



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

Date: Friday, 26th November, 2021

Time: 11.30 am

Please Note: Due to current restrictions arising from the Covid-19 pandemic, there will be very limited capacity in the public gallery for observers of the meeting. If you would like to attend to observe in person, please contact Governance Services on 01302 736723/737462/736716/736712 to request a place, no later than **12.00 noon on Thursday, 25th November, 2021**. Please note that the pre-booked places will be allocated on a 'first come, first served' basis and once pre-booked capacity has been reached there will be no further public admittance to the meeting. For those who are attending the meeting, please bring a face covering, unless you are exempt.

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Damian Allen
Chief Executive

Issued on: Thursday, 18 November 2021

Governance Services Officer for this meeting: Sarah Maxfield
01302 736723

Doncaster Metropolitan Borough Council
www.doncaster.gov.uk

Items for Discussion:

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1. Apologies for Absence
2. To consider the extent, if any, to which the Public and Press are to be excluded from the meeting.
3. Declarations of Interest, if any
4. Minutes of the meeting held on 28th October 2021 1 - 12

A. Reports where the public and press may not be excluded

5. Audit committee action log. 13 - 18
6. Statement of Accounts and Annual Governance Statement 2020/21 - Draft ISA 260 Report to those charged Governance. 19 - 88
7. Preventing and Detecting Fraud and Error - October 2020 to September 2021. 89 - 110

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, 28TH OCTOBER, 2021

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER - CIVIC OFFICE on THURSDAY, 28TH OCTOBER, 2021, at 10.00 am.

PRESENT:

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

Councillors Barry Johnson, Sophie Liu and Dave Shaw.

APOLOGIES:

Apologies for absence were received from Kathryn Smart and Gareth Mills, Grant Thornton.

16 DECLARATIONS OF INTEREST, IF ANY

No declarations of interest were reported at the meeting.

17 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 8TH JULY, 2021

RESOLVED that the minutes of the meeting held in 8th July 2021, be approved as a correct record and signed by the Chair.

18 SUMMARY REPORT ON ACTIONS FOLLOWING THE IN-QUORATE AUDIT COMMITTEE MEETING ON 29TH JULY 2021

Members received a report which sought approval to formally receive and note the reports presented at the inquorate meeting of the Audit Committee held on 29th July 2021, as detailed at paragraph 6 of the report, and receive and agree the notes of the inquorate meeting on 29th July 2021, as attached to the report at Appendix 1.

Due to the last meeting of the Committee on 29th July, being inquorate, Members in attendance were advised that in the absence of a quorum, no formal decisions could be taken, but, the business on the agenda could be discussed amongst Members on an informal basis. The notes of any discussions and any proposed recommendations would be ratified by the Committee at a future meeting.

At the inquorate meeting, an opportunity was provided for those present to discuss issues relating to reports on the agenda, as detailed at paragraph 6 of the report, which had been previously published and made available to Members of the Committee since 21st July 2021. This had provided all Members with an opportunity to consider and raise issues with officers, or seek further information outside of the meeting.

As formal approval was required for the minutes of the Audit Committee held on 8th July, 2021 and the Internal Audit Strategy and Internal Audit Charter, these items have been scheduled for consideration as separate agenda items at this meeting. Therefore, Members were asked to agree the notes of the inquorate meeting which provided additional information, summarised relevant issues and provided a record of the challenge and assurance provided by those in attendance.

RESOLVED that

- (1) the reports scheduled for consideration by the Audit Committee at its meeting held on 29th July 2021, be formally received; and

- (2) the notes of the inquorate meeting of the Audit Committee meeting held on 29th July 2021, be received and agreed.

19 AUDIT COMMITTEE ACTION LOG

The Committee considered the Audit Committee Action Log report which updated Members on actions agreed during Audit Committee meetings, allowing Members to monitor progress against the actions ensuring that satisfactory progress was being made.

It was noted that all actions were progressing well. Of the three actions requested at the 29th July meeting and the three actions from the 29th April 2021 meeting, five had been completed and the remaining item was scheduled for completion at the January 2022 meeting of the Committee. No actions were outstanding from previous meetings.

