



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, 29th July, 2021

Time: 10.00 am

BROADCASTING NOTICE

This meeting is being filmed for subsequent broadcast via the Council's web site.

The Council is a Data Controller under the Data Protection Act and images collected during this recording will be retained in accordance with the Council's published policy.

Please be aware that by entering the meeting, you accept that you may be filmed and the images used for the purpose set out above.

Damian Allen
Chief Executive

Issued on: Wednesday, 21 July 2021

Governance Services Officer for this meeting: Andrea Hedges
01302 736716

Doncaster Metropolitan Borough Council
www.doncaster.gov.uk

Items for Discussion:

	PageNo.
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 8th July, 2021	1 - 6
A. Reports where the public and Press may not be excluded.	
5. Audit Committee Action Log.	7 - 12
6. Covert Surveillance - Regulation of Investigatory Powers Act 2000 (RIPA) Update.	13 - 16
7. 2020-21 Draft Annual Governance Statement - Progress Update.	17 - 28
8. Internal Audit Strategy and Internal Audit Charter.	29 - 60
9. Internal Audit Progress Report for the period: April to June 2021.	61 - 80
10. Progress Report on North Bridge Stores Transformation Project.	81 - 88
11. Grant Thornton - Progress Report and Sector Update.	89 - 114

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, 8TH JULY, 2021

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER, CIVIC OFFICE on THURSDAY, 8TH JULY, 2021, at 1.00 pm.

PRESENT:

Chair - Councillor Austen White
Vice-Chair - Councillor Glenn Bluff

Councillors Barry Johnson, Sophie Liu and Dave Shaw.

APOLOGIES:

An apology for absence was received from Kathryn Smart, Co-opted Member.

1 DECLARATIONS OF INTEREST, IF ANY

No declarations were reported at the meeting.

2 MINUTES OF THE MEETING HELD ON 29TH APRIL 2021

RESOLVED that the minutes of the meeting held on 29th April, 2021, be approved as a correct record and signed by the Chair.

3 AUDIT COMMITTEE ACTION LOG

The Committee considered the Audit Committee Action Log report, which updated members on the actions agreed during Audit Committee meetings. Members were advised that all actions were progressing well. The log attached to the report showed details relating to six actions requested in the April 2021 meeting and there were no actions outstanding from earlier meetings.

It was noted that three actions were complete and the remaining three are scheduled for completion at the October meeting of the Audit Committee.

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

4 ANNUAL REPORT OF THE MONITORING OFFICER

Scott Fawcus, Monitoring Officer presented his Annual report on matters relating to ethical governance, including details of complaint handling activity carried out in consultation with the Independent Person in relation to allegations of Member misconduct, details of disclosures made under the Council's Whistleblowing Policy during the last 12 months, and reports under the Money Laundering Policy.

As Members were aware, at its AGM on the 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. Following adoption by DMBC, the Monitoring Officer stated that he had written to all Parish and Town Council Clerks across Doncaster encouraging them to sign-up to the new Code and offering assistance to Clerks.

The Monitoring Officer reported that he had a statutory responsibility to consider matters in relation to potential breaches of the Member Code of Conduct in relation to Borough Councillors and Parish and Town Councils across the Borough. He was pleased to report that the levels of complaints received and most importantly, the number of actual breaches remain very low.

Clarity was sought with regard to whether Elected Members were covered by the Policy in the same way as Stakeholders. The Monitoring Officer advised that Elected Members were covered like any other Member of the Public. However stated that he would review and if not already covered, reference to Elected Members could be included.

The Chair made reference to paragraph 9 of the report, in relation to Town and Parish Councillors not being on the Monitoring Officers radar. However, highlighted that the proposed changes never received parliamentary time. He asked whether there had been any progress on this issue. The Monitoring Officer advised that to date no progress had been made and the 2011 sanctions remain in place. He commented that as Members are aware, complaints come to the Audit Hearing Sub-Committee who impose sanctions for breaches of the code of conduct, which are relatively limited. He stated that more sanctions may be useful in some cases however, most breaches are of a low level and if a Member is prepared to apologise no further action is required.

With regard to the revised Code, the Chair asked whether there had been any changes in conduct noted and whether sign up to the new code had been positive. The Monitoring Officer advised members that he would be writing to all clerks seeking an update with regard to take up, so far Askern Town Council had signed up. He commented that the biggest change would be social media activity where an increase of interaction had been seen from members in recent times, combining that with the difficult 18 months and recent elections political tensions can rise.

In light of promoting the Whistle blowing policy and only receiving one complaint, it was asked whether the Monitoring Officer was satisfied with the level of awareness of the Policy. The Monitoring Officer advised that an update has been carried out through the intranet, so anyone who is a user, reference to the Policy appears on screen, which has increased awareness. He stated that there are other ways of raising complaints, if the Whistle Blowing Policy is not appropriate.

A comment was made regarding the Whistleblowing Policy also applying to third parties and venders and clarification was sought, as to how this was communicated to them and how they engage with the Council. The Monitoring Officer stated that the Policy would be included within the tendering contract. However, third party organisations should be reminded of the requirement.

In response to a question with regard to the completion of Register of Interests forms. The Monitoring Officer reported that with regard to DMBC Councillors, forms have been looked at individually and the process has been relatively straight forward. Work is still continuing on the many Parish Council registers. He stressed that it was

important to remind Councillors along with Parish Council's on an annual basis that they must complete an amendment form for any changes to their registers.

Clarity was sought in relation to complaints under the Whistle Blowing Policy and whether it was taken as read that the complaint would be dealt with under that process or through a different process and at what point would that be identified. The Monitoring Officer explained that an initial assessment would be carried out and this would identify whether the complaint should be dealt with under the Policy or via another means. However, he wished to ensure Members that whatever process was followed, the complaint would be fully investigated and the process would not be at a disadvantage because the complaint was being carried out differently.

RESOLVED that Committee:-

- (1) Noted the Monitoring Officer's annual report on complaint handling activity for the period 1st April, 2020 to 31st March, 2021;
- (2) Noted the Whistleblowing return for 2020/21; and
- (3) Noted the nil money laundering report for 2020/2021

5 UNAUDITED STATEMENT OF ACCOUNTS 2020/21

Prior to the discussion on the report, the Chair and Members wished to express their thanks to all staff who had worked on the preparation of the draft accounts.

The Committee received a report, which presented the Council's unaudited Statement of Accounts for the 2020/21 financial year. The report highlighted the overall financial position for the year and information on performance including improvements achieved in accuracy and quality. It was advised that the accounts had been published on the Council's website and to date no enquires had been received. Officers stated that it was positive that the accounts had been completed at this early stage and reminded members that the Council completed the 2019/20 accounts by the deadline, unlike a number of other Councils. It was also noted that the Council had received an unqualified response from the Council's external auditors Grant Thornton last year.

The Committee asked a number of questions as follows:-

The Chair asked in terms of Government Grants detailed within paragraph 23(d) of the report had any problems arisen through Internal Audit discussion. In response, it was reported that a lot of work had been done in the area, primarily in relation to business rates. As Committee were aware, the annual report presented a positive low incidence of fraud in January and since that, time there has been minimal problems identified. With regard to wider grants, it was advised that ongoing assessments were being undertaken in order to establish whether further detailed audit was required and no areas had been identified through this process at present.

Clarification was sought on the Councils position and whether it was clearer in terms of lost income, increased cost due to Covid and the position with regard to reimbursements from Central Government. In response, it was reported that, in terms of 2020/21, included in the accounts was all the Government money in terms of COVID, which details £166m additional grants from Government, included in that are

grants and reliefs provided to businesses. It was also noted that the outturn position and lost income in the collection fund position were also included.

It was reported that moving forward into 2021/22, it was advised that officers were monitoring the position very closely. Business rates and Council Tax are monitored in terms of the impact on those on a monthly basis and this will be reported through the quarter one report.

With regard to other income, it was advised that the Council will receive reimbursements for sales, fees and charges losses due to COVID for the first quarter. Officers will carry out a monitoring return and send to the MHCLG and the Council will receive reimbursement adjusted for 5% of the budget, the Council will receive 75% of the remaining loss. It was advised that officers were also closely monitoring other income streams such as car parking and income from the Herten Triangle and properties around the cinema, which will also be fed into the budget moving forward.

The Council also received for 2021/22 the fifth Tranche of the COVID emergency funding, equating to £9.8m of additional funding, which is also available to fund any further shortfalls in income. It was advised that there are a number of other grants and as the year progresses they continue to be extended such as the Local Support Grant and Infection, Prevention and Control, which have both been extended and officers are monitoring that closely as we proceed through the year.

Officers were asked if there were any instances where the Council had been expecting or promised funding from Government that were COVID related, that have not been received. In response, the Committee were assured that there were no instances of this.

In terms of the various grants received, it was asked whether there was any risk that it was likely to be any clawback for any reason. In response, it was reported that in terms of clawback, majority of the grants received do have requirements attached and the Council ensures that those requirements are met, reducing the risk of clawback or losing the grant funding.

Officers went on to state, that with regard to confidence about the application of previous monies the Council had received. As part of the Annual Governance Statement received at the last meeting, the work undertaken by Internal Audit and, the assessment officers have undertaken as part of arriving at that statement. Whilst there have been a lot of emergency decisions taken, reported also to Full Council, the speed at which the Council has had to respond, the Council has still maintained integrity of the governance arrangements and this was positively reported to Full Council.

The Committee were advised that going forward, it's been illustrated the complexity of the range of funding available to the Council and to some extent this was continuing. Whilst some may think, the Pandemic is reaching an end, the Council are still receiving funding albeit in a more organised approach with early notification, which ensures that decisions are made through the normal governance process. However, it was noted that there were still a lot of decisions that required a rapid application and the resources need to be committed for the current financial year. These were decisions that have been processed through the Rule 16 Special Urgency Provisions, which have been taken and signed both, by Mayor Ros Jones and the Chair of Overview and Scrutiny Management Committee.

Further to this and the impact going forward in terms of 2021/22, it was reported, that based on last year, the organisation has been managed really well. As stated previously, the Council received £166m of additional funding, which equates to a third larger organisation. It was noted that those resources of funding spanned over 30 different types of service delivery. The Council structured an arrangement in order to utilise them and delivered them within a year. Committee were advised that looking back to the report, there had been a need for some of those resources to be carried forward, which provides an explanation for some of the assets that have increased. It was important to note that the Council will still have quite a volatile arrangement going into 2021/22, its' still receiving resources, there was still a lot of work to be carried out in terms of responding to the response phase and recovery phase of COVID and there is still business as usual to be delivered. Members were advised that 2021/22 will, still be really challenging for the Council. However, reflecting back, officers felt that this was a good report in terms of the year the Council has had and how its' been managed.

Further questions in relation to the report had been submitted in writing by Kathryn Smart, Co-opted Member on the Committee who unfortunately was unable to attend the meeting. It was agreed by the Chair and Members, that Kathryn receive a written response to her questions following the meeting.

RESOLVED the 2020/21 Statement of Accounts be noted.

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

Committee received a report on the Audit Committees Prospectus, Terms of Reference and Work Programme 2021/22.

The prospectus 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.

It was noted that the prospectus also included a draft work programme, which demonstrated how the Committee fulfils its Terms of Reference for the year. It also schedules an indicative programme of training and awareness sessions for Audit Committee Members.

The Chair highlighted paragraph 13 of the report and stated that Members would never stop learning and welcomed the training and briefings. In terms of the programme being reviewed, he asked whether items could be added as the year progresses. In response, Members were advised, that if any issues arose, then the work programme could be flexed to meet the Committees requirements.

RESOLVED that:-

- (1) the prospectus setting out the Audit Committee's scope, standards and work programme for the year be agreed; and
- (2) the unchanged Terms of Reference for the Audit Committee for 2021/22 Municipal Year be noted.

CHAIR: _____

DATE: _____



Doncaster Council

Report

29th 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. The action log includes two actions from the 8th July 2021 meeting and three actions from April 2021 meeting. There are no actions outstanding from earlier meetings. Of these:
 - Two 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 12/07/21]

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 [SJT 13/07/21]

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

HUMAN RESOURCES IMPLICATIONS [RH 14/07/21]

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

TECHNOLOGY IMPLICATIONS [PW 13/07/21]

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

EQUALITY IMPLICATIONS [PJ 14/07/21]

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

HEALTH IMPLICATIONS [RS 12/07/21]

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

Peter Jackson, Head of Internal Audit

Tel 01302 862938, Email: peter.jackson@doncaster.gov.uk

Faye Tyas
Assistant Director of Finance

AUDIT COMMITTEE ACTION LOG – 29th JULY 2021

Follow-up actions from previous meetings:-

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting 8th July 2021			
Monitoring Officer Report – Whistleblowing Policy The Monitoring Officer agreed to make a specific reference to Councillors raising whistleblowing concerns in the policy.	Upon review, the Monitoring Officer is satisfied that the policy already reflects Councillors using the policy to report whistleblowing concerns	Scott Fawcus	Y – action complete
Unaudited Statement of Account It was highlighted that whilst a £6m underspend represents a small percentage of the overall budget, it may sound a lot to the reader. Could the report explain that context a bit more?	The narrative report will be updated to provide further information to reflect the £6m underspend in the context of the wider overall gross budget.	Rob Isaac	Y - Narrative report updated
Meeting April 2021			
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
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

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
<p>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.</p>	<p>Meeting held 21st June 2021 and further meeting to be scheduled to develop the reporting principles agreed.</p> <p>The use of “Inflow” was discussed and not felt to be of use for the Internal Audit Team</p>	<p>Peter Jackson</p>	<p>Ongoing – target date of October 2021</p>



Doncaster Council

Date: 29th July 2021

To the Chair and Members of the
AUDIT COMMITTEE

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

EXECUTIVE SUMMARY

- 1.1 The Council occasionally has a need to utilise covert methods in the investigation of matters for the purposes of detecting and preventing particular crimes. For several years, this power has been utilised by trading standards in the use of covert recordings for test purchases of illicit and counterfeit products such as alcohol, tobacco and branded goods, or for underage sales. The recording negates the need for a child witness to attend court or enables evidence for a dispute over the sale. On such occasions, the Regulation of Investigatory Powers Act 2000 (RIPA) provides a mechanism to make it lawful for public authorities to use directed (i.e. covert) surveillance and covert human intelligence sources ("CHIS") e.g. undercover officers and informants. The Council has a RIPA Policy and Procedures that govern the use of those powers. In addition, the Home Office issues statutory codes of practice on the use of RIPA powers that must be complied with, including requiring elected members to have oversight of the use of RIPA powers and to agree the RIPA Policy/Procedures on an annual basis.
- 1.2 At its meeting held on 27th July 2010, the Audit Committee agreed it should receive reports reviewing the Council's use of RIPA. These reports are brought on a six monthly basis due to the Council's limited use of the RIPA powers. A yearly report and a six monthly update report are brought each year; this is the Yearly report.

RECOMMENDATIONS

2. To note that the Council has had no surveillance application authorised under RIPA since the last report to the Audit Committee on the 30th January 2021 and on that occasion there had also been no surveillance authorised.
3. To note that online training presented by legal was made to 8 environmental /community officers on 9th June 2021. Prior to this we have completed 5 training sessions with relevant Enforcement Officers covering 75 staff in 2019/2020. The online training module is available to all staff and members.
4. To note that there are no changes proposed to the Council's RIPA policy and procedure. The last minor amendments were approved by the Committee in June 2019 following the Investigatory Powers Commissioner's Inspection recommendations.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. RIPA policies and procedures ensure that the Council has appropriate arrangements in place to comply with the law relating to RIPA authorisations and Covert Surveillance and that it is properly and lawfully carrying out covert surveillance where it is required.

BACKGROUND

6. RIPA was introduced in response to The Human Rights Act 1998 to ensure that Local Authorities could continue lawfully to carry out Covert Surveillance. The Government also set up the Office of Surveillance Commissioners who regularly inspects Local Authorities. The Office of Surveillance Commissioners has now become part of the Investigatory Powers Commissioner's Office ("IPCO"). The Council has been subjected to six inspections namely in, 2003, 2004, 2009, 2012, 2016 and March 2019.
7. The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 came into force on 1st November 2012. This provides that directed surveillance can only be authorised under RIPA where the criminal offence sought to be prevented or detected is punishable by a maximum of at least 6 months imprisonment or would constitute an offence involving sale of tobacco or alcohol to underage children.
8. The Protection of Freedoms Act 2012 also requires Local Authorities to have all their RIPA surveillance authorisations (both directed and Covert Human Intelligence Sources (CHIS)) approved by a Magistrate before they take effect.
9. Trading Standards regularly use directed surveillance for the purpose of their investigations, particularly to undertake test purchasing and subsequent monitoring of suspects and premises to determine methods of sale and supply, frequency of supply, and identity of associates, gathering evidence for enforcement action. The last authorisation that was applied for and granted, was in March 2020. The Trading Standards Service is one of the services who were authorised to enforce the Covid 19 restrictions and to this end all officers were given authorised status. The service had to adapt to an ever changing legislative framework in these unprecedented times. This has meant over the pandemic period the service has had to allocate its staff to this work and away from other work streams which has seen a dramatic fall in the number of RIPA applications being processed. As restrictions are lifted the Trading Standards Service are able to start to allocate staff back to their normal priority areas of work and this will likely lead to a corresponding increase in directed surveillance activity that will need the appropriate RIPA authorisations to be in place.

OPTIONS CONSIDERED

10. There are no alternatives considered.

REASONS FOR RECOMMENDED OPTION

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

IMPACT ON THE COUNCIL'S KEY OUTCOMES

12.

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

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS [Officer Initials NC Date:]

14. RIPA provides Local Authorities with the mechanism in which they can carry out covert surveillance without breaching individuals' human rights under Article 8 of the Human Rights Act 2000. Failure to follow the law and statutory codes of practice in particular cases could lead to them being the subject of a challenge in court proceedings where RIPA powers were relied upon and also would lead to criticism at the next inspection by the Commissioner's Office.

