outturn position) highlighted in paragraph 18, £56.8m contribution to Earmarked Reserves and £1.4m decrease in Housing Revenue Account reserves. The £56.8m contribution to Earmarked reserves is one-off due to the current situation and includes specific resources that have been set aside for priorities, e.g. £5m for Environment & Sustainability/Net Zero Carbon. In addition, we are carrying forward £24m of specific COVID-19 grants as part of the Council's planned response to the pandemic, an increase of £14m, and £18.9m due to the technical requirement to carry forward specific grant funding to offset the recovery of the Business Rates deficit, explained in paragraph 34a below. The reserves also include £16m transformation funding for services, an increase of £12m, which is essential to enable the Council to prepare for the longer-term financial challenges and uncertainties; and
- b. Note 33 Grant income has seen a large rise in Non-Ring fenced Government Grants of £29.2m from £80.1m in 2019/20 to £119.3m in 2020/21. This is largely to section 31 grants relating to Business Rates. Grants Credited to Services has also increased by £34.1m from £231.1m in 2019/20 to £265.2m in 2020/21. This is mainly due to COVID-19

grants.

Movement in Reserves Statement (MiRS)

25. For Members, probably the most important issue will be whether the Council has a surplus or deficit compared to its budget for the year. The (increase)/decrease in 2020/21 on the Movement in Reserves Statement (MiRS) gives this information for both the General Fund and the Housing Revenue Account (HRA). An extract of the MiRS is shown in Appendix B with an explanation of what it shows. Some highlights to note: -
- a. As detailed in paragraph 24a, there was an unprecedented increase in reserves due to the focus of attention during 2020/21 on the COVID-19 pandemic and our emergency response. The General Fund balance increased by £62.8m including the £6.0m underspend at outturn and £56.8m increase in earmarked reserves (Note 11). HRA reserves decreased by £1.4m, resulting in the overall surplus shown on the Expenditure and Funding Analysis of £61.4m.
 - b. Statutory adjustments (shown in Note 10 and mainly capital related) convert the Council's movement in reserves performance from the £61.4m increase to a deficit of £49.9m (General Fund £46.3m and the HRA £3.6m) shown in the Comprehensive Income and Expenditure Statement (CIES). This represents the position that would have been reported under 'commercial accounting' rules.

Notes relating to the MiRS

26. The main changes and issues to note are covered in the following paragraphs: -
- a. Reserves are an indication of the temporary resources available to assist an authority to deliver services. Not all reserves can be used to deliver services and this is reflected by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves have increased by £71.9m or 57.3% from £125.4m to £197.3m (these are shown on page 18), largely due to the General Fund (explained in paragraphs 24a and 25a above) and the Major Repairs Reserve (capital financing).

Usable Reserves (see Movement in Reserves Statement)	31st March 2020	31st March 2021	Movement in year
	£m	£m	£m
General Fund (including Earmarked reserves)	68.7	131.5	62.8
Housing Revenue Account	9.7	8.3	(1.4)
Capital Receipts Reserve	17.3	17.8	0.5
Major Repairs Reserve	10.1	21.4	11.3
Capital Grants Unapplied	19.6	18.3	(1.3)
Total Usable Reserves	125.4	197.3	71.9

Unusable reserves are determined by technical accounting rules and are not available for use by the Council. These have decreased by £112.5m to £265.9m mainly reflecting the changes in the Revaluation Reserve, Capital Adjustment Account (due to the disposal of academies), Pension Reserve (due to changes in assumptions from the Actuary) and the Collection Fund Adjustment Account (explained in paragraph 34a below).