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

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

Holly Wilson, Head of Strategic Procurement presented a report which detailed all Waivers and Breaches to the Council's Contract Procedure Rules (CPR's) for the period 1st March 2021 to 31st August 2021. The report provided a summary of the number of new Waivers and Breaches recorded for each directorate since the last audit report presented to Committee in October 2021 for comparative purposes. Further details regarding each waiver and breach were summarised in Appendices 1-3 of the report.

Members were informed that between the periods February to September 2021, there had been 3 new breaches, as detailed in Appendix 1 of the report. It was reported that one breach had been resolved, however, there remained three existing unresolved breaches. There had been an increase in the amount of waivers granted from the previous period reported to the Committee in April 2021, which had increased from 15 to 18. The Head of Strategic Procurement highlighted that as the Council was still in recovery stage following Covid 19, there had been some delays in the commissioning cycle and that many existing contracts had been extended to allow time for commissioning practices to occur. Further to the Committee's request at a previous meeting, Appendix 3 of the report had been updated to incorporate information regarding the percentage of the number of waivers, versus the amount of contracts that had been awarded for the reporting period, including the value of those contracts.

The Head of Strategic Procurement responded to questions from the Vice-Chair, Councillor Glen Bluff seeking clarity as to the reasons for the waivers in respect of Waivers, 4, 10 and 15, as set out at Appendix 2 of the report, it was noted that :-

- The waiver in relation to the 'Extra Care Housing' (Adult Social Care Directorate) had been put in place as an interim measure for 6 months to allow a procurement exercise to take place due to delays in the commissioning of the contract, as a consequence of having to deal with Covid-19 outbreaks. The procurement process had now been completed and a new contract had been awarded which was anticipated to commence in January 2022.
- With regard to the 'Homelessness Accommodation and Support Service', in the Adults. Health and Wellbeing Directorate, this was part of a wider programme which linked to the Council's Homeless Strategy which was a complex area as many of the contracts tied in with the overall Strategy. Significant changes were to be made to the commissioning model for homelessness provision due to complex historical issues with the leases which needed to be resolved before the contract could move forward.
- The waiver in the Economy and Environment Directorate with regard to 'Ecologist Planner', related to monies given to the Yorkshire Wildlife Trust (YWT) regarding biodiversity gains

land. The Council own a piece of land that is adjacent to land that is owned by the YWT. Due to the proximity of the land, the Council have entered in to an agreement with YWT to manage and fence off the land on behalf of the Council, to be sold for a biodiversity gains project. The Council would generate income from the contract, however, the Council had pay out an initial fee to YWT to manage the land.

Following further questions from the Vice-Chair seeking further clarity in relation to the Homelessness Accommodation and Support Service waiver, the Director of Corporate Resources reiterated that the Homelessness Accommodation was part of a wider programme which linked to the Council's Homeless and Rough Sleeping Strategy, which set out the Council's strategic approach to tackling and preventing homelessness. The Council had commissioned consultants Imogen Blood to carry out a review of Doncaster's homelessness and the whole system that supported homelessness provision. She outlined the context and the complexities around the review of the Homelessness Strategy and spoke of the challenges for the Council in having to re-engineer a whole systems approach which involved different partnerships with different elements of service delivery. The Director of Corporate Resources further explained that the Strategy was established pre-pandemic. The Council was transitioning its services, then the Covid 19 pandemic had placed additional pressures on the Council to provide emergency rental and hostel accommodation which was provided by external providers and had created further complexities. There were different commissioning cycles to meet the Strategy, which had been had been delayed and impacted by the Covid pandemic with staff being deployed elsewhere focussing solely on the Covid response, therefore a waiver had been sought and was granted due to the delay in the commissioning cycle.