The Covert Surveillance and Covert Human Intelligence Source Codes of Practice provide that elected members should consider internal reports on use of RIPA on a regular basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose.

FINANCIAL IMPLICATIONS [Officer PH 25/06/2021]

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

HUMAN RESOURCES IMPLICATIONS [Officer Initials RH Date 27/6/21]

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

TECHNOLOGY IMPLICATIONS [Officer Initials... PW Date 29/06/21]

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

HEALTH IMPLICATIONS [Officer Initials RS Date 25/06/2021]

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

EQUALITY IMPLICATIONS [Officer Initials NC Date 30/6/21.]

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

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

RIPA: Regulation of Investigatory Powers Act 2000

CHIS: Covert Human Intelligence Source

IPCO: Investigatory Powers Commissioner's Office

REPORT AUTHOR & CONTRIBUTORS

Helen Potts

Principal Legal Officer

01302 734631 helen.potts@doncaster.gov.uk

Scott Fawcus
Assistant Director



Doncaster Council

Report

Date: 29th July 2021

To the Chair and Members of the AUDIT COMMITTEE

2020-21 DRAFT Annual Governance Statement – Progress Update

EXECUTIVE SUMMARY

1. The Council's Annual Governance Statement (AGS) is an annual report which provides a review of governance arrangements for the authority. The 2020-21 DRAFT Annual Governance Statement was presented to the Audit Committee on 29th April 2021. It identified issues and outlined actions that needed to be dealt with.
2. As in previous years Audit Committee members are provided with a brief update that outlines what progress has been made against the issues identified within the current DRAFT AGS.
3. Attached to this report is an update on progress made against the improvement issues identified in the 2020-21 Annual Governance Statement (Shown in Appendix A).
4. Members are asked to note that the Final AGS is due to be presented to Audit Committee in November 2021, along with the 2020/21 Statement of Accounts. Therefore the issues identified within the Draft AGS will be reviewed and updated once again to reflect current position.

EXEMPT REPORT

5. N/A

RECOMMENDATIONS

6. Audit Committee are asked to note and comment on the content of this report and Appendix A

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

8. The Council is required to prepare, approve and publish an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations and professional accounting practice. The Council must ensure that there is good governance and a sound system of internal controls in place.
9. Our simplified process amalgamates a top down and bottom up approach, whilst still maintaining confidence in the process. This process was followed again this year and has helped sustain our continued commitment to embedding good governance and processes

across the Council. Issues identified that make it onto the AGS are reviewed and updated as part of the quarterly resource management cycle and any items that start to be a concern are elevated to the Governance Group. This allows the Council to react to emerging issues and possibly prevent entry onto a future AGS.

10. The Annual Governance Statement document is a valuable means of communication. It enables the Council to explain its governance arrangements and how the controls it has in place manages risks of failure in delivering its outcomes.

OPTIONS CONSIDERED

11. Not Applicable

REASONS FOR RECOMMENDED OPTION

12. Not Applicable

IMPACT ON THE COUNCIL’S KEY OUTCOMES

- 13.

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

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS [Officer Initials SRF Date 12/07/21]

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

FINANCIAL IMPLICATIONS [Officer Initials MS Date 12/07/21]

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

HUMAN RESOURCES IMPLICATIONS [Officer Initials SH Date 16/07/21]

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

TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 13/07/21]

18. There are no specific technology implications arising from this report. Progress updates on 'Cyber Attack Business Continuity' and 'Doncaster Integrated People Solution (DIP's)' are included in Appendix A. The procurement of building safety compliance software (outlined in Appendix A section 5) has been agreed by the Technology Governance Board (TGB)

HEALTH IMPLICATIONS [Officer Initials RS Date 11/07/2021]

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

EQUALITY IMPLICATIONS [Officer Initials SWr Date 12/07/2021]

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

CONSULTATION

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

BACKGROUND PAPERS

22. CIPFA/ SOLACE delivering good governance in Local Government Framework
Accounts and Audit Regulations (England) 2015.
Local Code of Corporate Governance 2020-21
2019-20 Annual Governance Statement
Annual Report of the Head of Internal Audit 2019-20

REPORT AUTHORS AND CONTRIBUTIORS

Sennette Wroot, Senior Strategy & Performance Manager
Tel: 01302 862533, E-mail: Sennette.Wroot@doncaster.gov.uk

Debbie Hogg
Director of Corporate Resources

2020-21 DRAFT Annual Governance Statement - Progress Update

SECTION 1: Significant Governance Issues arising from the 2020-21 review

1. FOOD SAFETY AND TRADING STANDARDS INSPECTION ARRANGEMENTS (PRINCIPLE D)	Completion Date	Responsible Officer(s)
<p>There is continued reduction of capacity to complete some areas of statutory work, especially around food safety. This is due to the high level of Covid compliance work being undertaken by Environmental Health Officers, risk around Covid control while undertaking inspections and the issue is further complicated by a national shortage of qualified officers.</p> <p>We have reported this to The Food Standards Agency (national regulator) so they are aware and supportive of our revised approach, which is similar to that of other local authorities at this time.</p> <p>The Covid pandemic and reprioritisation of the services' resources has resulted in a significant number of management actions agreed, following an Internal Audit review during 2019 being unable to be implemented during the 2020/21 year.</p> <p>ACTIONS:</p> <ul style="list-style-type: none"> • Undertake another recruitment exercise in the near future. • In the meantime we will continue with our prioritisation of services and keep all our relevant bodies informed of further progress. • Management actions from the internal audit have been regularly reviewed and addressed when possible alongside any mitigating factors and actions. The majority of these have now been addressed and the remainder have revised dates agreed for their implementation. 	<p>March 2022</p>	<p>Assistant Director Environment</p> <p>Dan Swaine Director of Economy and Environment</p>
Progress update		
<ul style="list-style-type: none"> • Risks in this area remains • Recruitment exercise had zero suitable applicants. Currently working with recruitment agencies to get contractors in. • Nationally, Food Standards Agency have provided additional guidance which will help support a return to normal over a 3 year period. Consequently the completion date may have been ambitious. 		
2. PARTNERSHIP RECOVERY & RESILIENCE – DONCASTER CHILDREN SERVICES TRUST (DCST) (PRINCIPLE F)	Completion Date	Responsible Officer(s)
<p>The effects of the last twelve months (due to floods and Covid) has resulted in a volatility in relation to demand for services and complex presenting issues, in a context of reduced workforce capacity across the partnership. This has impacted on the performance and quality of services, including social care practice quality, capacity and oversight. Safeguarding issues have emerged in relation to an independent provider of residential care in Doncaster.</p>	<p>March 2022</p>	<p>Leanne Hornsby Assistant Director, Education, Skills, Culture and Heritage</p>

<p>ACTIONS:</p> <ul style="list-style-type: none"> • A Children’s Recovery and Resilience programme has been established and a Board co-commissioned by DMBC and DCST to oversee developments. • Additional investment has been provided to support for the programme including DCST capacity for fostering, care proceedings and quality and improvement. Details of the full programme can be found here: https://doncaster.moderngov.co.uk/ieListDocuments.aspx?CId=131&MId=3485. • Further actions have been identified to address areas around social care practice, capacity and oversight. • A Safeguarding partner enquiry is underway in relation to Independent provision. 		<p>Riana Nelson Director of Learning, Opportunities and Skills</p>
---	--	--

<p>Progress update</p>		
<ul style="list-style-type: none"> • Partnership Self Assessment complete and due to refresh this quarter. Partnership plan in place and reviewed at each Board covering 5 priorities: Front Door, Early Help, Multi-agency Frontline Practice, Performance and Quality Assurance Framework and Governance and Leadership. • Resources in place to support DCST programme plan and resources in place; oversee and managed through the Contract Management process. • Safeguarding partners are overseeing progress in relation to independent provision. 		

3. CYBER ATTACK BUSINESS CONTINUITY (PRINCIPLE F)	Completion Date	Responsible Officer(s)
<p>Due to the heightened risk globally and successful cyber-attacks on some other authorities despite the technical security measures taken and in place, the Council, Doncaster Children’s Services Trust and St Leger Homes Doncaster business preparedness in response to a cyber-attack should be reviewed further to ensure that every service area across the Council and Partners have considered the critical impact this would have on their ability to deliver services and how they would operate without technology.</p> <p>ACTIONS:</p> <ul style="list-style-type: none"> • Review all existing business continuity plans to ensure how all services would operate successfully without technology is covered. • Prepare a ready-made Communication Plan that could be initiated immediately. • Have a ready-made organisation/s action plan. • Pre-agree what the organisation/s would need to look like as a minimum. • Review the prioritised list of business systems by the order the organisation would need them restored. • Run a major cyber-attack response and recovery test scenario across the Council and partners to test the service business continuity plans and for the ICT team to practice their response. <p>Complete service business continuity test scenarios such as ‘How would we run our services without technology</p>	<p>October 2021</p>	<p>Damian Allen Chief Executive, Doncaster Council</p> <p>Gill Gillies Strategic Lead EP, Resilience & Enforcement</p> <p>Julie Grant Assistant Director of Customers, Digital & ICT</p>

Progress update

All Council services, St Leger Homes and Doncaster Children's Services Trust are in the process of reviewing their business continuity plans to ensure they are suitable in case of a severe cyber-attack. This is almost complete and the next step will be to analyse them for any gaps and any required mitigating solutions to ensure critical service delivery in the event of not having access to any technology. Once this has been achieved, all 3 organisations will rehearse their readiness.

4. ASSURANCE OVER FUTURE FINANCIAL SUSTAINABILITY AND SUPPORTING THE RECOVERY PROCESS FROM THE COVID 19 PANDEMIC (PRINCIPLE F)	Completion Date	Responsible Officer(s)
<p>Whilst we have an approved robust balanced budget for the next three years, we recognise the significant challenges and uncertainties facing the Council at this time. These potentially could have a sizeable impact on the future financial sustainability and ensuring a smooth transition from the COVID 19 Pandemic.</p> <p>ACTIONS:</p> <p>Short horizon We will continue to monitor the impact of COVID closely ensuring the pressures are separately identified from core baseline spend/income. Maintaining specific focus on the key areas of risk identified in the 2021/22 budget e.g. income from council tax and business rates. We are holding specific contingencies/reserves approved in the 2021/22 budget, which will be allocated as required through the quarterly finance and performance report, to respond to pressures identified during the financial year.</p> <p>Medium Term Horizon We will continue to provide the monthly MHCLG returns which provide the evidence base for additional resources to be provided by central government. We will undertake regular reviews to ascertain the impact of any significant in-year changes on the medium-term financial strategy and take corrective action where required. Continuing to maintain the focus on the future financial sustainability. We will prepare an updated Medium-term Financial Strategy in preparation for the 2022/23 budget during Autumn of 2021/22. Be aware of wider service and financial implications arising from the economy and society moving from a response to recovery phase of the pandemic.</p>	<p>March 2022</p>	<p>Faye Tyas Assistant Director of Finance Debbie Hogg Director of Corporate Resources</p>

Progress update

The Council set a balanced budget in March 2021 covering 21/22-23/24. Council Tax and Business Rates income is being closely monitored on a monthly basis. The Quarter

1 monitoring position will be reported to Cabinet on the 8th September, which will include the allocation of specific COVID funding in-year. A timetable has been drafted for the budget setting process for 22/23, including the consideration of an updated MTF5 in autumn. Any in-year budget pressures will be reviewed to understand the extent to which they impact on the longer term, maintaining the focus on future financial sustainability and the baseline budgeted position.

5. ENSURING BUILDING SAFETY COMPLIANCE	Completion Date	Responsible Officer(s)
<p>The Grenfell disaster galvanised national action to ensure that all buildings area safe. Doncaster was quick off the mark to address fire safety in its high rise properties. But the legacy of the disaster is the enhanced scrutiny and regulatory enforcement on all elements of building safety compliance. In this context St Leger Homes Doncaster (SLHD) needs to ensure it understand the inherent risks relating to the stock it manages, has accurate data, robust systems for managing that data and takes swift action to remedy defects when they arise.</p> <p>ACTIONS: St Leger Homes Doncaster will invite external scrutiny of its compliance arrangements, putting in place a ‘health check’ of all compliance functions. We will put in place a new dedicated compliance database to modernise our record keeping and make the management of our data and the activity required to manage it more efficiently. We will ensure that we have the right staff to manage these functions and that all relevant staff have the required training and competencies to undertake their roles. We will also put in place new governance and oversight arrangements to ensure that our Board and the council have confidence in our management of these issues.</p>	<p>March 2022</p>	<p>Dave Richmond Chief Executive, St Leger Homes of Doncaster</p> <p>Dan Swaine Director of Economy and Environment</p>
Progress update		
<p>St Leger Homes Doncaster (SLHD) also commissioned a wider health check review of all six areas of compliance. This health checks have been undertaken throughout April 2021 and involved a desktop review of data, review of key documents and interviews with key members of staff. The health check review was undertaken by Pennington Choices Ltd.</p> <p>The outcomes of the review and any recommendation resulting from the health checks are fed into a roadmap. This will help priorities any actions required and can be monitored through the newly formed Building safety Group.</p> <p>The procurement of bespoke compliance software has been undertaken, currently in the implementation phase with a dedicated implementation team to configure and tailor this software to our individual needs.</p> <p>The newly appointed Head of Building Safety will continue with the roll out of the approved realignment in SLHD. The building safety team will have the competencies and training to be the Subject Matter experts for the organisation.</p> <p>Additional governance arrangement have also been put in place, the formation of the Building Safety Group Chaired by the Director of Economy and Environment will oversee all activities relating to Building Safety.</p>		

SECTION 2: An update on key improvement areas that were previously identified and remain an issue in 2020-21

6. GOVERNANCE FUNCTIONS (PRINCIPLE E)	Completion Date	Responsible Officer(s)
<p>An improvement area has been identified around knowledge and understanding of various key governance policies and procedures that are in place to help support senior managers with their roles and responsibilities E.g. Financial Procedures Rules and Corporate Procurement Strategy.</p> <p>ACTIONS: A training event will be held as part of the Senior Management Meetings for all senior staff (down to Head of service) to attend to improve awareness of key governance policies, procedures and arrangements that are in place to support senior managers</p>	September 2021	<p>Scott Fawcus Assistant Director Legal & Democratic Services</p> <p>Debbie Hogg Director of Corporate Resources</p>
Progress update		
The completion date has been revised to End of September 2021		
7. ADULT SOCIAL CARE MARKET SUSTAINABILITY (PRINCIPLE D)	Completion Date	Responsible Officer(s)
<p>The potential impacts include:</p> <ul style="list-style-type: none"> • Provider failure and associated disruption of care for people of Doncaster • Lack of investment from providers to develop services and innovate together with potential contraction of existing offer • Restricted choice of services and the providers of services for people of Doncaster. • Longer term impact of Covid on Market in terms of reduced occupancy levels <p>ACTIONS:</p> <ul style="list-style-type: none"> • Continue to support the market to make informed commercial and service planning decisions in order to stimulate a sustainable, diverse social care market to meet the current and future needs of the people of Doncaster. • Develop and maintain an ongoing awareness of local business environment for providers, providers business models and other intelligence to inform commissioning actions • Ongoing engagement with providers through partnership arrangements, contract management and contract monitoring activity to maintain oversight of the social care market in Doncaster • Market Position Statement is being drafted with key elements relating to Adult Social Care Markets e.g Care 	Key actions are ongoing with timescales in place for Market Position Statement. Review end of Quarter 1 (June 2021).	Phil Holmes Director of Adults, Health & Wellbeing

<p>Homes and Dom Care etc</p> <ul style="list-style-type: none"> • Throughout Covid all providers have been RAG rated against risk factors including financial sustainability. This is overseen via the Market Oversight Group which meets monthly to review all high risk provision. • Strategic Care Provision Group which is chaired by DASS and attended by commissioning partners. • Financial Support and additional investment has been delivered to help providers navigate the demands and meet costs throughout the pandemic. 		
--	--	--

Progress update

<ul style="list-style-type: none"> • Support to the market remains in place as part of the Covid response. Meetings have been held with Care Home Providers identified in key areas where financial viability may become an issue due to lower occupancy levels directly linked to the Covid pandemic. • The development of the Market Position Statement is ongoing with Strategic Commissioning. • The Monitoring and Oversight Group continues to meet with a wide range of partners to identify risks and put in place mitigations where issues have been identified. • Engagement within the market is ongoing with further meetings being held with Care Homes and Domiciliary Care Providers in August 2021. • Contract Management meetings have been stepped back up following the Covid response and monitoring visits are being undertaken to all providers within the first 2 quarters of the year.