Unusable Reserves (Note 24)	31st March 2020	31st March 2021	Movement in year
	£m	£m	£m
Revaluation Reserve	265.3	285.0	19.7
Capital Adjustment Account	548.3	503.8	(44.5)
Financial Instruments Adjustment Account	(0.7)	(0.5)	0.2
Pension Reserve	(438.7)	(491.6)	(52.9)
Deferred Capital Receipts Reserve	4.8	4.8	0.0
Collection Fund Adjustment	1.2	(24.5)	(25.7)
Accumulated Absences Account	(2.3)	(1.8)	0.5
Financial Instruments Revaluation Reserve	0.5	(0.2)	(0.7)
Dedicated Schools Grant Adjustment Account	0.0	(9.1)	(9.1)
Total Unusable Reserves	378.4	265.9	(112.5)

Balance Sheet

27. The Balance Sheet shows the value of assets and liabilities at the reporting date, 31st March 2021. The net assets are matched by reserves held by the Council. The largest asset is Property, Plant and Equipment which includes all the Council's property asset portfolio.
28. Long term assets / liabilities are those expected to provide benefits to / be settled by the Council beyond 12 months. Current assets / liabilities are those that are anticipated to be consumed / settled by the Council within the next 12 months.
29. The key questions to ask are: -
- How the balances have changed over the year?
 - Are the balances still adequate?
 - What the balances mean in terms of future budgets and services?
30. The Balance Sheet is shown in Appendix C with an explanation of what it shows. Some issues to note: -
- a. The Council's net worth has decreased by £35.5m to £463.2m since the previous financial statements (see 'Balance Sheet' on page 19 of the accounts). This is mainly due to a number of factors: -
 - i. A decrease in Property, Plant & Equipment largely due to reclassification of surplus assets to Assets Held for Sale (see below);
 - ii. An increase in Short Term Debtors. This is broken down in Note 17 Debtors which has seen a large rise of £23.7m from £72.7m in 2019/20 to £96.4m in 2020/21. This relates to Central Government Bodies and represents the accumulated deficit on the Business Rates element of the Collection Fund that is attributable to Central Government;
 - iii. An increase in the liability related to the defined benefit pension scheme (the pension liability is volatile from year to year as it is based on the Actuary's assumptions and performance of the fund);

- iv. An increase in Assets Held for Sale due to surplus assets such as land at Rose Hill, Hungerhill and Lakeside being actively marketed for sale in 2020/21;
- v. An increase in Short Term Creditors. This is broken down in Note 21 Creditors which has seen a large increase of £21.6m from £52.3m in 2019/20 to £73.9m in 2020/21. This relates to Central Government Bodies and represents the section 31 grants relating to Business Rates owed by Central Government.

Notes relating to the Balance Sheet

31. The main changes and issues to note are covered in the following paragraphs: -
- a. Note 24f Collection Fund Adjustment Account (CFAA) has seen a large decrease of £25.7m from £1.2m in 2019/20 to £-24.5m in 2020/21. This is further explained in paragraph 34a below.
 - b. Note 24i Dedicated Schools Grant (DSG) Adjustment Account is a new note for 2020/21. On the 6th November 2020, The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations) were amended to establish new accounting practices in relation to the treatment of local authorities' schools budget deficits. Previously these were held in an EMR but any such deficit must now be recorded in the DSG adjustment account.

Cash Flow Statement

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

Other Notes to the Statement of Accounts

34. The style and format of the accounts used for 2020/21 is similar to that used last year, the main changes and issues to note are covered in the following paragraphs: -
- a. Collection Fund
 - i. The National Non-Domestic Rates (NNDR), more commonly known as Business Rates, element of the Collection Fund has seen a large drop of £39.6m in income. This is almost entirely due to Central Government introducing the Retail Relief scheme whereby qualifying businesses received a 100% discount on their Business Rates, i.e. they didn't have to pay anything. This meant that the NNDR element of the Collection Fund made a deficit of £46.2m in 2020/21. The Council's share of NNDR is 49% therefore the Council's share of the deficit was £22.6m.
 - ii. The accumulated deficit attributable to the Council is £21.5m (there was an opening surplus balance of £1.1m relating to previous years).

Most of this has to be recovered from the Council during 2021/22.