In response to a question from the Vice-Chair querying whether the waiver had been granted out of necessity to avoid a breach occurring, the Head of Strategic Procurement provided assurances that the waiver was not granted to avoid a breach to CPRs. The Adults Commissioning team had sufficient plans in place and had effectively planned for the contract in advance. She explained that there was robust processes in place to examine waivers and due to the value of the contract, the Monitoring Officer would not have authorised the waiver without him having the confidence to do so. It was further explained that the Council had no other option than to grant the waiver and spoke of the critical need to continue with the service delivery of the homelessness provision as the Council had an obligation to provide hostel provision for homeless people.

The Director of Corporate Resources explained that the Council had an obligation to provide hostel provision for homeless people and had to respond to the demand in homelessness due to Covid-19. The Council had no other option than to grant the waiver.

In answer to a question from the Vice-Chair which had been submitted in advance of the meeting, the Head of Internal Audit having reviewed the waivers, gave assurances that the Council has robust governance arrangements in place and that all due processes had been followed in relation to the approval of the waivers for the current reporting period and the waivers granted from the previous 6 months, the majority of which had been signed off by the Monitoring Officer, with the remained by the Section 151 Officer. Many of the themes used for the waivers, related to the Adults, Social Care. He explained that the staff usually involved in carrying out the commissioning work and dealing with contracts had been re-directed elsewhere dealing with operational issues, such as helping homeless people in to safe accommodation therefore, this had impacted on their ability to re-tender contracts and at that time it was not appropriate to go to market, due to suppliers not being in a position to tender and due to inflated pricing in procuring a new contract.

The Head of Strategic Procurement outlined that the Government had recognised that the pandemic presented extremely challenging circumstances and a difficult environment for both suppliers' ability to tender and the Council to procure contracts. The government had therefore issued advice and guidance to local authorities in relation to Procurement Policy Notices 02 and 03. The Head of Strategic Procurement had subsequently issued guidance to Officers across the Council and discussions had taken place with suppliers.

A Member acknowledged that the Homeless Accommodation was a complex issue, which required changes to the system in place in order to provide better outcomes for both the residents of Doncaster who were effected by homelessness and the residents that it impacted by those who used the services. Whilst assurances had been provided that the correct procedures had been followed in granting the waiver, the Vice-Chair felt that this should be investigated and requested that Internal Audit carry out a review of the Homeless Accommodation and Support Service waiver. The Head of Internal Audit undertook to look at this.

In referring to breach regarding the Conservation contract, it was noted that controls were working effectively.

In response to a question regarding Archives Storage, the Head of Internal Audit advised that the breach was being managed and was confident that this would be resolved.

The Chair noted that the number of waivers continued to be higher than pre-Covid-19 and the majority of which had been extended due to Covid-19 related pressures being cited as the reason. He asked what checks were carried out by the Procurement team to ensure that the requests for waivers were genuine as a result of dealing with Covid-19 related work and not due to an oversight or Covid-19 being used as a reason to grant the waiver. The Committee was reassured that all waivers cited as Covid-19 being the reason for the waiver were robustly scrutinised by the Procurement team and the Head of Strategic Procurement prior to being sent for authorisation by the Monitoring Officer or Chief Financial Officer. The Strategic Procurement team continued to work closely with directorates across the Council to monitor the situation.

In response to questions from the Chair whether it was expected that there was to be a reduction in the number of Covid-19 related waivers in the future and that the Committee be provided with an indication in terms of what was expected in the next reporting period as to whether these would be reduced, the Head of Strategic Procurement confirmed that the majority of waivers that were currently being processed had been anticipated and therefore had been put in place at an early stage. She stated that she had not had sight of the figures for the next reporting period, however she anticipated that there would be a reduction in waivers going forward. She pointed out that there was still a lot of recovery work being carried out due to Covid-19. Additional pressures were put on teams in receipt of funding from central government to support Covid-19 in having to spend the monies quickly and to ensure that it was commissioned in compliance with Contract Procedure Rules. This could potentially be problematic as waivers may need to be authorised to avoid losing the monies.