8. ORGANISATIONAL WORKFORCE (PRINCIPLE E)	Completion Date	Responsible Officer(s)
<p>Within this context the council needs to ensure it has the right people, with the right skills, working in the right way, within effective roles, programmes and flexible structures. This brings a series of core behaviours and key competencies that are needed to address both capacity and capability issues within the organisation to successfully drive through performance.</p> <p>As an organisation we need to systematically identify and address critical skills gaps now and for the future; retain, develop and deploy resources to ensure services can be delivered to a high standard and are value for money. Specifically focussing on current and emerging recruitment and retention difficulties and skill shortages for appropriately qualified staff in certain occupational groups of social workers, occupational therapists and environmental health officers, which need to be addressed.</p> <p>ACTIONS:</p> <p>to be monitored and addressed through priority actions included in this year’s workforce strategy 2021/22, specifically:</p> <ul style="list-style-type: none"> • Development and implementation of a Recruitment and Resourcing Policy, focusing on effective ways of recruiting people with the right skills and behaviours including career pathways and succession planning options 	<p>March 2022</p>	<p>Jill Parker Assistant Director - HR, Communications & Executive Office</p> <p>Debbie Hogg Director of Corporate Resources</p>

<ul style="list-style-type: none"> • Attracting and engaging a talented workforce including apprenticeship and graduate talent, as well as considering specific recruitment campaign where gaps in workforce arise • Ensuring leadership development, learning and training programmes meet current and future needs 		
--	--	--

Progress update

<ul style="list-style-type: none"> • Workforce strategy in place • Leadership aware of where skills and recruitment difficulties exist. • Different recruitment approaches being considered/deployed which is yielding positive results • Agency and temporary staff are employed to support gaps in the workforce and deliver organisational objectives. • Graduate trainee scheme in place and recruitment underway for this year’s cohort; and the apprenticeship programme is on-going which brings in fresh ideas and energises the workforce • Annual PDR Scheme launched for this year to identify individual training requirements
--

9. DONCASTER INTEGRATED PEOPLE SOLUTION (DIP’S) (PRINCIPLE D)	Completion Date	Responsible Officer(s)
<p>The full implementation of an integrated technology solution for Adult and Children Social Care case management, Early Help, Financial Management, Education Management, integration between key systems and joining up with health and partners is progressing.</p> <p>The programme is progressing well after delays due to the Covid situation and it is hoped further delays are not required. Due to its importance and how it will change these services and ways of working, it is remaining as a key issue to monitor.</p> <p>ACTIONS:</p> <ul style="list-style-type: none"> • Review and redesign of all business processes. • Implement new Children’s Social Care Management solution for use by the Council, Doncaster Children’s Services Trust and other key partners. • Implement new Adult Social Care Management solution to be used by the Council and key partners. • Implement new Education Management Solution to be used by the Council and key partners. • Implement new associated financial solutions. • Implement all key integrations with other key systems including joining up with health, financials etc. • Implement Citizen, Professional & Provider Portals • Migration of all required data from many solutions. • Train all users of these solutions across partners and providers. 	<p>November 2021</p>	<p>Julie Grant Assistant Director of Customers, Digital & ICT</p> <p>Debbie Hogg Director of Corporate Resources</p>

- Decommission all the legacy solutions.
- Education Transport module (Go Live November 2021)

Most of Education Management is now successfully implemented and being used daily across partners and providers to deliver services. Adult Social Care, Residential Financials & Mosaic Portal are due to go live 22nd March 2021, with the Adult non Residential finances and provider portal due late spring / early summer. Children Social Care & Financials are planned to go live in Summer 2021. An additional Education Transport module is hoped to go live in November 2021.

Progress update

The programme is still progressing well now all back on track and Children's Social Care is still due to go live in the Mosaic system in August 2021. After this, the only deliverable left to achieve is the Adult Social Care Provider Portal which will be implemented using a phased approach. Support and continuing development of the whole solution serving Adult and Children Social Care, Education Management and associated financials and partnership working will then move into full business as usual mode

This page is intentionally left blank



Doncaster Council

Report

29th July 2021

To the Chair and Members of the AUDIT COMMITTEE

INTERNAL AUDIT STRATEGY AND INTERNAL AUDIT CHARTER

EXECUTIVE SUMMARY

1. The Committee is asked to consider the attached Internal Audit Strategy and the terms of reference for Internal Audit, which are set out in the Internal Audit Charter. The Committee has responsibility for considering the Internal Audit terms of reference.
2. The Strategy and Charter were reviewed in July 2017 in order to take into account the significant changes to Internal Audit Standards and recommendations made in the peer review carried out by Kirkless Council in 2017. Since then, the documents have been fully reviewed and updated on an annual basis to take into account changes required, primarily through the latest guidance issued in the form of an Application Note from CIPFA. This year a full in depth review has been undertaken to take into account current changes in the way the team is operating and ways of working and sets out the strategy for the period 2021-2024. The Strategy has been produced to meet the evolving needs of the Council and will continue to be revised to complement the digital, innovative and intelligence led organisation that it is striving to be.

EXEMPT REPORT

3. The report does not contain exempt information.

RECOMMENDATIONS

4. The Committee is asked to;
 - Approve the Internal Audit Strategy for the period 2021-2024.
 - Approve the Internal Audit Charter.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. Regular reviews of the Internal Audit Charter and Strategy ensures the service has considered the service it is offering to the Council and is operating to best current professional practice. The work undertaken by Internal Audit improves and strengthens governance arrangements within the Council and its partners, which add value to the authority and citizens of Doncaster. It also enhances and protects organisational value in line with the mission of Internal Audit as set out in its professional standards.

BACKGROUND

INTERNAL AUDIT STRATEGY

6. The overall strategic direction of the Council's Internal Audit Service for 2021-2024 is set out within the Internal Audit Strategy. The Strategy has been reviewed in line with the requirements of the UK Public Sector Internal Audit Standards and current best practice and has been updated to reflect current practices. No key changes were required to the Strategy due to the changes previously made in 2017 that were required in order to comply with the 2017 Standard changes.
7. The Internal Audit Strategy supports the delivery of the Corporate Plan, focusing on enhancing and protecting organisational values, improving the effectiveness of risk management, control and governance processes. The unprecedented circumstances of the coronavirus pandemic have shaped the stance for 2021/22 and future ways of working. Existing Council risks have changed during the pandemic forcing them to be considered and viewed differently. This led to rapidly evaluating what Internal Audit could deliver in 2020/21, frequently revisiting agreed audit priorities and plans with managers to determine new key priorities. By exploiting this agile approach, we were able to provide real time assurance that was targeted at the risks of greatest concern.
8. The strategy for 2021/22 and going forward is to accelerate this approach by exploiting this more agile, nimble and quick approach indefinitely; continuing to be forward-looking, proactive and continuing to work as closely with the Council as possible, in order to understand its risks and needs. This independent, agile and flexible approach provides for insight as required by our professional standards into the Council and its risks during what is considered to still be a challenging period for the Council. This audit strategy drives the internal audit plan for 2021/22 and beyond.

INTERNAL AUDIT CHARTER

9. The Internal Audit Charter sets out the Terms of Reference for the Internal Audit Service. The Internal Audit Charter must comply with the United Kingdom Public Sector Internal Audit Standards (UKPSIAS) and be consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for Professional Practice of Internal Auditing, the Code of Ethics and the Definition of Internal Auditing). The Charter also confirms the authority and responsibility conferred by the Council on its Internal Audit Section with respect to carrying out its agreed functions.

10. There are three new sections added to the Charter these are detailed below:
- a. Agile Audit Approach: Whilst we have for many years operated in a flexible and customer focused manner, we are focusing on adopting and embedding an ‘agile-audit’ approach. The main differences being flexibility and to help the Council look forward and address issues that could affect performance. We have a core focus on collaboration and communication between the Audit team and all stakeholders throughout the entire process and experience. While audit quality is always a key driver and consideration, the priority is on speed and efficiency. The benefit of this approach allows a clear direction and ongoing communications, which results in a collaborative / iterative approach by continually reviewing and assessing our audit plans. This approach focuses on individuals and interactions and accelerates the delivery of insight. We will continue to develop this approach during the period of the strategy and learn best practice from others.
 - b. Agile Audit Plans - An agile auditing planning approach is in operation, which provides flexibility. Instead of rigid, single-phase planning, agile auditing centres around fluid, iterative planning on an ongoing basis. The elastic planning cycle of agile audit allows for the prioritisation of tasks based on risks and the Council’s needs.
 - c. Assurance Services provided by External Parties - Internal Audit have commissioned specialist IT audit services from a Local Authority Internal Audit Team who have produced an IT Audit Needs Assessment. The outcome from this is incorporated into future internal audit plans. Some of the IT audits are delivered by the contracted Local Authority Internal Audit Team to provide addition capacity and benefit from the specialist expertise.

OPTIONS CONSIDERED

11. Not Applicable – for information only

REASONS FOR RECOMMENDED OPTIONS

12. Not Applicable – for information only

IMPACT ON THE COUNCIL’S KEY OUTCOMES

13. The Head of Internal Audit has considered the environment in which the internal audit service operates as well as regulatory requirements on and for the internal audit service in the Council. These have been incorporated into the documents presented to the Committee for consideration and recommendation.

	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 	

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

	aspirations of residents <ul style="list-style-type: none"> • 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

14. The operation of an effective internal audit service provides assurance on the effective management of risks and internal controls. The adherence to an appropriate service strategy with the right terms of reference allows the service to fulfil this assurance role as well as contribute to other Council outcomes.

LEGAL IMPLICATIONS (SF 15/07/21)

15. There are no specific legal implications associated with this report. The individual matters listed in the Appendix have all been subject to appropriate legal advice at the time of consideration by the Audit Committee.

FINANCIAL IMPLICATIONS [ST 15/07/21]

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

HUMAN RESOURCES IMPLICATIONS [RH 19/07/21]

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

TECHNOLOGY IMPLICATIONS [PW 15/7/21]

18. There are no specific technology implications in relation to this report. As outlined in the body of the report, an IT Audit Needs Assessment has been produced and incorporated into future internal audit plans.

EQUALITY IMPLICATIONS [PJ 20/07/21]

19. 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 14/07/21]

20. Good governance is important for healthy organisations and for healthy populations. The audit strategy and charter demonstrate this. Specific health implications should be addressed through individual audits and action plans.

CONSULTATION

21. This report consults with members of the Audit Committee over the Internal Audit Strategy and Internal Audit Charter for the period 2021-2024.

BACKGROUND PAPERS

22. The United Kingdom Public Sector Internal Audit Standards.

REPORT AUTHOR & CONTRIBUTORS

23. Peter Jackson, Head of Internal Audit

Tel 01302 862938, Email: peter.jackson@doncaster.gov.uk

Faye Tyas
Assistant Director of Finance

**DONCASTER COUNCIL
INTERNAL AUDIT SERVICES**

INTERNAL AUDIT STRATEGY 2021 to 2024



1. Introduction

Doncaster's Borough Strategy sets out the joint vision of the council and its partners in Team Doncaster, framed around six wellbeing goals which seek to balance the wellbeing of people and places with the wellbeing of the planet that connect the collective effort to ensure quality of life improvements are shared by all residents and communities.

The council's purpose is "To enable Doncaster and its people to thrive. We will ensure that value for money is at the heart of everything we do." To achieve this, the council's Corporate Plan sets the direction for the council, details the vision, objectives and the things we must focus on to ensure we are a connected Council that is ready for the future. It is the council's contribution to the Borough Strategy.

The Internal Audit Strategy supports the delivery of the Corporate Plan, focusing on enhancing and protecting organisational values, improving the effectiveness of risk management, control and governance processes.

The unprecedented circumstances of the coronavirus pandemic have shaped the stance for 2021/22 and future ways of working. Existing Council risks have changed during the pandemic forcing them to be considered and viewed differently. This led to rapidly evaluating what Internal Audit could deliver in 2020/21, frequently revisiting agreed audit priorities and plans with managers to determine new key priorities. By exploiting this agile approach, we were able to provide real time assurance that was targeted at the risks of greatest concern.

We will continue to face increasing demands to improve performance whilst striving for greater value for money and delivering significant savings across the Council. We need to be more adaptable, agile and capable of moving resources to meet the changing needs of our communities. This Internal Audit Strategy sets out how we will accelerate and embed the agile auditing approach, continuing to be forward-looking, proactive and prioritised in accordance with our risks and needs. We will utilise our resources astutely to balance the managing of immediate, short and long-term assurance needs.

This independent, agile and flexible approach provides for insight, as required by our professional standards, into the Council and its risks during what is considered to still be a challenging period for the Council.

2. Main Drivers in Direction Setting

The work of the Internal Audit team is driven by our priorities and risks, responding to a number of needs, some of a statutory nature and some arising from within the Council itself. In summary, the main service drivers are:

1 The corporate responsibilities for Section 151 of the 1972 Local Government Act and the requirement to provide assurance and support to the appointed Section 151

2 The Accounts and Audit (England) Regulations 2015.

3

The requirement to meet the service scope and standards set out in the United Kingdom Public Sector Internal Audit Standards (UKPSIAS), which came into force on the 1st April 2013 and as updated in March 2016 and March 2017.

4

The dependencies of the External Auditor on the internal audit function.

5

The achievement of the Council's wellbeing goals and objectives set out in the Corporate Plan

6

Continuing to meet the needs of internal and external customers

7

The contributory role in assisting in the embedding and informing of risk management across the Council.

8

Ensuring value for money is at the heart of everything we do

9

The need for the council to maintain both an effective counter-fraud culture and counter-fraud and corruption arrangements.

The Accounts and Audit Regulations 2015 include a requirement for local authorities to:

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

Reg 5 (1)

”

“ conduct a review of the effectiveness of the system of internal control

”

Reg 6 (1) (a).

The UKPSIAS now provides a Mission Statement for Internal Audit, which articulates what internal audit aspires to accomplish within an organisation

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”

The UKPSIAS provides a new definition of Internal Audit:

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



Further drivers in direction setting is ensuring compliance with UKPSIAS ‘ Core Principles for the Professional Auditing’ These are achieved through individual auditors and the audit function working to the defined standards set out within UKPSIAS. The Core Principles are:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

Standards state “For an internal audit function to be considered effective, all Principles should be present and operating effectively but failure to achieve any of the Principles would imply that an internal audit activity was not as effective as it could be in achieving internal audit’s mission”

This Mission Statement and definition encourages a collaborative style of audit review, which focuses on adding value and improving an organisation’s operations evaluating and improving the effectiveness of risk, control and governance processes

and therefore goes beyond basic compliance. The Internal Audit Service continues to face a challenging agenda to deliver the services the Council requires and to ensure it does so by providing added value. The Service needs to be able to react and adapt to the rapid pace of change, which is taking place both locally and nationally. Accordingly, the Charter has been extended to include the aspirations of the Internal Audit Service, which are to:

- Fully understand the Council, its needs and objectives
- Understand its position with respect to the other sources of assurance and plan its work accordingly.
- Be seen as a catalyst for change at the heart of the Council, constantly seeking and suggesting opportunities for improvements
- Add value and assist the Council in achieving its objectives
- Be forward looking – knowing where the Council wishes to be and aware of the national agenda and its impact
- Be innovative and challenging
- Help to shape the ethics, governance and standards of the Council
- Ensure the right people, with the right skills, working in the right way, within effective roles, recognising that the skills mix, capacity, specialisms, qualifications and experience requirements all change constantly
- Aligned to the purpose and values of our Team Doncaster Charter
- Share best practice and seek opportunities for joint working

The UKPSIAS sets out certain terms, which require definition and application within Doncaster Council and its internal Audit Service

- For the purposes of Internal Audit activity, the term “board” refers to the Audit Committee.
- The term “senior management” refers to the Statutory Officers, i.e. the Chief Executive, Chief Finance Officer, the Monitoring Officer, and the Directors.
- The UKPSIAS refers to the officer responsible for the Internal Audit function as the Chief Audit Executive. This role is undertaken by the Head of Internal Audit (HoIA). Section 151 of the Local Government Act requires the Council (through the Chief Financial Officer) to ensure the proper administration of its financial affairs. The work of the internal audit function supports the appointed S151 Officer in this, as the internal audit function assists managers to administer the Council’s finances in a sound manner related to the associated risks, and it provides information and assurance to the Chief Financial Officer (Section 151) on the extent of proper administration.

The External Auditor seeks to place reliance on the work of the internal audit function in discharging his legal responsibilities, although the level of work reviewed by the External Auditor has fallen since the external auditors have changed the scope and approach to their work. With internal and external audit still working in a

coordinated manner, the Council receives a more efficient, effective and economic audit. The External Auditor, whilst still undertaking risk based audits of their own, will place reliance on work done by Internal Audit Services where appropriate.

The service will continue to meet the needs of the Council to strive to be responsive to customers and their individual needs and to add value to the organisation. It largely does this through acting as a control assurance function providing assurance, to managers and to the organisation as a whole, on the state of its internal control arrangements. The service further supporting managers in the management of key risk, governance and control areas, increasing the overall likelihood of successful, joined up and customer responsive Council services.

Advice - Internal audit staff continuously provide advice on risk, governance and control, as experts in these areas. They do this when in the field on matters not part of their designated audit, or in response to direct approaches to Internal Audit by clients seeking help and support. These skills can also be deployed They use their skills to meet organisational needs through a flexible approach in deploying their transferrable skills into areas where they are not the experts in the field This helps to ensure the sound and effective control of business, strategic and operational risks within the Council.

Counter fraud - is regarded in central and local government as its own profession with separate professional training, and in the case of central government, with its own specific standards. For us in Local Government, our strategy is set collaboratively at a national level in the Fighting Fraud and Corruption Locally Strategy. This strategy makes it clear that professionally trained and accredited staff must be used for counter fraud work and is specifically states that if auditors undertake counter fraud work, they too must be trained in this area. Whilst some elements of the Public Sector Internal Audit Standards do apply to the profession (such as the standard principles of public life), much of counter fraud work and investigative work is driven by the law surrounding the powers that are being used and not by auditing standards which are designed specifically for the audit profession. Where these are applicable to a specific piece of work, they are used but most counter fraud and investigative work instead relies on the Police and Criminal Evidence Act, the Data Protection Act (and related investigation legislation), the Prevention of Social Housing Fraud Act, Money Laundering Regulations and, to ensure successful prosecutions and investigations, guidance on criminal standards and burdens of proof as defined by the Crown Prosecution Service.

3. What This Means We Need To Do

In meeting these drivers and organisational needs, the Council's Internal Audit Service will:

- Provide an assurance on the Council's internal control systems. This includes the audit of areas of financial risk, non-financial risk and reviews of key governance areas and systems.
- Internal Audit services are designed to add value and insight to the organisation by providing a risk based and objective assurance and providing advice.
- Audit the main financial systems and other systems related to possible

material misstatements, regardless of comparative risk.