- iii. As the change to NNDR was a national policy decision, Central Government reimbursed Councils for this lost income via a section 31 grant in 2020/21. By statute, this grant income has to be credited to the CIES not the Collection Fund. In order to smooth the impact on the budget, the Council placed these grants (£18.9m) into an ear-marked reserve so they can be used to offset the recovery of the accumulated deficit in 2021/22. The reduction in income from the Collection Fund in future years was addressed in the budget and will continue to be monitored.

b. Group Accounts

- i. A reminder that since 2019/20 the Doncaster Children’s Services Trust (DCST) are included in Group Accounts following their conversion to an Arms Length Management Organisation (ALMO) fully controlled by the Council. The DCST accounts are deemed to be material.

OPTIONS CONSIDERED

- 35. Not applicable.

REASONS FOR RECOMMENDED OPTION

- 36. The main content and format of the Statement of Accounts is set out in the Code of Practice on Local Authority Accounting for 2020/21. The Council has a statutory obligation to submit its unaudited 2020/21 Statement of Accounts to the External Auditor by 31st July. Failure to do so could result in an audit qualification and consequential reputational damage.

IMPACT ON THE COUNCIL’S KEY OUTCOMES

- 37. These are detailed in the table below: -

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>The audited Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p>
	<p>Doncaster Living: Our vision is for Doncaster’s people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through 	<p>An unqualified audit opinion from Grant Thornton on the financial statements and supporting disclosure notes, together with an unqualified VfM conclusion assists with the positive reputation of the Council and</p>

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

RISKS AND ASSUMPTIONS

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

Risks / Assumptions	Probability	Impact	Proposed Action
Robustness of correct outturn figure	Low	Medium	Work has been undertaken during monitoring and closedown process to process all transactions and prepare for audit. This has included senior officer quality assurance review and control; and internal verification and checks by finance and technical officers.

The Audit identifies a material / significant finding or inaccuracy in the production of the accounts.	Low	High	Continuous dialogue with Grant Thornton throughout the year. Specific discussions on key complex / technical areas are as part of the monthly audit liaison group meetings.
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LEGAL IMPLICATIONS [Officer Initials...SRF... Date...26/05/21]

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

FINANCIAL IMPLICATIONS [Officer Initials...RI... Date...26/05/21]

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

HUMAN RESOURCES IMPLICATIONS [Officer Initials...KM... Date...28/05/21]

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

TECHNOLOGY IMPLICATIONS [Officer Initials...PW...Date...27/05/21]

42. There are no technology implications in relation to this report.

HEALTH IMPLICATIONS [Officer Initials...RS...Date...26/05/21]

43. Good Governance is important for good health and wellbeing and producing a statement of accounts is one element of good governance. The way the Council spends its resources will directly and indirectly impact on health and health inequalities.

EQUALITY IMPLICATIONS

44. This report has no specific equality implications.

CONSULTATION

45. Not applicable.

BACKGROUND PAPERS

46. Following background papers: -
- Unaudited Statement of Accounts 2020/21 published on the Council website: - <http://www.doncaster.gov.uk/services/the-council-democracy/statement-of-accounts>
 - Accounts and Audit Regulations 2015

- Accounts and Audit (Amendment) Regulations 2021
- The Code of Practice on Local Authority Accounting 2020/21 ('The Code') - based on IFRS

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

ALMO	Arm's Length Management Organisation
CFAA	Collection Fund Adjustment Account
CIES	Comprehensive Income and Expenditure Statement
CIPFA	Chartered Institute of Public Finance & Accountancy
DCST	Doncaster Children's Services Trust
DSG	Dedicated Schools Grant
EFA	Expenditure and Funding Analysis
EMR	Earmarked Reserves
HRA	Housing Revenue Account
IFRS	International Financial Reporting Standards
ISA260	International Standard on Auditing 260 'Communication with those charged with governance' report
MiRS	Movement in Reserves Statement
NNDR	National Non-Domestic Rates, more commonly known as Business Rates
RFO	Responsible Finance Officer
The Code	CIPFA Code of Practice on Local Authority Accounting 2020/21
VfM	Value for Money