To conclude, the Chair, in recognising that Covid-19 related waivers could continue for some time, requested, that a report be submitted at the next meeting, to provide Members with information on the status of contracts across the Council and their preparedness to be able to be renewed without breaching Contract Procedure Rules or requiring a waiver

RESOLVED to

- (1) note the information and actions contained in the report regarding Waivers and Breaches in relation to the Council Procedure Rules;
- (2) note any new procurement and contracting activity matters; and
- (3) a report be submitted at the next meeting of the Committee, to provide Members with details in relation to what new waivers are coming into the system and what is in the current system for the next reporting period; as to whether waivers had reduced or continued to increased.

Peter Jackson, Head of Internal Audit presented a report which summarised the work of the Internal Audit team during the period July to September 2021. The report set out details of the planned audit work completed in the period which had not previously been reported and the level of management actions and revised implementation dates, which were appended to the report at Appendices A and B, respectively.

The Head of Internal Audit advised that the work of the Internal Audit team was returning back to normality, however he highlighted that there remained a lot of outstanding Covid related work that was being progressed. In summarising the key points in the report, the Head of Internal Audit highlighted in particular, two main areas of work relating to the North Bridge Stores Transformation Project which required additional work in supporting this area and Covid-19 Grants which had taken more time than anticipated. He also referred to the overdue management actions, as set out in Section 3 of the report which showed a static position with regard to the number of overdue actions. Internal Audit had continued to work closely with management during this period to bring the actions forward. He highlighted that the main area of concern relating to regulation and enforcement around Trading Standards and Food Safety which remained a problem and that there was limited progress in this area.

Members were informed of the results of a Pulse Survey carried out in July 2021, which had provided reassurance and very positive feedback that the service was working well and was valued by its customers.

It was also reported that an External Quality Assessment review was currently being carried out in the form of a Peer Review by Dave Webster, the Head of Internal Audit at Rotherham Council, to assess the Internal Audit team's compliance against the United Kingdom Public Sector Internal Audit (PSIA) Standards. Further to the request of the Chair, the Head of Internal Audit provided an update on progress on the review which was progressing well. Internal Audit had submitted a self-assessment questionnaire against its compliance against the standards that had been forwarded to the Head of Internal Audit at Rotherham. File reviews of work by the team were being undertaken and interviews being undertaken with key stakeholders, including the Assistant Director of Finance finishing with the Head of Internal Audit in mid-November. The outcome of the review would be reported at the Audit Committee meeting in January 2022.

The Chair and Members welcomed Dave Webster who was in attendance to observe the meeting. Further to a question from the Chair, he confirmed that he was on track to complete the External Equality Assessment in January. The Chair pointed out that the membership of the Audit Committee had changed this year to previous years and that there were a number of new Members on the Committee. As a consequence of this, Member training had been tailored for both new Members and long standing Members of the Committee to take place prior to each meeting, to coincide with items for consideration at the next Committee meetings. The Head of Internal Audit at Rotherham confirmed that there had also been a change to the membership at Rotherham Council Audit Committee and that training was being tailored to agenda items at Audit Committee meetings.

The Head of Internal Audit in referring to Sections 4.10 and 4.11 of the report advised that presently there was sufficient coverage to be able to provide an annual opinion on risk, governance and control arrangements and confirmed that there was nothing to date that would result in a negative audit opinion over the risk, governance and control arrangements. He added that no items had been identified for inclusion in the Annual Governance Statement for consideration at the next meeting of the Committee in November 2021.

Councillor Dave Shaw in noting the revised timescales of 31 March 2022 for implementation of the high risk level overdue management actions in the Trading Standards and Food Safety department, expressed strong concerns regarding the limited progress being made and sought clarity as to the reasons why the agreed implementation dates were being extended further and was concerned whether the revised dates would be met in future. Councillor Shaw asked why

there was no representation from Trading Standards at the meeting to explain the reasons for the delay given the seriousness and length of time taken to resolve the issues.

The Head of Internal advised that the Trading Standards and Food Safety team had only been able to carry out a limited amount of the enforcement aspect of their work due to being heavily involved in Covid-19 related work, and as a result had accumulated a large backlog of work which had created additional pressures for the team who were working extremely hard to clear the backlog. The Head of Audit gave assurances that recent discussions had been held with senior management and Internal Audit to progress this matter and it was anticipated that over the next few days an action plan was to be agreed with management in terms of how the issues were to be addressed and to determine whether the actions were achievable. This would be overseen by the Director of Economy and Environment in order to ensure that progress was made.