- Deliver risk based assurance on those controls that manage significant risks.
- Fully comply with the mandatory United Kingdom Public Sector Internal Audit Standards.
- Better integrate the outcomes and other information gathered as part of the internal audit process, with the risk management processes of the Council.
- Maintain ongoing effective relationships with the External Auditor and deliver complimentary plans of work to deliver an efficient audit service collectively, for the Council.
- Ensure the staff working in the Internal Audit team possess the right skills and experience, work in the right way within effective roles to deliver the whole plan of work.
- Improve the efficiency and effectiveness of operations of the Internal Audit Service and of the services that it audits.
- Promote good corporate governance and control practices and contribute to a good governance culture.
- Work in a positive manner alongside clients, supporting them in the effective management of risk and service delivery.
- Provide support to managers in the undertaking of investigations into irregularities whether they be proven or suspected.
- Support and develop an anti-fraud culture within the Council and its partners.
- Provide audit services to schools and partner organisations (such as the audit of St Leger Homes and schools if required).
- Support good governance and good risk management in the monitoring of strategic partnerships and strategic contracts.
- Share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service provider to ensure proper coverage and minimise duplication of efforts.
- Ensuring Auditors are proactive with evaluations, offering new insights and consider future impact will ensure the credibility and value of Internal Audit is enhanced.

4. How We Will Do This

Agile Audit Approach

Whilst we have for many years operated in a flexible and customer focused manner, we focused on adopting an 'agile-audit' approach. The main differences being flexibility and to help the Council look forward and address issues that could affect performance. We have a core focus on collaboration and communication between the Audit team and all stakeholders throughout the entire process and experience. While audit quality is always a key driver and consideration, the priority is on speed and efficiency.

The benefit of this approach allows a clear direction and ongoing communications which results in a collaborative / iterative approach by continually reviewing and

assessing our audit plans. This approach focuses on individuals and interactions and accelerates the delivery of insight.

We will continue to develop this approach as we progress and learn from others what works best over the period covered by this strategy.

We use this agile and flexible approach to:

Review of the Council's Governance, Risk Management and Control

Arrangements - We will deliver a comprehensive plan of work such that the key elements of the Council's Governance, Risk Management and Control Arrangements are covered. This coverage will be on a risk basis and will take into account:

- risk management arrangements
- the Council's strategic and, where available, operational risk registers
- the Council's risk appetite
- financial information from key financial systems
- other sources of assurance on which reliance can be placed
- consultations with the Council's Directors and Assistant Directors
- known upcoming significant changes to internal control environments or changes in key systems and key governance arrangements
- known upcoming changes to the law or external environment
- external demand for services (including requirements to audit and sign off of grant claims for the government)
- the development of best practice from regulatory or other bodies
- work requested by the Council's External Auditor.

This will be evidenced through our audit plans, which will change throughout the year to reflect changes in the level of perceived risk to ensure that we concentrate limited resources on the right areas. We will use this evidence to deliver an annual opinion on the internal control environment.

Review of Main Financial & Material Systems - As part of our working arrangements with the External Auditor we will deliver a risk driven review of controls in the Council's main financial systems. This forms part of the audit plan on an annual basis.

A system of Risk-Based Auditing - is fundamental to our ability to comply with the assurance framework requirements that must be in place to comply with professional standards. We will continue to develop our risk based approach to ensure it is effective in providing assurance to managers within the Council and to members.

Compliance with Best Practice – we have developed a methodology to measure our achievement of compliance with mandatory United Kingdom Public Sector Internal Audit Standards. We will monitor ourselves against these professional standards and rectify any gaps that are within our control.

Relationship with Risk Management – Internal Audit is not responsible for the

management of the Council's risks; this is the responsibility of managers. However, all of our audits consider risk and report on risks to managers. Issues and recommendations are risk assessed according to the Risk Management Framework to give comparative implementation priorities to managers and so that they can be taken into account in their risk management activities. These risk assessments form the basis of the audit opinion given at the end of an audit. We will continue to emphasise the importance of risk management to all managers in the Council as part of the delivery of our service.

We recognise that through our work we are assisting managers to better understand risk management. This important educational / informative role adds value to the organisation. We will submit information through our routine audit and from all other forms of work on risks to risk owners for inclusion on the Council's risk registers.

Relationship with External Auditor – we will endeavour always to work with the External Auditor and share plans to deliver an effective corporate assurance service to the Council. We will maintain a process of regular liaison meetings with the External auditor.

Efficiency Improvements – Our developing agile internal audit approach allows us to be flexible and to react to issues that could affect the Council's performance. This streamlines the reactive audit planning process with the priority being on speed and efficiency. Internal Audit uses an electronic audit package to improve efficiency of both individual audits and for the management of the service. This includes all aspects from audit planning from carrying out audits to tracking the implementation of agreed management actions. Internal Audit also make use of assistive technologies, specifically computer based auditing techniques to analyse raw data to inform our audits. These techniques and packages allow us to analyse and give opinions using large volumes of data, which is statistically more significant than opinions based on traditional audit sampling techniques. We continue to develop our application of this and other technologies to save on administration, management, audit time, and hence deliver as much resource as possible to front line audit work.

We will seek to minimise the time spent on audits whilst at the same time delivering effective audits. We also aim wherever possible to arrange our audit work to minimise disruption and distraction to our clients' normal service delivery, by carrying out work at convenient times and by specifying in advance our information needs.

We will comment on the efficient, economic and effective use of resources, where appropriate, in our internal audit work.

Promoting Good Corporate Governance – More than ever in the light of the current environment, in all we do we will seek to promote good corporate governance, including in the giving of advice and the assessment of internal controls. We review the Council's Corporate Governance Framework as part of our audit planning process and provide coverage of elements of corporate governance within our annual audit plan. Improving governance is an integral aspect of many reviews we undertake. We will also contribute to the Council's counter fraud

culture. How we will deliver this is covered in the Council's Anti-Fraud, Bribery and Corruption Framework. Audits applicable to the prevention and detection of fraud and error and the improvement of the Council's counter fraud culture will continue to be part of the overall Internal Audit Plan but enhanced through having a separately identified plan. We will promote this culture via our work, on our intranet site, in coordination with the External Auditor and through our contribution to the Council's Governance Group.

Provide Training and Support - We will continue to provide training as required on the Council's Anti-Fraud, Bribery and Corruption Arrangements and Fraud Awareness. We will also develop training on promoting good corporate governance

5. Other Work

The business of local authorities is becoming increasingly diverse, with a broader range of delivery methods and greater focus on improving partnership working. Internal Audit aims to help the Council safeguard its interests by carrying out work as appropriate where various delivery methods are employed. The Corporate Plan includes key priorities to work in partnership across regional boundaries, increase the resilience of the Children's Safeguarding Partnership and improve population physical and mental health and reduce health inequalities through strategic commissioning and the creation of key partnerships, including with the NHS, businesses, research organisations, and the Voluntary, Community, Faith and Social Enterprise sector. We will continue to build on the well-established arrangements with St Leger Homes and provide support to other partners such as Internal Drainage Boards based within the Borough where the Council appoint persons to their Boards.

Joint audit work can be commissioned for St Leger Homes and the Council, for example on housing strategy or joint governance arrangements to provide joint assurance opinions and mutual benefits to both parties.

Internal Audit also carries out audit of schools within the Council. Many schools have achieved academy status with the remainder to follow. Such academies make their own arrangements for Internal Audit although Council audit functions are promoted and available should any academy request it.

6. Resources and Prioritisation

Internal Audit will endeavour to maintain an effective service to undertake the required workload and with effective systems of operation. We will deploy staff in the most effective way in accordance with their experience and skills and in accordance with the UKPSIAS.

Internal Audits annual planning process has evolved and been updated in line with changes in the UKPSIAS professional standards

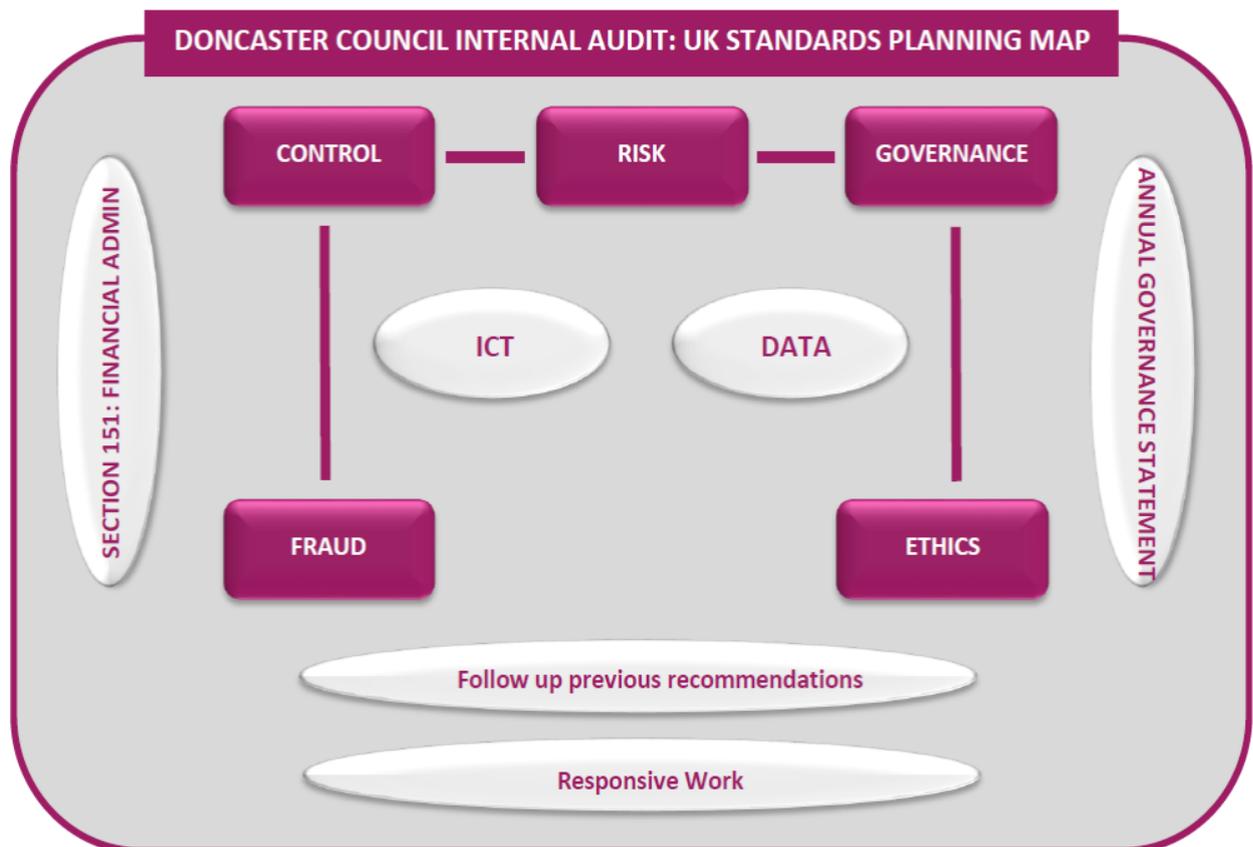
Internal audit work is identified following a full assessment of risks across the Council (the audit universe) and after taking into account other forms of assurance available to oversee and mitigate some risks identified (for example external audit work or improvement board activities).

The planning methodology for 2021/22 fully complies with the Standard.

Standard 2010 of UKPSIAS states ‘ that the Chief Audit Executive must establish a risk based approach to determine the priorities of the internal audit activity, consistent with the Council’s objectives’. It is a risk based plan that has been compiled following a risk assessment of the Council’s functions, services and risk, control and governance arrangements supplemented by discussions with Directors, Assistant Directors and key officers throughout the Council. This risk assessment has been used to compile a list of audit needs.

To provide a more flexible approach and to take account of changes in the Council and the risk environment, we also meet regularly with senior management to discuss their latest risks, concerns and requirements. The Head of Internal Audit meets weekly with the Chief Financial Officer (Section 151 Officer) and has regular informal meetings with the Chair and Vice Chair of the Audit Committee to keep them fully sighted on the fluid audit plan.

The overall approach is shown diagrammatically below:



Our work that we identify as an audit need falls generally into the areas of governance, risk and control. Audits that concentrate on controls generally support our audit work in providing assurance to the Council’s S151 Officer (the Chief Financial Officer), whilst audits concentrating more on the governance elements support the Council’s annual governance statement. It should be noted that our

audits can and do cover more than one of these areas (governance, risk and control). Wherever we look at control work, we will consider fraud as a matter of course and will consider ethics during any of our governance work. In all of our work, we seek to examine ICT and data / information management risks wherever they are applicable to our work, as ICT and data underpin all of the Council's activities.

During the period of this strategy, we will further develop our agile approach centred around fluid, iterative planning on an ongoing basis instead of a rigid, single phase planning approach. The elastic planning cycle of agile audit work allows prioritisation of audits based on risks and the needs of the Council instead of following a rigid 'out of date' audit plan.

Where there are any deficiencies arising in resources at any stage, the Head of Internal Audit and Chief Financial Officer (Section 151) work on a prioritised approach in evaluating the relative priorities of the work plan to ensure that resources are focused on mandatory activities and limiting the work undertaken for external parties, risk related work or responsive work.

Internal Audit annually carries out a review of the skills within the team and any development needs as linked to operational requirements. This is undertaken as part of the PDR (appraisal) process. Training and development needs are prioritised to reflect the needs of the service and individual auditor needs. This enables the service to maintain appropriate expertise for the delivery of the audit plan and strategy and to continuously adapt to new developments. These arrangements are being enhanced through the production of a formalised Team Development Plan, which identifies development areas at both an individual and team level.

7. Producing the Audit Plan

The Council has positively demonstrated that it was able to adapt and be flexible in its response to the Covid-19 pandemic. The internal audit plan was constantly reviewed and updated during 2020/21, providing greater focus on the auditing of grants that the Council have administered on behalf of the Government outside of the Business rates grants. For example, support for social care providers, Fighting Back Fund, ward based members grants that were being awarded in the response period of the Covid-19 pandemic in 2020. Internal Audit have been carrying risk assessments on these grants to assess the processes that are in place and to establish if there are any that require a more in depth review, which may be because there is a statutory return required etc.

The 2021/22 audit plan has been drafted whilst the Covid-19 pandemic is still very much present and so has to reflect uncertainty that we operate in and how we will be operating for considerable time to come. The plan will continue to be reviewed on an ongoing basis during 2021/22. The initial impact of the Covid-19 pandemic has reinforced the necessity of ongoing and regular review to ensure the work of the service remains relevant to the needs of the organisation whilst remaining compliant to standards.

'Fighting Fraud and Corruption Locally' guidance issued in 2020 has resulted in

the audit plan being presented in a different way to previous years, in that it has a plan for both non-fraud and fraud work. Having a clearly set out plan of our proactive and reactive fraud work is a particular important feature of the overall work for the team this year. This is due to the millions of pounds of central government Covid grant monies along with the heightened risk of other fraud due to the pressures created by the Covid-19 pandemic.

Inevitably, when we undertake our risk assessments, there are more needs / demands than available resources to review all the areas identified as having a certain level of residual audit risk. This situation has been exacerbated even more because of the Covid-19 pandemic. As a result, needs were ranked with a priority rating and those audits / projects that added lower overall value to the Council as agreed with the relevant Directors were excluded from the plan as usual.

An increased contingency has been allowed for within the plan to deal with new and emerging risks and issues and an increased separate allowance for the investigation of fraud or irregularities that may be referred to us or uncovered during the year. However, when all new risks emerge, they are compared to those items of need that did not make it into the final plan to ensure that we continue to concentrate on those areas where there is the greatest need and we can add the highest value from our activities. If, towards the end of the financial year, there are unused elements of either contingency, items of need from the list that did not make the final plan will be re-considered for inclusion. This has historically been an unlikely scenario.

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

- Specific risk assessments of Covid related grant monies and other Covid related changes
- The Doncaster Growing Together (DGT Plan) and the Corporate Plan and associated outcomes and objectives;
- The Council's Annual Governance Statement
- Risks including corporate strategic risks and service specific risks;
- Key governance and ethical frameworks that govern the Council and its activities;
- Financial and budgetary information;
- Procurement activities and items of high procurement / commissioning spend;
- Service plans and their associated risks;
- Corporate projects and known / planned technological changes;
- Information assets and business systems within service areas (or their absence);
- Data protection risks
- Legislative changes (where appropriate) and national initiatives such as the NFI;
- Fraud risks; - these are covered in detail within the Counter Fraud Report
- Partnership risks and significant partnerships;
- Concerns or service changes as identified by key officers, Directors or Assistant Directors; and

- Areas highlighted for consideration at a regional or national level.

The Counter Fraud plan is separate from the Audit Plan. It has different drivers, different requirements for the skill sets of the counter fraud professionals working on it and whilst it does use internal information to inform direction, is more focused on external risks and environmental changes that could affect the fraud landscape or provide further opportunities for fraudsters. The Counter Fraud agenda is the subject of a separate Policy, Strategy and Response Plan (that contains roles, responsibilities and rights of access to information). This is collectively known as the Anti-Fraud, Bribery and Corruption Framework. It is published on the Council's Intranet site and is approved separately by the Audit Committee. It is the strategy in this document that drives the Counter Fraud plan and not this Internal Audit Strategy

8. FURTHER FACTORS IN PRODUCING THE PLAN

Key factors taken into consideration include:

- Ongoing work requiring completion from the work in 2020/21.
- Core work required to deliver our basic assurance needs e.g. key financial systems and work to discharge the duties of the team e.g. in reporting to Audit Committee. This also covers ICT audit work where we use the ICT Audit expertise of another Council Team who provide their services to over thirty other local authorities and other public bodies.
- A significant allowance for detailed risk and assurance assessment work is included within the resource plan to help keep the work of the team during the year being risk focused through fluid planning and in generating the plan for 2022/23, which all incorporates regular liaison with management.
- Covid related work in grant verification and consequent proactive and reactive fraud work features in both the mainstream audit plan and the separate fraud plan.
- A strong allowance for contingency to be able to deal with inevitable risks and issues that will emerge during the year.
- An increase in the amount of time to deal with both proactive and reactive fraud in this period of heightened fraud risk.
- Development time for more efficient auditing in the future.
- An increased allowance for time for some types of audit, which require further validation and verification due to working virtually.