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**Faye Tyas
Chief Financial Officer
& Assistant Director of Finance**

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Comprehensive Income and Expenditure Statement (CI&ES)

	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Adults, Health & Wellbeing	170,908	(109,199)	61,709
Corporate Resources	122,733	(82,852)	39,881
Council Wide Budgets	21,667	(1,942)	19,725
Economy & Environment	87,097	(19,479)	67,618
Learning & Opportunities, Skills & Culture	205,729	(126,310)	79,419
Housing Revenue Account	52,452	(76,410)	(23,958)
Net Cost of Services	660,586	(416,192)	244,394
Other operating expenditure			59,443
Financing and investment income and expenditure			35,006
Taxation and non-specific grant income			(288,936)
(Surplus) / Deficit on Provision of Services			49,907
(Surplus) / Deficit on revaluation of non current assets			(43,146)
Actuarial (gains) / losses on pension assets / liabilities			27,936
(Gains) / Losses on revaluation of financial instruments			754
Other Comprehensive Income and Expenditure			(14,456)
Total Comprehensive Income and Expenditure			35,451

Income and expenses allocated to Directorates per management reporting structure

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

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

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

Agrees to movement in the Balance Sheet

Movement in Reserves Statement

(only 2 columns shown for illustration)

	General Fund £'000	HRA £'000
Balance at 31 st March 2020 brought forward	(68,679)	(9,670)
<u>Movement in reserves during 2020/21</u>		
Total Comprehensive Income and Expenditure	46,305	3,602
Adjustments between accounting basis and funding basis under regulations	(109,128)	(2,199)
(Increase) / Decrease in 2020/21	<u>(62,823)</u>	<u>1,403</u>
Balance at 31 st March 2021 carried forward	<u>(131,502)</u>	<u>(8,267)</u>

(Surplus) or deficit for the year. Note the joint position for GF and HRA of £49,907 (which equals the figure in CI&ES)

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

Gives the change in the General Fund balance over the year. This agrees to the final GF outturn position as reported to Cabinet in June £6.0m underspend and contribution to Earmarked and General Reserves £56.8m.

Balance Sheet – Assets and Liabilities

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

	31 st March 2021		31 st March 2020	
	£'000	£'000	£'000	£'000
Property, Plant & Equipment	1,364,806		1,408,415	
Heritage Assets	9,120		9,220	
Investment Property	1,710		1,647	
Intangible Assets	3,891		3,735	
Long Term Investments	3,841		4,595	
Long Term Debtors	7,024		7,283	
Long Term Assets		1,390,392		1,434,895
Short Term Investments	25,007		13,266	
Assets Held for Sale	31,084		8,468	
Inventories	1,071		1,084	
Short Term Debtors	96,400		72,870	
Cash and Cash Equivalents	64,413		43,956	
Current Assets		217,975		139,444
Cash and Cash Equivalents	0		0	
Short Term Borrowing	(103,070)		(104,272)	
Short Term Creditors	(73,913)		(52,308)	
Provisions	(1,722)		(2,643)	
Revenue Grants Receipts in Advance	(16,228)		(8,972)	
Capital Grants Receipts in Advance	(8,917)		(4,294)	
Current Liabilities		(203,850)		(172,489)
Provisions	(14,720)		(11,966)	
Long Term Borrowing	(419,357)		(404,998)	
Deferred Liabilities	(41,846)		(44,041)	
Donated Assets Account	0		(255)	
Revenue Grants Receipts in Advance	(1,044)		0	
Capital Grants Receipts in Advance	(2,541)		(3,168)	
Liability related to defined benefit pension s	(461,767)		(458,728)	
Long Term Liabilities		(941,275)		(903,156)
Net Assets		463,242		498,694

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

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

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

The largest liability. This figure is highly volatile and is dependent upon the actuary's assumptions e.g. a 0.1% increase in the inflation rate would result in a £30.0m increase.