Members were informed that the Head of Regulation and Enforcement had been expected to attend this meeting, however the Head of Internal Audit was not aware of the reasons for the non-attendance. The Assistant Director of Finance assured the Committee that a more detailed update would be provided to Members at the January meeting and that the Head of Service of Regulation and Enforcement be asked to attend that meeting to provide assurance to the Committee.

The Committee welcomed the assurances provided by the Head of Internal Audit that the Internal Audit team were working with Officers to progress this issue, and looked forward to receiving an update in January and hoped to see a strategy in place to bring about change.

Further to a request from the Chair, the Head of Internal Audit updated Members on a new significant piece of work that had been added to the work plan in relation to the Suez Supplier Relief and Support. It was noted that work ongoing and it would be reported on at the meeting in January 2022.

In referring to the summary of findings of the Audit Reviews during the period, as set out at Appendix A of the report, the Chair was reassured to observe the substantial assurance that had been given in relation to Core Financial Processes, Benefits, particularly in view of benefits being a vital service especially, during the current climate.

RESOLVED that

- (1) the position of the Internal Audit Plan be noted;
- (2) the internal audit work completed in the period be noted;
- (3) the position with regards the implementation of management actions arising from Internal Audit recommendations be noted; and
- (4) the current position regarding the ability to deliver the annual opinion over the councils risk, governance and control arrangements

22 NORTH BRIDGE STORES TRANSFORMATION PROJECT - PROGRESS REPORT (MINUTE NO.14 – 29 JULY 2021)

Scott Cardwell, Assistant Director of Development and Dave Stimpson, Head of Property Services presented a report which updated Members of progress in the Stores management review regarding the long standing concerns relating to North Bridge Stores operational activities The review was instigated following audit work carried out by Internal Audit in 2019 and their involvement in the Personal Protective Equipment (PPE) stocktaking in 2020.

This management review was implemented in May 2021. The review has identified the key issues that were driving the shortfalls and a plan was now being executed to correct the issues and operate Stores using the correct operating processes by the end of December 2021, with a further review period to assess wider service area impacts to take place up to the end of March 2022. The

review would also look at the interactions of other service areas and processes that were involved with the entire Stores process, either as a customer or a stakeholder.

The Assistant Director of Development and Head of Property Services outlined the key developments in relation to progress made since the last update provided to the Committee in July, in particular, with regard to early completion of the stocktake of the stores in mid-September and the departure of the Stores Supervisor. It was noted that following a comprehensive stock take of the Stores and interventions now put in place, the Council was in a much better position and it was expected further improvements would be made with regard to variances. An officer had been seconded into the Stores Supervisor post. Positive changes had been made which also involved reconfiguring the stores. Since the Committee's last meeting, the Transformation Board had met on 3 occasions to assess the progress being made with positive feedback received from stakeholders who sat on the Board. It was anticipated that during December the standard operating procedures and physical reorganisation of the stores would be put in place as well as a stock take and staff ICT training with completion of the supply chain contracts next year.

In response to a question from the Chair, it was reported that whilst there had been a change in management at the stores, this had not negatively impacted on the delivery of the review and the operation of the stores function. The stores had continued to operate and had been resilient in resolving ongoing issues and managing day to day work and the review of the stores. It was noted that during the last 6 weeks there had been significant improvements to the day to day operations of the stores which was more streamlined and operating effectively. Within the last 3 weeks the physical reconfiguration of the stores had changed. Staff were being more proactive in terms of the day to day management of stores activities in relation to the creation of goods in and goods out, preparation of goods in advance of collection and prompting customers and stakeholders regarding goods ready for collection. Work had also started to define the roles and responsibilities of staff and the supporting activities of the stores

In response to a further question from the Chair querying as to the reasons why it taken a long time to revisit the stock take from March, it was reported that Officers had used that time to better understand what the shortcomings of the previous stock take were and to address these in preparation for the next stock take. Further stocktakes would be carried out in order to show progress made. This would also allow time for improvements to be made to some of the internal processes to ensure that stocktaking was effective.