- An Increased allowance for some overheads due to virtual working (e.g. team meetings, 121's and welfare calls). This is needed to ensure effective communications are maintained and staff welfare, morale and motivation is retained.
- A consequent reduction in service type reviews within directorates to help support the above work.
- The plan reflects closer working arrangements with Financial Management, Performance, Insight and Change and other appropriate teams to support a more collaborative approach and maximise the value added from each audit.
- As stated every year, the actual level of responsive work cannot be accurately predicted and this stands even more so this year. Should this level of resource need to be increased, then audits shall be removed from the plan and conversely if this level of resource is not required, further planned audits will be added from the reserve list of audits as is our established practice.

Peter Jackson,
Head of Internal Audit.
July 2021

INTERNAL AUDIT CHARTER

1. THE CHARTER

- 1.1 This Charter is updated in line with the United Kingdom Public Sector Internal Audit Standards, (UKPSIAS) and is consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing). The Charter confirms the authority and responsibility conferred by the Council on its Internal Audit Section with respect to the carrying out of its agreed functions.
- 1.2 This charter covers the following areas relating to the nature, activity and scope of internal audit within Doncaster Council.
- Mission, Role and objectives
 - Independence
 - Authority
 - Responsibilities
 - Scope of work
 - Audit Approach
 - Agile Audit Plans
 - Reports
 - Standards
 - Relationships
 - Ethical standards
 - Contribution to Corporate Objectives
 - Assurance services provided to External Parties
 - Assurance Services provided by External Parties
- 1.3 This Charter should be read in conjunction with the Internal Audit Strategy and Anti-Fraud, Bribery and Corruption Framework, which both give details about how the responsibilities within this charter are discharged.

2. MISSION, ROLES AND OBJECTIVES OF INTERNAL AUDIT

- 2.1 We operate to the Public Sector Internal Audit Standards (PSIAS) which define Internal Audit as:
- 2.2 *'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'*
- 2.3 Internal Audit's mission statement as defined by UKPSIAS is:
- 2.4 *'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'*

- 2.5 Clearly, Internal Audit's achievement of its mission will help the organisation achieve its objectives and improve its services.
- 2.6 The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the organisation whether these arrangements are in place and operating properly and efficiently. The annual internal audit opinion, which informs the annual governance statement, both emphasises and reflects the importance of this aspect of internal audit work. The organisation's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.
- 2.7 To provide optimum benefit to the organisation, internal audit should work in partnership with management to improve the risk, governance and control environment and assist the organisation in achieving its objectives. This partnership must operate in such a way as to ensure that legal requirements and those of the UKPSIAS are met.
- 2.8 Internal audit provides an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. It may also undertake consulting services at the request of the organisation, subject to there being no impact on the core assurance work and the availability of skills and resources.
- 2.9 Internal Audit may provide assurance services where it has previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.
- 2.10 Internal Audit provided valuable input to Council priorities during the Covid pandemic, which was not considered usual internal audit work but was considered paramount to be undertaken. This work not only enhanced and protected the organisational value and did not impair our independence or objectivity and was used to inform the Head of Internal Audit's annual opinion.
- 2.11 Internal Audit's objectives are therefore as follows:
- To provide independent assurance and advice to management and the Audit Committee on risk management, governance and internal control.
 - To add value in all areas of audit work and to provide an excellent service to all our customers
 - To develop and promote our role to make a significant contribution to the Council's aim to deliver efficiencies, service improvements for our customers.

2.12 The attainment of the overall objective will normally involve: -

- Reviewing and appraising risks related to the achievement of objectives and business goals and evaluating the adequacy and effectiveness of the system of internal control related to those risks.
- Appraising the relevance, reliability and integrity of information.
- Reviewing compliance with those policies, plans, procedures, statutory requirements and regulations, which could have a significant impact on the achievement of the Council's objectives and business operations.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Appraising the economy, efficiency and effectiveness for the deployment of resources and the delivery of services in a best value manner.
- Reviewing operations or projects to ascertain whether results are consistent with the Council's established objectives and goals and whether the operations or projects are being carried out as planned and with due regard to the management of risk.
- Maintaining a program of review and assessment to enhance the integrity and usefulness of the Council's risk management processes.
- Conducting special assignments and investigations into any matter or activity affecting the interests of the Council. It should be noted that it is normally management's responsibility to undertake such investigations and Internal Audit's involvement is governed by UKPSIAS and the Council's financial rules.
- Reviewing the Council's corporate governance arrangements with appropriate input from other professional services including HR and Legal.

2.13 Section 6 of the Internal Audit Strategy identifies the agile approach to internal audit planning and the way in which Internal Audit resource requirements are considered and managed in response to emerging needs and priorities.

3. INDEPENDENCE

3.1 The Council's Internal Audit Services are an appraisal and advisory function having independent status within the Council. These arrangements have been reviewed and assessed against (UKPSIAS) audit standards and are considered to be compliant with these standards

- The Head of Internal Audit: -
Shall have direct access to the Mayor, Deputy Mayor, Chief Executive, Chief Financial Officer (Section 151), the Monitoring Officer and any other officer or member or external body, including the External Auditor, as the Head of Internal Audit shall determine.

- Shall have access to the Chair and Vice-Chair of the Council's Audit Committee.
- Shall not be involved in the day-to-day operations of the Council.
- Shall be able to make appropriate provisions for the undertaking of an objective assessment of the resource requirements of Internal Audit Services.

4. AUTHORITY

- 4.1 The authority of the Head of Internal Audit is derived from the Council, the, Chief Financial Officer (Section 151) the Monitoring Officer and the Council's Financial Procedure Rules. It is based on what is required to discharge the statutory obligations of the Council through the establishment of an effective internal audit function.
- 4.2 The Head of Internal Audit and his audit staff shall: -
- Have access at all reasonable times to the records, assets, personnel and premises of the Council including accounting records, documents, invoices, vouchers, correspondence and other data, whether held manually or electronically, of the Council which are necessary for the proper performance of internal audit duties.
 - Have the right at all reasonable times to enter any premises of the Council to request any employee to furnish all information and explanation deemed necessary for them to form an opinion on the adequacy of systems and/or controls or to complete required investigations. The employee concerned shall respond promptly to such enquiries.
 - Shall have rights of access to those items listed above where held by partner organisations as they affect the business of Doncaster Council or its control environment.
- 4.3 The Council's employees and members shall render every assistance to the auditors in carrying out their audit duties.
- 4.4 Managers shall respond promptly to internal audit reports and requests for information relating to the implementation of agreed management actions by the date requested.
- 4.5 The relevant Director must ensure that sufficient resources are in place to implement the agreed management actions and will be required to account to the Council's Audit Committee where such actions are not achieved.

5. RESPONSIBILITIES

- 5.1 The Head of Internal Audit shall be responsible for the functional control of audit activities in relation to: -

- Development, implementation and oversight of internal audit methods and procedures;
- Development and control of an effective internal audit plan and including those for which there are partnership arrangements;
- Scope and boundaries of audits;
- Fulfilling the objectives of internal auditing;
- Utilising designated audit resources to maximise the efficiency and effectiveness of the internal audit function;
- Maintenance of the appropriate auditing standards, currently those defined by the United Kingdom Public Sector Internal Audit Standards (UKPSIAS).

5.2 It should be noted that internal audit is not responsible for control or control functions within the Council; these responsibilities rest with management. Internal audit should never be regarded as a substitute for good management.

6. SCOPE OF INTERNAL AUDIT WORK

- 6.1 The scope of internal audit work shall be sufficiently comprehensive to meet the needs of management, the Council and the United Kingdom Public Sector Internal Audit Standards. Work areas for review will be identified through a risk-based process based upon a risk assessment, which will be derived from the Council's risk registers where available and will be compatible with the Council's Risk Management arrangements.
- 6.2 Where the risk management processes are mature enough, the Head of Internal Audit will seek to use the results of these processes to inform the scope of internal audit work to be undertaken. Where the registers are not judged to be of sufficient quality or scope to allow their use, then the scope of Internal Audit work shall be based upon a risk assessment undertaken by the Head of Internal Audit and his staff.
- 6.3 Internal audit coverage will embrace the control environment of the Council and will extend to all areas of the Council and its controlled / related entities.
- 6.4 Particular attention will be given to any aspects of the risk, governance and control environment affected by significant changes to the Council's risk environment and the changes due to the Covid pandemic response.
- 6.5 Counter Fraud - The Counter Fraud plan is separate from the Audit Plan. It has different drivers, different requirements for the skill sets of the counter fraud professionals working on it and whilst it does use internal information to inform direction, is more focused on external risks and environmental changes that could affect the fraud landscape or provide further opportunities for fraudsters. The Counter Fraud agenda is the subject of a separate Policy, Strategy and Response Plan (that contains roles, responsibilities and rights of access to

information). This is collectively known as the Anti-Fraud, Bribery and Corruption Framework.

7. AUDIT APPROACH

- 8.1** Standard 2010 of the Public Sector Internal Audit Standards states that the chief audit executive must establish a risk-based approach to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 8.2** As such, we operate a risk-based approach to all our work. Therefore, we have aligned our internal audit activity with the Council's risk registers. We operate an agile auditing approach, which provides flexibility and takes account of changes in the Council and the risk environment; we also meet with senior management to discuss their latest risks, concerns and requirements. In this way, we are fully up to date with, and aware of, emerging issues and are able to focus our resources in areas of greatest priority and risk. In agile auditing, there is a core focus on collaboration and communication between the audit team and stakeholders throughout the entire experience.

9. AGILE AUDIT PLAN

- 7.1** We will continue to develop and embed an agile auditing planning approach, which provides flexibility. Instead of rigid, single-phase planning. Agile auditing centers around fluid, iterative planning on an ongoing basis. The elastic planning cycle of agile audit allows for the prioritisation of tasks based on risks and the Council's needs.
- 7.2** A fluid audit plan providing for the review of significant operations of the Council, based on an assessment of risk pertaining to the achievement of Council objectives, shall be prepared for the approval of the respective Directors and the Council's Audit Committee.
- 7.3** As appropriate, the plan will take account of the role and objectives of internal audit and shall provide for the work of the internal audit team on an annual basis, based upon an assessment of risk. The plan will be prepared in consultation with management to obtain an understanding of the organisation's strategies, key business objectives, and associated risks and risk management processes, for the approval of the Audit Committee. As is consistent with professional practice, the plan will have an annual dimension but is agile and flexible to allow for the prioritising of audits based on risks and organisational need but may also reflect an intention to review risks over a longer period.

8. AUDIT REPORTS

- 8.1** Reports on individual audit activity will be made on a timely basis. Reports on areas reviewed by Internal Audit, containing feedback to managers

shall be issued promptly at the end of each audit review.

- 8.2 Reports will also be submitted to the respective director and as appropriate to the Chief Financial Officer (Section 151) and to the Audit Committee, in summary form, by the Head of Internal Audit. They will report on significant findings and issues arising from the internal audit work plan.
- 8.3 The Head of Internal Audit will submit an annual report to the Audit Committee timed to support the Annual Governance Statement which includes:-
- a. An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment).
 - b. A summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies).
- and
- c. A statement on conformance with UKPSIAS and the results of the Internal Audit Quality and Assurance and Improvement Programme (see below).

9. AUDIT STANDARDS

- 9.1 Internal auditing standards shall be consistent with the United Kingdom Public Sector Internal Audit Standards. These standards define how the "Core Principles for the Professional Practice of Internal Auditing" are delivered which ultimately contribute to the function delivering to the Mission Statement of Internal Audit which is "To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight"
- 9.2 Compliance with these will be assessed through a "Quality Assurance and Improvement Programme". (QAIP) The QAIP is an aid to evaluate conformance with the Code of Ethics and the Standards

Internal Audit maintains appropriate ongoing quality processes designed to ensure that internal audit work is undertaken in accordance with relevant professional standards. These arrangements include:

- The maintenance of detailed audit procedures
- Auditors work to a Code of Ethics and complete a Declaration of Interest to ensure any conflicts can be managed
- Detailed job descriptions for each internal audit post
- Regular performance appraisals
- Regular 1:2:1 meetings to monitor progress with audit engagements

- Training plans and associated training activities
- Agreement of the objectives, scope and expected timescales for each audit engagement with clients before detailed work commences (audit specification / audit brief)
- The results of all audit testing work documented using the Service's automated working paper system (Teammate)
- File review by supervising officer and sign-off of each stage of the audit process
- A debrief is carried out for each piece of completed work. This identifies any means of improving future reviews of that or similar areas in the future and also any development opportunities for the auditors
- Final sign-off of each job by a Principal Auditor, Audit Manager or Head of Internal Audit
- Post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- Performance against agreed targets reported to the Audit Committee on a regular basis
- As part of the annual appraisal process, each internal auditor is also required to assess his or her current skills and knowledge. Where necessary, training and/or support will be provided to address any development needs
- Team meetings are held frequently and away days are held involving review of factors affecting the future of internal audit. Strategic actions required are noted and built into team development & service plans as appropriate
- The Head of Internal Audit and the Internal Audit Manager and Principal Auditors are also members of various professional networks and obtain information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes.

9.3 Ongoing quality assurance and improvement checks

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

- The Head of Internal Audit will maintain a self-assessment against the Standards to confirm conformance with the Standards.
- Audit files are subject to review on a sample basis by the Head of Internal Audit to confirm quality standards are being maintained. The results of the reviews are documented and any key learning points shared with the internal auditors (and the relevant audit manager) concerned. Appropriate action is then planned in response to QA findings.

- From time to time Internal Audit will seek feedback from clients on the quality of the overall internal audit service. Feedback will generally be sought using surveys. A recent (2021) pulse survey has been undertaken focussing on key fundamental areas to assess the service overall performance and identify areas for development and improvement that is included as part of our overall continuous improvement programme.
 - At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application and conformance with the Code of Ethics and the Standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Audit Committee. Any specific areas identified as requiring further development and/or improvement will be included in the annual Improvement Action Plan for that year.
- 9.4 In February 2017, the service had an external assessment undertaken that confirmed that Doncaster's Internal Audit Service meets the highest of the three possible ratings within the standards, i.e. that the service "Generally Conforms" with the standards. This is an important assessment as it enables the Audit Committee and other key stakeholders to have confidence that the annual opinion of the Head of Internal Audit is supported by a professional and competent service and is evidenced based. It also provides stakeholders with the reassurance that they can place reliance on the quality of the work that Internal Audit delivers.
- 9.5 An external assessment is required every 5 years and as such, Internal Audit is to be subject to a further external assessment in 2021/22.
- 9.6 The results of the Quality Assurance and Improvement Programme are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in a Team Development Plan. Specific actions may also be included in Internal Audit's Service plan and/or individual personal development action plans. The outcomes from this exercise, including details of the Team Development Plan, are used to evaluate overall conformance with the Standards, the results of which are reported to senior management and the Audit Committee as part of the annual report of the Head of Internal Audit.

10. RELATIONSHIPS

- 10.1 The internal audit function, as part of an effective process of service delivery, shall maintain good and effective working relationships with its customers and with those charged with responsibility for partner organisations.
- 10.2 It shall also maintain effective working relationships with the Audit Committee, the Chief Executive, Chief Financial Officer (Section 151), the

Monitoring Officer, the External Auditor, other inspection and agency teams, the Council's members, management and employees. The Head of Internal Audit has weekly meetings with the Chief Financial Officer (Section 151).

Where the Council has partnership arrangements, the Head of Internal Audit will ensure that there is an effective and efficient control environment which takes account of the governance, risk and control framework of the partner body and that the risks associated with such an arrangement are subject to internal audit review. Suitable protocols will be set in place where these safeguard the Council's interests for effective internal audit.

- 10.3 Where there are incidents of fraud the Head of Internal Audit will advise or intervene as appropriate in ensuring that there is suitable involvement with the Police, or other agencies, and will seek to maintain an effective working relationship with them.

11. ETHICAL STANDARDS

- 11.1 Internal Auditors will behave at all times in accordance with the highest ethical standards and shall comply with the Council's Code of Conduct and declarations policy where there is a need to declare interests.
- 11.2 Where there are possible conflicts of interests in its undertaking of any individual audit or series of audits, individual auditors should bring such matters to the attention of their line manager in accordance with good practice.
- 11.3 Internal Auditors shall fully comply with the requirement of the UKPSIAS in respect the ethical standards within it and all auditors on an annual basis complete a declaration of compliance.

12. CONTRIBUTIONS TO ACHIEVING CORPORATE OBJECTIVES

- 12.1 To provide optimum benefit to the organisation, internal audit should work in partnership with management to improve the control environment and assist the organisation in achieving its objectives. Internal Audit's mission statement per UKPSIAS is defined as, "To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight". Clearly, Internal Audit's achievement of its mission will help the organisation achieve its objectives.
- 12.2 This partnership must operate in such a way as to ensure that legal requirements and those of the UKPSIAS are met.
- 12.3 Internal audit provides an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Any consultancy services and investigative reviews are undertaken subject to there being no impact on the core assurance work and the availability of skills and resources.

13. ASSURANCE SERVICES PROVIDED TO EXTERNAL ORGANISATIONS

- 13.1 Internal Audit provides an audit service to St Leger Homes and supports other partners such as the Internal Drainage Board based within the Borough, where the Council appoint persons to their Boards.

14. ASSURANCE SERVICES PROVIDED BY EXTERNAL ORGANISATIONS

- 14.1 Internal Audit have commissioned specialist IT audit services from a Local Authority Internal Audit Team who have produced an IT Audit Needs Assessment. The outcome from this is incorporated into future internal audit plans. Some of the IT audits are delivered by the contracted Local Authority Internal Audit Team to provide additional capacity and benefit from the specialist expertise.