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

Agrees to total reserves figure. The balance as at 31st March 2021 of £463,242 has decreased by £35,452 which is the deficit in the CI&ES for 2020/21

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Doncaster Council

Report

8th July 2020

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

AUDIT COMMITTEE PROSPECTUS, TERMS OF REFERENCE AND WORK PROGRAMME 2021/22

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

EXECUTIVE SUMMARY

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

EXEMPT REPORT

3. The report does not contain exempt information.

RECOMMENDATIONS

4. The Audit Committee is asked:

- to agree the Prospectus setting out the Audit Committee's scope, standards and work programme for the year and note the unchanged Terms of Reference for the Audit Committee for the 2021/22

Municipal Year.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER

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

BACKGROUND

Terms of Reference

6. In 2018, CIPFA (Chartered Institute of Public Finance and Accountancy) issued a publication, "Audit Committees; Practical Guidance for Local Authorities and Police". This publication contained a model set of Terms of Reference for an Audit Committee. The Terms of Reference are in line with this CIPFA guidance but still reflect local requirements e.g. to discharge the role of the Standards Sub-Committee.
7. At its Annual Meeting on 17th May 2019, the Council approved the Terms of Reference for Council Committees and Sub-Committees, which included the Audit Committee. A link to the Terms of Reference for the Audit Committee is here for ease of reference to demonstrate how the work programme delivers the Terms of Reference of the Audit Committee.
<https://doncaster.moderngov.co.uk/mgCommitteeDetails.aspx?ID=146>
8. No changes have been identified as being needed and so at its Annual Meeting on 21st May 2021, the Council approved the Terms of Reference for Council Committees and Sub-Committees, which included the Audit Committee.

Prospectus and Draft Work Programme

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

11. Within the work programme, it is proposed as a default to maintain reporting the following regular items to the Audit Committee on a six monthly basis:
 - Regulation of Investigatory Powers Act 2000 (RIPA) surveillance.
 - Breaches and Waivers to the Council's Contract Procedure Rules
12. However, if there are any significant issues in any of these areas they will be reported immediately to the Audit Committee.
13. Update briefings and/or training for Members will be provided as required, an indicative programme is set out in the work programme.
14. Internal Audit Update reporting for 2020/21 is scheduled for 29th July 2021, October 2021 and January 2022, with an annual report of the Head of Internal Audit in April 2022.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

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

IMPACT ON THE COUNCIL'S KEY OUTCOMES

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

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

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

	<ul style="list-style-type: none"> • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>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>
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RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS (SRF 30/06/20)

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

FINANCIAL IMPLICATIONS (ST 30/06/20)

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

HUMAN RESOURCES IMPLICATIONS (KG 02/07/20)

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

TECHNOLOGY IMPLICATIONS (PW 30/06/20)

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

EQUALITY IMPLICATIONS (PJ 23/06/20)

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

HEALTH IMPLICATIONS (RS 01/07/20)

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

CONSULTATION

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

2019 Annual Council.

BACKGROUND PAPERS

27. None.

REPORT AUTHOR & CONTRIBUTORS

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Doncaster
Council

Audit Committee Prospectus, Terms of Reference and Work Plan 2021/22

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

The Audit Committee at Doncaster Council

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

This Prospectus sets out the scope and the standards of the Audit Committee, which are consistent with Local Government standards. It also describes the approach that will be taken by the Audit Committee and outlines its 2021/22 work programme.

Scope and Standards

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

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

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

The Audit Committee has *Terms of Reference* that reflect the scope and standards, and agrees an annual work-plan showing how the Committee will deliver its responsibilities. The 2021/22 work-plan, which is a 'live' document that is updated throughout the year, is attached at **Appendix 1**.



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

- ✓ Has clear rights of access to other committees and functions, for example scrutiny.