The North Bridge Stores had been a long standing issue and an area of concern at previous Audit Committee meetings, where assurances had been given by Officers that the improvements required would be implemented, however, those improvements had not been delivered. The Committee therefore had reservations as to whether the actions set out in the Project Plan would come to fruition and sought Officers assurance that the actions would be implemented. The Head of Internal Audit advised that he was encouraged by the progress and changes made and there had been marked improvements at the stores, with feedback received from the Strategy and Performance Improvement Manager who has supported the Assistant Director of Development in managing the project and had seen evidence of the recent changes reported by Officers today. He informed Members that there was an improving picture being presented and that the Internal Audit team would continue to monitor progress and would report back at the Committee's meeting in January.

The Assistant Director of Development provided further assurance that there was now a commitment from senior management to that of the past to ensure that the review was followed through and that regular meetings were taking place with the Director of Economy and Environment to monitor progress. A new governance structure had been established with key stakeholders which was both inclusive and responsive to any issues that may arise. The Committee looked forward to seeing the report in January 2022 and hoped to see an efficient functioning facility that fully supported all of the key Council services.

In order to gain an in-depth understanding of the scale of the operation at the stores, a Member asked about the annual turnover of the Stores. The Head of Property Services advised that he did

not have the figures to hand, however gave an undertaking to circulate the information to Members following the meeting. He explained the operational activities at the stores and advised that the North Bridge stores site comprised of a collection of buildings and external storage that held different products and was used for different purposes. A review of the configuration the stores was to be conducted as well as how the stores site works operationally.

Reference was made regarding product variances being attributed to poor stock control and items being stored incorrectly at the stores facility. A Member asked whether Officers had details regarding the monetary value of the variances from the last two stock takes. The Head of Property Services did not have this information but committed to providing the information. In terms of improving management control of variances and bringing them back up to an expected standard, it was felt that it would be beneficial to identify the areas where variances occurred and then track them over time. Members spoke of the frustrations of customers when items were not in stock and how variances had a major impact on stores depending what the items were and the customers experiencing delays in collecting ordered items.

It was noted that feedback received from stakeholders and customers using the stores had indicated that the stores was not operating how they would want it to be. Members asked what plans were in place to stress test and assess the operational performance and effectiveness of the stores. Also, in order to gain a true picture of whether the stores service was working effectively to hear feedback from customers and stakeholders to seek their views. A Member spoke of how it would be advantageous for the Council to capture information at a low level regarding the stakeholders and customers ordering the products and their expectation for the stores to deliver and communicate with them in relation to reasons why products had not arrived on time. He asked whether Officers had considered capturing information in terms of gauging the customer experience, opinions and perceptions of its stakeholders and customers in terms of what's happening on the ground, the quality of service provided and shortfalls in the service. It was felt that this would be beneficial for both the Council and its customers in terms of what expectations were from both sides. The Head of Property advised that this was to be addressed through the Stakeholders management meetings and the standard operating procedures, where officers were liaising with staff to understand the day to day activities of the stores. The Head of Property advised that he was attending those meetings and seeing the outcomes which were now being embedded. It was also noted that prior to the stores review, meetings had taken place with individual stakeholders. Going forward Officers acknowledged Members comments that as part of the review would look to build in the process of having separate meetings with stakeholders so they are able to speak to the stores team with regard to any issues they may have and to better understand the user experience at every level. It was noted that the Council were to develop a suite of Key Performance Indicators (KPIs) over the next few months to provide both a baseline and for best practice purposes. Once the operating procedures were confirmed and meaningful KPIs established, it was anticipated that performance would be reviewed and it was hoped to see a reduced pattern of problems and errors going forward.