Doncaster Council

Report

Date: 29th July 2021

To the Chair and Members of the AUDIT COMMITTEE

INTERNAL AUDIT REPORT FOR THE PERIOD: April to June 2021

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		No

EXECUTIVE SUMMARY

1. The report attached at **Appendix 1** updates the Audit Committee on the work undertaken by Internal Audit for the period of April to June 2021.
2. The attached report is in four sections:
 - Section 1. The Audit Plan / Revisions to the Plan
 - Section 2. Audit Work Undertaken During the Period
 - Section 3. Implementation of Management Actions arising from Audit Recommendations
 - Section 4. Internal Audit Performance
3. A summary of the main points from each of the sections is provided in the following paragraphs:

Section 1: The Audit Plan / Revisions to the Plan

4. The original plan was approved at the April Audit Committee and will be continually reviewed throughout the year, in accordance with our agile approach to auditing. Section 1 sets out further detail and any further changes to date.

Section 2: Audit Work Undertaken During the Period

5. During the period April to June, the majority of our work has been on our routine and planned audits as well as resource intensive, ongoing, responsive work, both Covid and non-Covid related. Operationally and as previously reported, there are some efficiencies e.g. in travel time to meetings and being able access people more easily meaning some work can be completed quicker. However, an

increased allowance for time is required for some types of audit, which require further validation and verification due to being carried out virtually. Additionally, some audit types are not easily undertaken remotely e.g. investigations, and some grant based work.

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

6. This has continued to be a high priority area of work and we have worked extensively with management in this area. Management have implemented a number of actions, which we have been able to agree as fully implemented. Where this has not yet been possible, we have continued working with management in agreeing appropriate revised timescales and any mitigations that might be put in place before full implementation. We have also agreed prioritisation of actions where possible i.e. with a view to mitigating higher risks at the earliest opportunity. Some revised dates have had to be extended to reflect the ongoing Covid-19 situation and other work prioritisations. Accordingly, this report records the current status in respect of outstanding and / or overdue actions.
7. There are 3 high risk level overdue management actions i.e. actions that had passed their original agreed implementation dates which are all with Trading Standards as noted above. All these 3 (4 reported for previous period) high risk management actions had revised implementation dates agreed by the relevant Assistant Director. Details of these, including the revised implementation dates, are recorded at Appendix B.
8. The total number of overdue medium and low risk level management actions was 36 (46 reported for previous period). Revised implementation dates have been agreed for some of these actions requiring a further extension of time. The majority of these fall within the Economy & Environment (27) and Corporate Resources (7) directorates.
9. Having undertaken a thorough review of the risk in this area, we have assessed the situation as satisfactory and will continue to tightly monitor and manage this area.

Section 4: Performance Information

10. Key indicators are over the timeliness of the issue of draft and final reports and these have all been issued within target timescales.

Results relating to major recommendations and customer satisfaction remain very positive, with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above.
11. The plan for the remainder of the Financial Year has been assessed and the Head of Internal Audit considers that sufficient work will be delivered to be able to provide his opinion on the Council's risk, governance and control arrangements. Any changes to this situation will be reported at the first available opportunity to the Audit Committee.

12. From work delivered in the year to date, there are no new areas of concern that should be considered for inclusion in the Annual Governance Statement for 2021/22, nor to result in a negative or limited annual opinion over the council's risk, governance and control arrangements.

RECOMMENDATIONS

13. The Audit Committee is asked to note:
- the position of the internal audit plan
 - the internal audit work completed in the period
 - the position with regards the implementation of management actions arising from Internal Audit recommendations
 - the current position regarding the ability to deliver the annual opinion over the councils risk, governance and control arrangements

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

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

OPTIONS CONSIDERED

16. Not applicable - for information only

REASONS FOR RECOMMENDED OPTION

17. Not applicable - for information only

IMPACT ON THE COUNCIL'S KEY OUTCOMES

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

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

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS [SRF 12/07/21]

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

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

FINANCIAL IMPLICATIONS [SJT 13/07/21]

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

HUMAN RESOURCE IMPLICATIONS [RH 12/07/21]

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

TECHNOLOGY IMPLICATIONS [PW 13/07/21]

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

EQUALITY IMPLICATIONS [PJ 14/07/21]

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

HEALTH IMPLICATIONS [RS 12/07/21]

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

BACKGROUND PAPERS

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

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

28. None

REPORT AUTHOR & CONTRIBUTORS

29. Peter Jackson, Head of Internal Audit,
Tel 01302 862938 E-mail - Peter.Jackson@doncaster.gov.uk

Peter Jackson
Head of Internal Audit



**Doncaster
Council**

Doncaster Council

Internal Audit Progress Report

April to June 2021

Section 1: Revisions to the Audit Plan

- 1.1. The 2021/22 Audit Plan was approved by the Audit Committee on 29th April 2021. As the audit year progresses, the plan is reviewed to take account of any new and emerging risks and any responsive work arising. Additional work undertaken / added to the plan is resourced by the deletion or deferral of the assessed lowest risk current plan items. Significant changes to the plan are set out below. The following audits have significantly increased in scope / time required:-
- North Bridge Stores Transformation Project – more time is required due to the extended timeline of the project
 - Covid-19 Grants (non-business rates) – further time is required to that originally planned due to the number and size of the grants received to date
- 1.2. The impact of the above time increases is being assessed and any audits that are deleted from the plan or deferred to be undertaken / considered for inclusion in future years plans will be formally reported within the next progress report.
- 1.3. We continue to work with all relevant teams within the Council to ensure our plan throughout the year remains relevant and this work will also provide information to help shape the Internal Audit Plan for 2022/23. We also continue to check our planning and approach with other Audit Teams in the region that are in our working network. This will ensure that audit resources continue to be targeted to reviewing the highest risks to the Council.

Section 2: Audit Work Undertaken During the Period

- 2.1 During the period April to June, the majority of our work has been on our routine and planned audits as well as resource intensive, ongoing, responsive work, both Covid and non-Covid related. Operationally and as previously reported, there are some efficiencies e.g. in travel time to meetings and being able to access people more easily meaning some work can be completed quicker. However, many of the audits have taken longer to complete due to customers still needing to prioritise resources to address the pandemic recovery. Additionally, some audit types are not easily undertaken remotely e.g. investigations, and some grant based work.
- 2.2 Internal Audit provides an opinion on the control environment for all systems, services or functions, which are subject to planned audit review. The opinions given are taken into account when forming our overall annual opinion on the adequacy and satisfactory operation of the Council's governance, risk management and internal control arrangements at the end of the year. Our work carried out during the initial pandemic response period and subsequent to that will also be pivotal to that opinion.

Internal Audit Opinion

- 2.3 A “*substantial assurance*” opinion is given where there are no or low levels of concern. A “*reasonable assurance*” opinion is given where there are issues of concern that need to be addressed which may put at risk the achievement of objectives in the area audited. A “*limited assurance*” opinion is given in any area under examination where one or more concerns of a ‘fundamental’ nature are identified or where there are a considerable number of issues of concern arising

which need addressing. A 'no assurance' opinion is given where immediate action is required to address fundamental gaps, weaknesses or non-compliance identified in the area under review, although 'no assurance' opinions are extremely rare.

Summary of Findings from Audit Reviews

2.4 Summary conclusions on all significant audit work completed April to June 2021 and any completed work not previously reported, are set out in **Appendix A**.

Audits providing 'limited' assurance opinions

2.5 There were no formal reports issued in the period with a limited assurance opinion. However, we carried out a piece of work within another audit, identified and reported upon a situation where we raised two high risk actions.

Corporate Information Governance Audit - CCTV

The review was undertaken of the current CCTV procedures in order to ensure they are GDPR compliant and was completed as part of the Council's Corporate Information Governance Audit. There is currently a red CCTV risk held within the SIRO risk register that requires action, which states, "Current CCTV procedures may not be GDPR compliant & require a full review". There are many actions identified to manage the risk and to ensure full GDPR compliance. The main action identified is to apply for external accreditation with one of the organisations authorised by the Surveillance Commissioner.

The audit review identified that although a lot of work has been undertaken to ensure full compliance there are still outstanding issues that require attention and finalising before accreditation is obtained, which resulted in the two high risk actions being raised.

Responsive Audit Work and Investigations

2.6 In addition to our planned assurance work, we also investigate allegations of fraud, corruption or other irregularity and/or error, and respond to requests for assistance from services and functions in the Council. During this reporting period, we have continued to undertake work in support of the Authority response to the Covid-19 situation, although this has been considerably less than the previous periods.

Section 3: Implementation of Management Actions arising from Audit Recommendations

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

3.2 Internal Audit subsequently seeks assurance that agreed actions arising from audit work have actually been implemented. This involves contacting the officer allocated to complete the action to obtain evidence that agreed actions have been implemented or, where they have not, that appropriate progress is being made. Where fundamental weaknesses in internal control arrangements have been identified, more detailed follow up work is undertaken.

3.3 Any agreed management actions that are not implemented in line with agreed timescales are reported as part of the Council's Quarterly Resource Management processes and consequently monitored through that process. Additionally, Assistant Directors are provided each month with details of all actions outstanding in their area and these are then reviewed with Internal Audit and the Director and their management teams each quarter. Overdue high risk level management actions are reported routinely by Internal Audit to the Audit Committee.

3.4 This has continued to be a high priority area of work and we have worked extensively with management in this area. Management have implemented a number of actions which we have been able to agree as fully implemented.. Where this has not yet been possible, we have continued working with management in agreeing appropriate revised timescales and any mitigations that might be put in place before full implementation. We have also agreed prioritisation of actions where possible i.e. with a view to mitigating higher risks at the earliest opportunity. Some revised dates have had to be extended to reflect the ongoing Covid-19 situation and other work prioritisations. Accordingly, this report records the current status in respect of outstanding and / or overdue actions.

3.5 There were a total of 39 actions (50 previous period) which were overdue i.e. that have passed their agreed implementation date. A breakdown of these via Directorate is detailed in the table below. All these 39 management actions have had revised dates agreed by their relevant Assistant Directors and we will tightly monitor and report on the achievement of these revised dates.

3.6 The detail of the high level management actions and revised implementation dates is provided in **Appendix B**.

Directorate	Number of high risk level management actions overdue at 30/06/2021					Number of medium / lower risk level management actions overdue at 30/06/2021				
	At 30/06/2020	At 29/09/2020	At 31/12/2020	At 11/4/2021	At 28/6/2021	At 30/06/2020	At 29/09/2020	At 31/12/2020	At 11/4/2021	At 28/6/2021
Adults, Health & Wellbeing (AHWb)	0	0	0	0	0	8	4	3	3	2
Economy & Environment (EE)	4	4	4	4	3	31	31	31	31	27
Corporate Resources (CR)	3	1	0	0	0	20	17	12	12	7
Learning Opportunities, Skills & Culture	0	0	0	0	0	1	0	0	0	0
TOTAL	7	5	4	4	3	60	52	46	46	36

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

Trading Standards (Economy & Environment)

The first actions became overdue on 31/12/2019 and all actions were originally due to have been implemented by 30/06/2020. Delays are, in the main, due to the teams resources being needed to support the Covid-19 situation, which is still very much an ongoing issue. In addition to their existing responsibilities and workloads they are responsible for interpreting and enforcing ongoing changes in Covid related legislation and guidance and have a critical role in ensuring the safety of PPE for schools, care homes and all other users of PPE. Revised dates and actions for the major rated actions are set out in Appendix B and any available resource is being prioritised to address these areas. There are currently 26 actions awaiting implementation, of which 3 are high risk, 20 are medium risk and 3 are low risk level actions. Revised implementation dates had previously been approved for all these actions to 31/03/2021. Due to the ever developing Covid situation we have agreed further revised extensions. The Head of Service will provide assurance over the seized goods held in the secure store by carrying out a stock check and reconciling these to underlying records to ensure that all goods are accounted for. We have agreed with service management that this is priority area to be progressed whilst their resources are currently so limited. Ongoing monitoring of their outstanding actions remains a priority and progress will be made where possible.

3.8 Any individual high risk level management actions that are not implemented in line with agreed timescales as well as number of lower level actions are reported as part of the Council's quarterly Performance Management Framework, as well as being routinely reported to Audit Committee. Additionally, regular reports are provided to Directorate Management teams and to the relevant Assistant Director who must also authorise any time extensions requested by their managers.

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

Directorate	No. of actions at 30/06/2020	No. of actions at 29/09/2020	No. of actions at 31/12/2020	No. of actions at 11/04/21	No. of actions at 30/06/2021
Adults, Health and Wellbeing	8	4	3	3	4
Economy & Environment	35	35	35	35	30
Corporate Resources	28	23	26	12	9
Learning Opportunities, Skills & Culture	1	0	0	0	3
TOTAL	72	62	64	50	46

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

Section 4: Internal Audit Performance

Performance Indicators

- 4.1 The Audit Committee has previously agreed the key performance indicators that should be reported to it relating to the performance of the Internal Audit service.
- 4.2 Minimal performance information was made during the last year due to the impact of Covid-19 on the audit plan. As stated in the Annual Report of the Head of Internal Audit, we are looking to develop more meaningful indicators with particular reference if possible to the “value added” aspect of our work. This is still work in progress and includes a “pulse” survey of our key customers which will be reported upon in the next progress report.
- 4.3 Key indicators are over the timeliness of the issue of draft and final reports and these have all been issue within target timescales.
- 4.4 Results relating to major recommendations and customer satisfaction remain very positive, with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above.

The indicators are shown below along with current performance for the period April to June 2021:

Performance Indicator	Target	April to June 2019	Variance (positive is good)
Draft reports issued within 15 days of field work being completed	90%	100%	+10%
Final reports issued within 5 days of customer response	90%	100%	+10%
% of critical or major recommendations agreed	100%	100%	0%
Percentage of Customer Satisfaction Surveys rated Satisfactory or above	90%	100%	+10%

- 4.5 The plan for the remainder of the Financial Year has been assessed and the Head of Internal Audit considers that sufficient work will be delivered to be able to provide his opinion on the Council's, risk governance and control arrangements. Any changes to this situation will be reported at the first available opportunity to the Audit Committee.
- 4.6 From work delivered in the year to date, there are no new areas of concern that should be considered for inclusion in the Annual Governance Statement for 2021/22, nor to result in a negative or limited annual opinion over the council's risk, governance and control arrangements.

Planned Audit Work Completed in Period / Not Previously Reported

APPENDIX A

Audit Area	Assurance Objective	Final Report to Mgm't.	Overall Audit Opinion	Summary of Significant Issues
LEARNING AND OPPORTUNITIES: CHILDREN & YOUNG PEOPLE				
LA Compliance and Enforcement Grant (COVID marshals)	Confirm expenditure and that it is in keeping with the conditions of the grant. Sign off the grant statement as true and fair as stipulated by the grant.	March 2021	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Big Picture Learning	Confirm BPL's grant claim and that it is in keeping with the conditions of the grant allowing sign off for payment to be made.	June 2021	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
CORPORATE RESOURCES				
Core Financial Processes – Accounts Receivable	Ensure that billing takes place for goods and services that have been provided and that there are sound arrangements to maximise collections.	May 2021	Substantial Assurance	No issues raised.
Core Financial Processes – Business Rates	Ensure that the right rates / taxes are collected from the right payees at the right time.	May 2021	Substantial Assurance	No issues raised.
Core Financial Processes – Council Tax	Ensure that the correct tax is collected from the right people at the right time and that collections are maximised.	June 2021	Substantial assurance	No issues raised.

Audit Area	Assurance Objective	Final Report to Mgm't.	Overall Audit Opinion	Summary of Significant Issues
Assets at Home (Covid related) Note – this is split between CR and E&E	To give assurance there are appropriate processes in place where employees have ICT equipment in order to be able to work from home since the beginning of the Covid-19 pandemic.	May 2021	The processes in place to manage the use of ICT equipment is reasonable, given the limited scope of the audit review	3 medium risk management actions
Self-Isolation Payments	To give assurance that there are appropriate processes in place to ensure the Self Isolation Payments being made are being paid in line with the grant criteria and only to those that are eligible.	April 2021	The processes in place for the management of the Self isolation scheme, which needed to be rolled out as quickly as possible appear reasonable given the limited scope of the audit review.	No issues raised
Fighting Back Fund	To ensure the monies awarded by the Council as part of the Fighting Back Fund Grant Scheme have been spent in accordance with the Grant agreement.	May 2021	The processes in place for the management of the Fighting Back Fund Grant Scheme, which needed to be rolled out as quickly as possible appear reasonable given the limited scope of the audit review.	No issues raised.
Bus Service Operators Grant (June Claim)	Confirm expenditure and that it is in keeping with the conditions of the grant. Sign off the grant statement as true and fair as stipulated by the grant.	June 2021	Not Applicable – Grant Claim verification	Grant signed, no issues raised.