- ✓ Will have as regular attendees, the Director of Corporate Resources, the Assistant Director of Finance, the Head of Internal Audit and the External Auditor. Other attendees may include the Chief Executive and the Monitoring Officer.
- ✓ Is able to meet privately and separately with the External Auditor and with the Head of Internal Audit.
- ✓ Has the right to call on any other officers as required.
- ✓ Will report regularly on its work to the Council.

- ✓ Demonstrable implementation of agreed management actions arising from audit and inspection recommendations.
- ✓ A clear risk-based Internal Audit plan that is subject to regular ongoing review especially in light of the coronavirus pandemic and is adequately delivered.
- ✓ The achievement of a positive opinion from the external audit on the Financial Arrangements.
- ✓ An Annual Governance Statement, external audit Value for Money opinion and Internal Audit opinion of the risk, governance and control arrangements that fairly reflect the Council's position.

The Role of the Audit Committee

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

For 2021/22, the Committee will:

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

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

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

How will we know we have succeeded?

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

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

- ✓ Comprehensive risk registers, including fraud risks, with risks demonstrably controlled.

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

.....
Councillor Austen White, Chair

.....
Councillor Glenn Bluff, Vice-Chair

8th July 2021

APPENDIX 1

Doncaster Council - Audit Committee Work Plan 2021/22

Objective and Agenda Item	8 th July 2021	29 th July 2021	Oct 2021	Nov 2021	Jan 2022	April 2022
Internal Audit						
Internal Audit Charter and Strategy		✓				
Internal Audit Progress Report for the period: April to June 2021		✓				
Internal Audit Progress Report for the period: July to September 2021			✓			
Internal Audit Progress Report for the period: October to December 2021					✓	
External Quality Assessment of the Council's Internal Audit Service					✓	
Annual Report of the Head of Internal Audit 2021/22 (includes Internal Audit Progress January 2022 to March 2022)						✓
Internal Audit Plan 2022/23						✓
External Audit						
Grant Thornton - Progress Report and Sector Update		✓				✓
Audit Findings Report (ISA260) 2020/21 and Letter of Management Representation				✓		
Grant Thornton Annual Audit Letter 2020/21				✓		
External Auditor (Grant Thornton) Audit Plan 2021/22 and Arrangements for the preparation of the 2021/22 Accounts					✓	
Regulatory Framework						
Audit Committee Actions Log	✓	✓	✓	✓	✓	✓
Audit Committee Prospectus, Terms of Reference and Work programme 2021/22	✓					
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update		✓			✓	
North Bridge Stores Transformation Project - Progress Report		✓	✓		✓	✓
Breaches and Waivers to the Council's Contract Procedure Rules			✓			✓
Draft Annual Governance Statement 2020/21 Progress Update		✓				
Annual Governance Statement 2020/21 Progress Update					✓	

Objective and Agenda Item	8th July 2021	29th July 2021	Oct 2021	Nov 2021	Jan 2022	April 2022
Draft Annual Governance Statement 2021/22						✓
Audit Committee Annual Report 2021/22						✓
Accounts						
Unaudited Statement of Accounts 2020/21	✓					
Statement of Accounts and Annual Governance Statement 2020/21				✓		
Ethical Governance						
Monitoring Officer Annual Whistleblowing and Standards Report 2020/21	✓					
Preventing and Detecting Fraud and Error - October 2020 to September 2021				✓		
PROPOSED COMMITTEE MEMBER TRAINING / AWARENESS SESSIONS						
Understanding the Council's Draft Accounts including specific focus on use of estimates and planned approach/possible outcomes of the external audit	✓					
Internal Audit Progress Reporting	✓					
Annual Governance Statement review and reporting		✓				
Role of External Audit including The Redmond Review		✓				
The Council's Contract Procedure Rules			✓			
Update on any changes to the Council's Final Accounts and the final Audit Opinion				✓		
The Council's Counter Fraud Arrangements				✓		
Covert Surveillance – Regulation of Investigatory Powers Act 2000 and the Work of the Trading Standards Team					✓	
Internal Audit Annual Opinion and Audit Plan Process						✓

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