Audit Area	Assurance Objective	Final Report to Mgm't.	Overall Audit Opinion	Summary of Significant Issues
ECONOMY AND ENVIRONMENT				
Assets at Home (Covid related) Note – this is split between CR and E&E	Gain assurance there are appropriate processes in place where employees have ICT equipment in order to be able to work from home since the beginning of the Covid-19 pandemic.	May 2021	The processes in place to manage the issue and return of chairs appears reasonable given the limited scope of the audit review	No issues raised.
ADULTS AND COMMUNITIES				
Corporate Information Governance (CCTV)	This piece of work was completed as part of the Council's Corporate Information Governance Audit.	May 2021	Limited Assurance	2 high risk management actions
Troubled Families Grant (December to March)	Confirm expenditure and that it meets the conditions of the grant allowing Doncaster Council sign off.	N/A	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
Troubled Families Grant (April to June)	Confirm expenditure and that it meets the conditions of the grant allowing Doncaster Council sign off.	N/A	Not Applicable – Grant Claim verification	Grant signed, no issues raised.
ST LEGER HOMES				
Core Financial Processes - Housing Rents	Ensure that the right rents are collected from the right people, at the right time and that rents are properly accounted for. Make value added recommendations to improve service, its efficiency and effectiveness or to further mitigate or control risk exposures.	June 2021	Substantial assurance	4 low risk management actions

Overdue High Risk Management Actions arising from Audit Recommendations

APPENDIX B

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
ECONOMY AND ENVIRONMENT						
Trading Standards and Food and Animal Safety RE Team Structure	<p>The Food and Animal Health team consists of 11 staff (2 vacant posts currently) all directly reporting to the Food and Animal Health Manager.</p> <p>The Trading Standards team consists of 22 staff all directly reporting to the Trading Standards Manager.</p> <p>These structures do not follow the HR Structure Review Policy and Procedure in terms of spans of control and are considered to be excessive.</p>	<p>Appropriate spans of control do not exist therefore the Managers are unable to support all staff adequately.</p> <p>The quality of work cannot be effectively reviewed with such minimal levels of supervisory time.</p>	<p>The Food and Animal Health and Trading Standards team structures will be reviewed to ensure appropriate spans of control exist to ensure Managers are able to fully support the staff within the teams.</p>	31/12/19	31/03/24 30/06/24 30/09/21	<p>The Trading Standards & Licensing structure has been revised to reduce the number of direct reports to the manager from 22 to 12 and this has been in effect for the past 6 months. Food Safety, Animal Health and Health and Safety direct reports remains at 15 and this has been the case for the past 6 years. Recruitment currently in progress for existing establishment (current shortage of suitably qualified staff) – consideration currently for a supervisory post to be created reducing span. The implementation date for this action has subsequently been revised to reflect the anticipated Covid end.</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
<p>Trading Standards and Food and Animal Safety</p> <p>Lone Working</p>	<p>To ensure the welfare of staff when working alone, food staff have recently been reminded by email of the lone worker scheme. This scheme requires staff to ring in with their pin number to register onto the system as lone working. However, not everyone in the food team are registered and utilising the Lone Worker System.</p> <p>Given threats against staff and the nature of the work undertaken this is essential and its use should be enforced.</p>	<p>Staff may be in danger when working alone as no one knows their location or whether they should be expected back (and are therefore missing).</p>	<p>Management will ensure that all food staff are registered on the lone worker scheme.</p> <p>Management will check that staff are utilising the system and further remind staff of the importance of using the lone worker scheme and the process to follow.</p>	<p>31/03/20</p>	<p>31/03/21</p> <p>31/08/21</p>	<p>All officers are now on the lone working system and they use this when working alone – however this is rare given the ongoing Covid compliance issues. Most visits are in pairs until the return to business as usual when risk assessments will again be reviewed. Corporate security fob system will be implemented when finalised. The implementation date for this action has subsequently been revised to reflect the anticipated Covid end.</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
<p>Trading Standards and Food and Animal Safety</p> <p>28 day deadline</p>	<p>All inspections should be completed within 28 days of their inspection due date. However, this target is never met and it is understood this situation is not unique to Doncaster and is common amongst other local authorities.</p> <p>The team however, do work in priority order and, therefore, higher risk premises will be inspected prior to the lower risk premises.</p> <p>Testing revealed that there are a number of inspections in the higher risk categories that are overdue. All Category A and B overdue inspections have now been</p>	<p>Inspections not being completed in time resulting in criticism from the Food Standards Agency.</p>	<p>Inspections will be allocated in plenty of time in order for staff to be able to plan their work to be able to complete inspections within the 28 day deadline of their due date.</p> <p>Priority will be given to any inspections becoming due (in particular higher risk categories) to ensure they are completed as soon as possible to their due date.</p> <p>Spot checks will be carried out to confirm that inspections are being allocated promptly to ensure deadlines are being met.</p>	<p>30/04/20</p>	<p>31/03/21</p> <p>30/06/21</p> <p>30/09/21</p>	<p>Unable to implement this action due to Covid – once business as usual does restart, there will be a significant backlog which will take time to overcome and the 28-day target will remain in flux for the current Food Standards Agency year. This has been recognised by the Food Standards Agency as a challenge and allowances have been made in the 2019-2020 returns. The implementation date for this action has subsequently been revised to reflect the anticipated Covid restrictions. Significant backlog of routine and new food inspections has developed due to the Covid pandemic. A letter has been sent to the FSA outlining our position and they have reassured that DMBC are delivering the high priority activities that they are expecting. Covid compliance, inspection of high risk</p>

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
	<p>allocated to officers. It is noted that the Food and Animal Health team currently have 2 vacant posts and that this will have an impact on this work.</p>		<p>Performance reports that show this information will be circulated at team meetings.</p>			<p>businesses and compliance for food imports at the airport remain a priority. The Food Standard Agency have reviewed the Code of Practice requirements re inspection programmes in view of Covid restrictions and the programme will reflect these changes</p>

This page is intentionally left blank



Doncaster Council

Report

Date: 29th July 2021

To the Chair and Members of the AUDIT COMMITTEE

PROGRESS REPORT ON NORTH BRIDGE STORES TRANSFORMATION PROJECT

Relevant Cabinet Member(s)	Wards Affected	Key Decision
		No

EXECUTIVE SUMMARY

1. This report provides members a quarterly progress update on North Bridge Stores operational activities instigated following the Stores Management Review in response to the internal audit carried out in 2019 and their involvement in the Personal Protective Equipment (PPE) stocktaking in 2020.

2. This is the initial update on the activities that have commenced. The original assessment of the Stores function has identified work that is required in many cross-functional operational links which lead into and work to compliment the Stores function. A more comprehensive update will be available for the next quarter. The work undertaken is Director led and the successful delivery of the project has senior management support and commitment.

EXEMPT REPORT

3. There are no exemptions in this report.

RECOMMENDATIONS

4. Audit Committee are asked to note the report and support the outlined approach.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. An efficient and effective Stores function will allow the Council to be able to support services to the people of Doncaster through our customer facing stores function in a timely way and at the best quality and price.

6. Full adherence to audit standards will provide financial protection and a stable and accurate stock management process.

BACKGROUND

7. There has been historic and cultural non-compliance to agreed operating procedures for several years, despite previous internal audits and agreed management actions that have not either been implemented or maintained when put in place.
8. The general operating processes of the Stores changed in early 2020 due to the pandemic and focus was necessarily aligned to the processing of Personal Protective Equipment that was required across the Borough. As a result of this and also due to other mitigating factors (such as the floods) there have been significant alterations to the day to day processes.
9. The service offered by Stores currently falls short of the necessary standards. This shortfall encompasses operating processes, product/supplier pricing and management, stock control, stock management/storage and invoice processing.
10. The lack of thorough stock control and systems management is compounded by the suitability of the physical buildings used for Stores – many of which are in a poor state of repair and also the work streams currently been carried out by the Stores team – some of which do not fall within the scope of the operating procedures and is due, in part to historical decisions.
11. The Stores function, based at North Bridge is a long-established operation. In late 2017 a new ordering and stock control system was introduced which has not been successfully embedded into the daily operating processes and current day to day custom and practice is not fully aligned to the requirements of the new system.
12. To address the issues identified by Internal Audit a Stores Management Review was proposed to ensure longer lasting/sustainable improvements for the Stores function moving forward. This management review was implemented in May 2021.
13. The review has identified the key issues that are driving the shortfalls and a plan is now in place to correct the issues and operate Stores by the correct operating processes by the end of December 2021, with a further review period to assess wider service area impacts to take place until the end of March 2022. The review is also looking at the interactions of other service areas and processes that are involved with the entire Stores process, either as a customer or a stakeholder.

PROCESS GOVERNANCE

14. Given the previous history with lack of improvement a more focussed approach has been established to drive the delivery and provide assurance of the improvement project. Delivery of the North Bridge Stores review is overseen by a Transformation Board (as shown below) which monitors progress monthly against the activities identified from the Internal Audit review and subsequent Stakeholder Management monthly meetings. The Transformation Board is accountable to the Director of Economy & Environment for management reporting and service improvement and Audit Committee as part of the 2021/22 Audit Committee Work Programme.
15. Transformation Board meets monthly and representatives include:
 - Assistant Director – Economy and Development
 - Head of Service – Property

- Head of Service – Internal Audit
 - Strategy and Performance Improvement Manager
 - HR & OD Officer
 - Other Heads of Service from SMM's by exception
16. Stakeholder Management meetings operate to both identify and address improvement activities, whether they fall within the Stores service or with the Stakeholder and to embed good practice and service improvement between the stakeholder and the Stores service.
17. The monthly Stakeholder Management meetings involve key stakeholders from:
- Procurement
 - Transactional Processing
 - Highways
 - Metro Clean
 - Professional Buildings Maintenance
 - Streetscene
 - HR

ACTIVITY

18. Since May 2021 considerable activity has been carried out to look into the feedback given by the internal auditors.
19. The Stores Transformation Project has identified key stakeholders within all of the work areas that impact, support or use the Stores function so that these issues can be fully investigated to allow a comprehensive understanding of the reasons why and the actions required to fix on a permanent basis.
20. This work includes stakeholders from across many functions in the Council. Stakeholders for Stores are customers from within the service areas that purchase goods via Stores and also staff that work within the associated areas such as Procurement, Transactional Processing and Finance who will manage the supplier contracts and the prices charged by the external suppliers from whom Stores purchase the items on behalf of the Council.
21. Information gathered and feedback collated has enabled the launch of an initial six-month plan which will run from July 2021 until December 2021 to bring operational concerns up to an acceptable standard. On-going works will then be undertaken to improve processes further once this initial establishing of basic processes and procedures has been implemented.
22. Full Standard Operating Procedures were issued when the new process was launched at the end of 2017 and these will be reviewed again and will be agreed by management ahead of re-implementation at the start of October 2021, allowing improved management control of variances to the expected standards.
23. A suite of Key Performance Indicators (KPI's) will be developed as part of this programme to provide both a baseline and a best practice operating standard for ongoing review and embedding as business as usual. These KPI's will be reported monthly from October.
24. There are many strands that are to be worked on concurrently and these will pull together the overall success of the Stores operation and this is supported by a detailed project plan that includes specific tasks and responsibilities across all stakeholder groups.

25. The initial six month summary highlights the following key activities:

- Thorough clean, tidy and organisation of the physical Stores buildings to make best use of available space
- Labelling and identification of all stocks to assist with picks and collection of stock items
- Storage of all similar/related products in close proximity to ensure all stocks are available and are utilized
- Review of all supplier contracts and pricing/invoice agreements to ensure that we pay the agreed price and that invoice mis-matches are reduced to only the disputed lines and instances of supplier payments being delayed will be reduced
- Review of the product/supplier catalogue and products stocked to ensure all regular purchases are held within Stores to prevent teams purchasing directly themselves and paying a potentially higher price
- Review and agreement of operating procedures with training provided to bring all staff up to the required standards so that effective monitoring and management of the adherence to these procedures can be carried out
- Communication to the wider customer base to advise them on how the Stores function should and will operate from the agreed date of October 1st – this will include emailing of processes and procedures being sent to all users to explain how the ordering process works
- Review of the processes used to manage non-stock items, including the implementation of a specific storage area and communication made to teams that purchase non-stock items to ensure the process is understood
- Full stocktake to be carried out at the end of September with detailed investigation of all variances before commencing a full adherence to all processes operation from the start of October.
- Monitoring and follow-up activity for all issues that arise after the stocktake to embed a culture of adherence. (Between October and the end of December feedback will be provided to managers for any teams or individuals who do not operate to the new procedures)

RISKS & ASSUMPTIONS

26. Risks associated with 'do nothing' or 'unsuccessful project' scenario:

Risk/issue	Outcome	Likelihood
Contracts with suppliers out of date	No agreements in place for stock Accounts could be placed 'on hold' and the supply chain could be compromised Reputation of the Council could be damaged	High
Pricing charged by suppliers is not checked	Council pays a higher price for stock than expected	High
Stocks held are not matched to customer needs	Stocks held become obsolete. Internal customers purchase stock from outside Stores	High
Physical storage areas not organised and clean	Stock is damaged, not counted, misplaced or stolen	Medium
Staff not fully trained on IT systems	Council does not benefit from processes and reporting functions that are available to make Stores more efficient	High
Operating Procedures not used	Impacts on all of the above and prevents accountability	High
Regular communications between Stores and internal customers	Lack of communications means that minor issues become significant problems	Medium

27. If the Stores function does not function effectively, residents of the borough would be impacted because many of our internal services (such as Highways, Streetscene, etc.) use materials purchased and supplied to them by Stores. If they are unable to obtain such material in a timely manner, then this will impact on the borough.
28. Failure to manage contractors and pricing of materials being bought into Stores will risk additional costs to the Council.

LEGAL IMPLICATIONS [Officer Initials - SRF Date 14.07.21]

29. There are no specific legal implications arising from this report. Legal advice can be provided in relation to any matters raised by the Committee.

FINANCIAL IMPLICATIONS [Officer Initials JC Date 16/07/21]

30. The financial implications of this report are not quantifiable, failure to implement the audit actions could result in:

- Customers being under/over charged resulting in fluctuations within the stores budget.
- Council not receiving the correct price/best value from suppliers.
- Stock being written off due to obsolescence or damage.
- The financial impact of the full stock take should be reviewed at the end of October to identify any impact on the service budget for 21/22.

31. The report also questions the suitability of the stores building and identifies the building is in need of repair. The nature, value and urgency of the works should be considered and if additional resources are required these should be requested through either the revenue or capital budget setting process. If there is an intention to undertake capital works the scheme should be outlined and included on the Council's pipeline of capital schemes for consideration.

HUMAN RESOURCES IMPLICATIONS [Officer Initials AA Date 16/07/2021]

32. There are no direct HR Implications in relation to this report, but continuation of consultation with HR via the board transformation meetings will still be required. If in future staff are affected or additional specialist resources are required, then further consultation will need to take place with HR.

TECHNOLOGY IMPLICATIONS [Officer Initials - PW Date 14/07/21]

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

HEALTH IMPLICATIONS [Officer Initials – RS Date 15/07/2021]

34. The safe and effective operating of Stores is important to protecting the health and wellbeing of the workforce. The pandemic and the need for an effective process to manage Personal Protective Equipment (PPE) is a case in point. The activities identified in this report should improve the performance of the service area. Committee members will want to ensure that these activities do not widen or cause any inequalities.

EQUALITY IMPLICATIONS [Officer Initials - IK Date 14/07/21]

35. In line with the corporate approach for compliance against the Equality Act 2011 due regard must be shown across all activity within the Council. After considering the equality implication for the Stores Transformation Project none have been identified so a full due regard assessment was not required.

CONSULTATION

36. The project has consulted a broad group of stakeholders to ensure that feedback is as wide ranging as possible. The Board was implemented in May 2021 to oversee the decisions. The Board includes Assistant Director and Head of Service level individuals and this meets monthly. To support this, there are fortnightly or monthly stakeholder meetings that include representatives from Procurement, Transactional Processing, Finance and also key service areas including Streetscene, PBM, Highways and Metro Clean in addition to the Stores Supervisor.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

37. The following acronyms and abbreviations are used above:

- SMMM's – Stakeholder Management Meetings
- SOP – Standard operating procedures
- IT – Electronic support systems
- PPE – Personal protective equipment
- KPI's – Key Performance Indicators

REPORT AUTHOR & CONTRIBUTORS

Ian Kerr
Project Manager

 01302 737352  ian.kerr@doncaster.gov.uk

David Stimpson
Head of Service

 01302 737363  david.stimpson@doncaster.gov.uk

This page is intentionally left blank

Doncaster Metropolitan Borough Council 2020-21 Audit Plan

Year ending 31 March 2021

20 July 2021



Contents



Your key Grant Thornton team members are:

Gareth Mills

Key Audit Partner & Engagement Lead

T 0113 200 2535

E gareth.mills@uk.gt.com

Perminder Sethi

Engagement Senior Manager

T 0113 200 2547

E perminder.sethi@uk.gt.com

Greg Charnley

Engagement Assistant Manager

T 0113 200 2558

E greg.f.chnarnley@uk.gt.com

Section

1. Key matters
2. Introduction and headlines
3. Group audit scope and risk assessment
4. Significant risks identified
5. Accounting estimates and related disclosures
6. Other matters
7. Progress against prior year recommendations
8. Materiality
9. Value for Money Arrangements
10. Risks of significant VFM weaknesses
11. Audit logistics and team
12. Audit fees
13. Independence and non-audit services

Appendix A: Revised Auditor Standards and application guidance

Page

- 3
4
5
6
10
13
14
15
16
17
18
19
21

22

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

1. Key matters

Factors

Covid-19 and Council financial developments

The Covid-19 pandemic has had a considerable impact on the Council. Given the pandemic only started to impact from mid-March 2020, the additional costs did not have a significant impact on 2019-20, when the Council delivered an outturn General Fund underspend of £1.4m.

However, the scale of impact has been felt fully during 2020-21. There have been significant financial challenges as the Council responded to the COVID-19 pandemic through additional costs to support operational services, lost income through reduced trading activity and some temporary cessation of services. In addition, council tax payments and business rates payments reduced as lock down began, businesses closed and some businesses furloughed staff. Throughout the on-going pandemic, the Council has continued to receive Central Government funding to support its services as well as support for businesses operating within the Doncaster area.

The 2020-21 Quarter 4 Finance and Performance Improvement Report was presented to cabinet on 9 June 2021, this highlighted the significant volatility and financial challenges faced during the year from the Covid-19 pandemic. The report highlighted that the Council has received emergency Covid-19 funding from Central Government during the year of £31.7m of which £24.3m has been applied during the year. The remaining balance has been carried forward into 2021-22. The report also highlights that the Council's outturn position for 2020-21 is a £6m underspend after the use of Covid-19 Central Government support.

For 2021-22, the Council has set a balanced budget with gross expenditure of £501.3m. Council Tax has increased by 2.9% (1.4% for Council Tax and a further 1.5% for Adult Social Care). To deliver this balanced budget, the Council will need to deliver savings of £10m during 2021-22.

Adoption of new auditing standards - Estimates

ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures, which includes significant enhancements in respect of the audit risk assessment process for accounting estimates. As we explain in more detail in Section Four of this Plan, this will require greater disclosure by the Council as well as additional work by the auditor.

Financial Reporting and Audit – raising the quality bar

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing.

Our work in 2019-20 highlighted areas where financial reporting in the public sector, needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of financial transactions in the sector which require greater audit scrutiny.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the S151 Officer.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- We will continue to provide you with sector updates via our Audit Committee updates.
- The revisions to the standard have been incorporated into our audit approach and methodology. We have already identified the material accounting estimates likely to be impacted by the new auditing standard and will work with management to agree the information required and the disclosures required in the financial statements.
- At this time we have not identified a specific Covid-19 significant audit risk (as we did for all Local Government audits in 2019-20 which covered a number of risks including the availability of the entity's staff to produce accounts, valuation uncertainties in relation to land and buildings). We will revisit this assessment should the current pressures the sector faces continue and impact year-end accounting and auditing processes.

2. Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Doncaster Metropolitan Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed *Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Doncaster Metropolitan Borough Council. We draw your attention to both of these documents.*

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

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

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of:

- St Leger Homes of Doncaster Ltd (SLH)
- Doncaster Children's Service Trust (DCST).

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of land and buildings
- Valuation of the net pension fund liability.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £11,711k (PY £11,041k) for the group and £11,525k (PY £10,944k) for the Council, which equates to 1.5% of your forecast gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £575k (PY £550k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have not identified any risks of significant weakness at this time. We will keep this under review as our audit progresses.

Audit logistics

Our planning work for 2020-21 commenced in February 2021 and will be completed along with our interim audit during July. Our final accounts audit will take place from late July to November 2021. Our key deliverables are this Audit Plan, our Audit Findings Report and the Auditor's Annual Report on our VFM work. Revisions and updates to certain ISA(UK) which are applicable to the 2020-21 audit and beyond are detailed at Appendix A

Our fee for the audit will be £212,430 (PY: £172,930) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

3. Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Doncaster Metropolitan Borough Council	Yes	Audit of the financial information of the component using component materiality	<ul style="list-style-type: none"> Please refer to the significant risks identified in this Plan on pages 6 to 9. 	Full scope audit performed by Grant Thornton UK LLP.
St Leger Homes of Doncaster Ltd (SLH)	No	Audit of one or more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	<ul style="list-style-type: none"> The SLH net pension fund liability is not considered a significant risk at group level because we do not consider there is a material estimation uncertainty in the pension fund liability. However, we set out our targeted audit approach in the next column. 	<p>We will adopt a targeted approach to the statutory audit performed by Beever and Struthers focussing on material classes of transactions, account balances or disclosures at group level. Where appropriate, we will undertake targeted testing of material other balances and transactions outside of the group boundary.</p> <p>Our work will focus on the net pension liability, total income and cost of sales which are the more significant account balances and transactions at St Leger Homes of Doncaster Ltd.</p>
Doncaster Children's Service Trust (DCST)	No	Audit of one or more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	<ul style="list-style-type: none"> The DCST net pension fund liability is not considered a significant risk at group level because we do not consider there is a material estimation uncertainty in the pension fund liability. However, we set out our targeted audit approach in the next column. 	<p>We will adopt a targeted approach to the statutory audit performed by Smith Craven focussing on material classes of transactions, account balances or disclosures at group level. Where appropriate, we will undertake targeted testing of material other balances and transactions outside of the group boundary.</p> <p>Our work will focus on turnover, administrative expenses and the net pension liability which are the more significant account balances and transactions.</p>

Key changes within the group:

There are no key changes to the group structure or components for the year ended 31 March 2021. However, we will continue to discuss the group structure and components with management. At the time of this Audit Plan, we can confirm that these are the only components within the group that form part of the group consolidation process. We have requested a paper from management assessing other entities with which the Authority has an interest in, to consider whether there are any other components which would be required to form part of the group.

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to significant risks of material misstatement of the group financial statements
- Analytical procedures at group level

4. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Risk of fraud in revenue recognition and expenditure	Council	<p>Revenue</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including at Doncaster Metropolitan Borough Council, mean that all forms of fraud are seen as unacceptable. <p>Expenditure</p> <p>Whilst not a presumed significant risk we have had regard to Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom). Having considered the nature of the expenditure streams at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds • there is no significant pressures on general fund reserves of the Council • Covid -19 funding has been sufficiently provided for additional expenditure and loss of income during 2020-21. 	<p>As we do not consider this to be a significant risk for the Authority, we will not be undertaking any specific work in this area other than our normal audit procedures which include:</p> <p>Accounting policies and systems</p> <ul style="list-style-type: none"> • Evaluate the Council’s accounting policies for recognition of income and expenditure for its material income and expenditure streams and compliance with the CIPFA Code • Update our understanding of the Council’s business processes associated with accounting for income and expenditure. <p>Fees, Charges and other service income</p> <ul style="list-style-type: none"> • Agree, on a sample basis, income and year end receivables from other income supporting evidence. <p>Taxation and non specific grant income</p> <ul style="list-style-type: none"> • Income for national non –domestic rates and council tax is predictable and therefore we would conduct substantive analytical procedures • For other grants we will sample test items for supporting evidence and check the appropriateness of the accounting treatment in line with the CIPFA Code. <p>Expenditure</p> <ul style="list-style-type: none"> • Agree, on a sample basis, non pay expenditure and year end payables to supporting evidence • Undertake detailed substantive analytical procedures on pay expenditure <p>We will also design and carry out appropriate audit procedures to ascertain that recognition of income and expenditure is in the correct accounting period using for example cut off testing.</p>

4. Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Council	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none">• evaluate the design effectiveness of management controls over journals• analyse the journals listing and determine the criteria for selecting high risk unusual journals• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration• gain an understanding of the accounting estimates and critical judgements applied and made by management and consider their reasonableness with regard to corroborative evidence• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	Council	<p>The Council re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £1.4 billion) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engage our own auditor's expert valuer to assess the instructions issued to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation • test revaluations made during the year to see if they had been input correctly into the Authority's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end • consider, where the valuation date is not 31 March 2021 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2021.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£462m in the Authority's balance sheet {Group £559m}) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtain assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

5. Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates. We identified one recommendation in our 2019/20 audit in relation to the Council's estimation process for the economic lives of infrastructure assets.

Page 98

Introduction

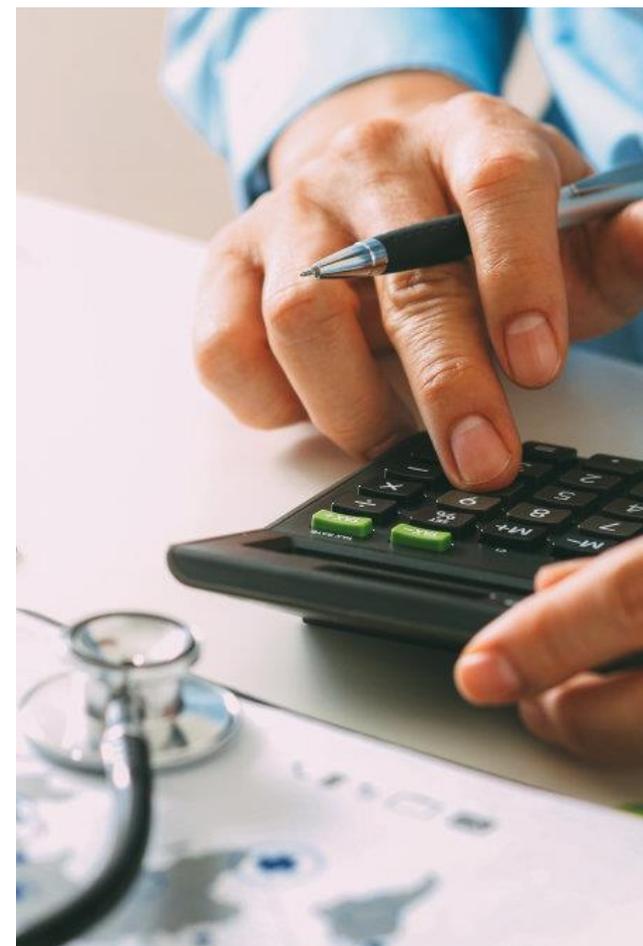
Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, council dwellings and investment properties
- Depreciation
- Year end provisions and accruals, specifically for demand led services such as Adult's and Children's services
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates
- Valuation of level 2 and level 3 investments.

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Page 100
Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures, we will shortly send letters of enquiry to management. We recommend management responses are provided to us during the summer and considered by the Audit Committee at its meeting on 28 October 2021.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

6. Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2020-21 financial statements, consider and decide upon any objections received in relation to the 2020-21 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act

We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VFM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report.

We will also need to identify whether any material uncertainties in respect of going concern have been reported for the Council's subsidiaries. If such a situation arises, we will consider our audit response for the group.

7. Progress against prior year audit recommendations

We identified the following issues in our 2019-20 audit of the Council and Group financial statements, which resulted in three recommendations being reported in our 2019-20 Audit Findings Report. We are pleased to report that management has actioned two of the agreed recommendations with one remaining outstanding.

	Assessment	Issue and risk previously communicated in the 2019-20 ISA260 Report	Update on actions taken to address the issue
1	Actioned	Group accounts consolidation: Our audit work on the consolidation exercise identified the omission of the opening pension liability of £14.2m in the group accounts, the under recording of external income and expenditure of £4.5m and the erroneous inclusion of prior year comparatives.	The 2019-20 accounts were corrected for the issues identified. Management also introduced a formal process to review the group consolidation exercise once completed to minimise any future errors or omissions.
2	Not actioned	Economic lives – Infrastructure assets The economic lives of infrastructure assets are decided when purchased and can range from 3 to 98 years. The economic lives used are different to the accounting policy which refers to 40 years.	Management agreed to update the infrastructure useful economic life accounting policy of 40 years to reflect the range actually used. The draft 2020-21 financial statements still shows a useful life of 40 years (Page 33 of the draft financial statement). We understand the Chief Financial Officer is currently reviewing this disclosure with her team.
3	Actioned	Brexit Officers continue to manage and assess Brexit preparations on a monthly basis. However, the last formal public report to members was in May 2019 to Cabinet.	Management continue to provide regular updates on Brexit to directors and members at the Executive Board. This will continue and will include formal updates in the quarterly finance & performance improvement reports.

8. Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £11,711k (PY £11,041k) for the group and £11,525k (PY £10,944k) for the Council, which equates to 1.5% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £15,000 for senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

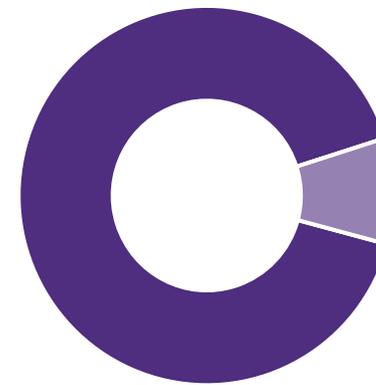
Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £575k (PY £550k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

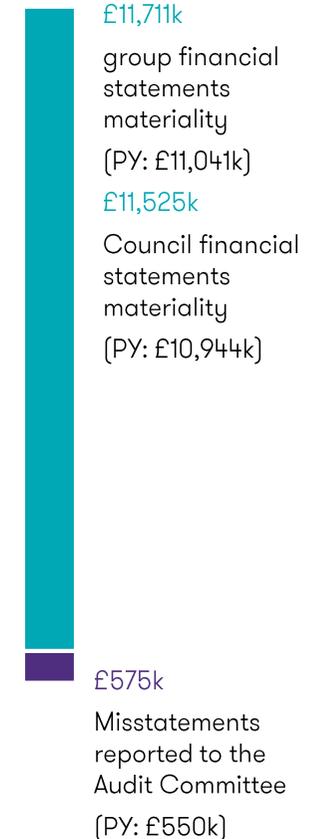
Gross Operating Costs per the draft 2020/21 financial statements

£780.7m Group
£768.3m Council



■ Forecast gross operating costs

Materiality



9. Value for Money arrangements

Revised approach to Value for Money work for 2020-21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020-21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information.



10. Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the right hand column below.

Risks of significant weakness

These would be risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

At this stage of our audit work we have not identified any significant weaknesses. However, under the new VFM arrangements we will be considering the Authority's arrangements in place across the three criteria areas of finance, governance and performance. To be clear, this represents a more detailed level of audit work required under the new VFM Code than previously. We will be commenting on the Authority's arrangements across the three criteria in our Auditor's Annual Report – again a new requirement for this year.

We will consider the Authority's financial outturn position for 2020-21 and its planned position for 2021-22 and beyond.

We will keep the possibility of a significant weakness arising and/or an existing risk increasing to a significant weakness as part of our ongoing 2020-21 VFM review.

Our findings will be summarised in the Auditor's Annual Report, to be agreed with management later this year. The NAO has set out that the Auditor's Annual Report, detailing our findings from our VFM work, should be issued within three months of the audit opinion in 2020-21, which is reflected in the timeline on the following page.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

11. Audit logistics and team



Gareth Mills, Key Audit Partner & Engagement Lead - Gareth leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, ensuring the highest professional standards are maintained and a commitment to add value to the Authority.

Perminder Sethi, Senior Engagement Manager - Perminder plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issues.

Greg Charnley, Engagement Assistant Manager - Greg assists in planning, managing and delivering the audit fieldwork, ensuring that the audit is delivered effectively and efficiently. Greg supervises and co-ordinates the audit team.

Members of the Audit Committee will be familiar from previous discussions regarding the challenging nature of the availability of specialist public sector external audit staff, and the volume of local authority audits which continued after last year's target date of completion of 30 November 2020. This background coupled with the impact of Covid-19 remote working and the need to prioritise our NHS clients given their earlier audit deadline in June 2021, means that we are behind in our local authority planning and interim work compared to our normal timings and profile of delivery.

We have noted that MHCLG has set an indicative date of 30 September 2021 for audited local authority accounts. Given the context set out above, we believe this is highly unrealistic for 2020-21 audits (but as a firm we are fully supportive of this in a 'normal' year). We are proposing to target completing our audit fieldwork on your accounts in October before signing off your accounts in November. There are no financial or reputation issues arising from having your accounts signed after the 30 September.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

12. Audit fees

In 2017, PSAA awarded a contract of audit for the Council to begin with effect from 2018-19. The fee agreed in the contract was £126,930. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020-21 audit.

As referred to on page 15, the 2020-21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. Our estimate is that for your audit, this will result in an increased fee. This is in line with increases we are proposing at all our local audits.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed at Appendix A.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020-21, as set out below, is detailed overleaf and has been discussed with the Chief Financial Officer. Our estimate is that for your audit, the above changes and developments will result in an increased fee of £85,500. This is in line with increases we are proposing at all our local authority audits.

	Actual Fee 2017-18 (KPMG) £	Actual Fee 2018-19 £	Actual Fee 2019-20 £	Proposed Fee 2020-21 £
Doncaster MBC Council Audit – PSAA Scale fee	164,844	126,930	126,930	126,930
Fee uplift	-	6,500	46,000	85,500
Total audit fees (excluding VAT)	164,844	133,430	172,930	212,430

Page 107

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA	£126,930
Ongoing increases to scale fee first identified in 2019-20:	
Raising the bar/regulatory factors	£7,500
Enhanced audit procedures for Property, Plant and Equipment	£15,000
Enhanced audit procedures for Pensions	£10,000
New standards and developments	£1,500
Group accounts	£10,000
Covid-19	£2,000
Audit fee 2019-20:	£172,930
New issues for 2020-21:	
Additional work on Value for Money (VfM) under new NAO Code	£22,500
Increased audit requirements of revised ISAs	£17,000
Local risk factors	-
Proposed increase to agreed 2019-20 fee:	£39,500
Total 2020-21 audit fees (excluding VAT):	£212,430

13. Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken or undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Former Grant Thornton Contractor

Mr Glenn Bluff worked as a contractor for Grant Thornton's Business Risk team and was elected as a Councillor to Doncaster Metropolitan Borough Council on 6 May 2021. We were not aware that Mr Bluff was standing for election as a Councillor. Following his election, and as soon as we were notified, the firm agreed with Mr Bluff that he should no longer undertake any work for Grant Thornton and he is no longer on our contract register.

We are reporting this issue to you as those charged with governance because under the Grant Thornton terms of appointment, employees and contractors of the firm should not hold governance roles at audited bodies. Mr Bluff had no connection with any member of our Public Services Assurance team and his work had no connection with Doncaster Metropolitan Borough Council. Mr Bluff has not been involved with the Council's audit and has not liaised with the local Grant Thornton audit team in any way. We are satisfied therefore that there is no threat to the independence of our audit at Doncaster Metropolitan Borough Council.

We have also reported this matter to Public Sector Audit Appointments Ltd (PSAA).

Service	Fees £	Threats	Safeguards
Audit related:			
Certification of Housing Benefit Subsidy Return 2019-20 (signed in January 2021) *	£32,200	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £32,200 in comparison to the total fee for the audit of £212,430 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related:			
None	-	-	-

* Note: We will not be undertaking the Certification of the Housing Benefit Subsidy Return for 2020-21. The Council has contracted this work out to another audit firm. We are not aware of any other audit related work that is planned for the Council.

Appendix A: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 2019-20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020-21 audits and beyond.

	Date of revision	Application to 2020-21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	✓
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	✓
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	✓
ISA (UK) 230 – Audit Documentation	January 2020	✓
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	✓
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	✓
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	✓

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020-21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020-21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	



© 2021 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

This page is intentionally left blank