Officers in attendance responded to further questions from Members. In response to a further question from the Vice-Chair whether the Council had considered commissioning external consultants to provide advice in terms of the operation of the stores and in terms of a set of standards and best practice, it was stated that the Council firstly wanted to get the stores fully functioning so that it was working effectively and ensure that improvements were being made to the service. The next stage of the process was to look at the stores function and then compare it with others, for example, Councils partners, CIFPA network etc to look at best practice.

To conclude, reference was made to the recent Pulse survey carried out by Internal Audit and it was suggested that a similar survey be undertaken with the stakeholders and customers of the stores, and that the questions could be specifically tailored to gauge whether the stores function was working effectively and to ascertain whether improvements have been made to the stores service.

RESOLVED that

- (1) the update on the progress report on the North Bridge Stores Transformation Project be noted and the outlined approach be supported; and
- (2) information in relation to the annual turnover of the Stores be circulated to Members.

23 GRANT THORNTON - AUDIT PROGRESS REPORT AND SECTOR UPDATE

Perminder Sethi, Engagement Senior Manager, Grant Thornton introduced the external auditors progress report for year ending 31st March 2021, which highlighted the progress made on work undertaken by external audit as at 11th October 2021 in delivering their responsibilities in auditing the Council's accounts. The report also provided a summary of emerging national issues and developments of relevance to the Council.

The Engagement Senior Manager gave an overview of the following key aspects of the report:-

- Progress at 11 October 2021
- Audit Deliverables
- Results of Interim Audit Work
- Sector Update

The Chair asked whether Grant Thornton were still on track to complete the audit by the end of November. The Engagement Senior Manager advised that work was in progress and was currently on plan, however he highlighted that there were issues that were currently being discussed with management in relation to the significant risk area of Plant Property and Equipment and that subject to completion of this work, it was anticipated that the audit was to be completed by the end of November, however he was unable to provide a definite answer at this stage.

Following a further question from the Chair whether there were any issues that had come to light that needed to be addressed at the interim stage of the audit, the Engagement Senior Manager confirmed that no issues had been identified that needed to be brought to the Committee's attention but, pointed out work was yet to be completed including over ICT controls.

RESOLVED that the contents of Grant Thornton's, External Auditor's progress report and Sector Update as at 11th October 2021 (for Year Ending 31st March 2021) be noted.

24 INTERNAL AUDIT STRATEGY AND INTERNAL AUDIT CHARTER

The Head of Internal Audit presented a report, setting out the Internal Audit Strategy for the period 2021 to 2024 and the Terms of Reference for Internal Audit, as set out in the Internal Audit Charter, for Members consideration and approval.

The Strategy and Charter had been reviewed in July 2017 in order to take into account the significant changes to the Public Sector Internal Audit Standards (PSIAS) and recommendations made in the Peer Review carried out by Kirklees Council in 2017. The Strategy and Charter had been reviewed and updated annually since then and this review was to ensure that it was 'fit for purpose' as a consequence of recent changes to the operation and work of the Internal Audit service with special regard to working during and after the Covid-19 pandemic.

It was noted that three main updates to the Charter were; Agile audit approach, Agile audit plans and Assurance Services provided by External Parties which were detailed at paragraph 10 of the report.

The Head of Internal Audit, in summarising the key points in the report, highlighted the importance of the Charter which sets out the role and responsibilities of the Internal Audit and its priorities and work programme for the coming year. He drew Members' attention to Pages 14 and 15 of the reports, which set out the factors that had been considered when compiling the Charter and Strategy, which had brought together the Audit Plan for this year, which would evolve as the year progressed.

In answer to a question from the Chair, the Head of Internal confirmed that the Internal Audit team had sufficient skills, experience and capacity in the team to deliver the requirements of the Charter. He further advised that developmental areas had been identified in the Strategy, which were subject to a review of the resources, skills and capacity of the team going forward. It was anticipated that this would allow the team to operate in a more efficient way, but he highlighted that this required a certain level of investment. He assured Members that no areas of concern had been identified in delivering the work going forward, but envisaged a slight change in terms of service delivery.

RESOLVED that

- (1) the Internal Audit Strategy for the period 2021-2024 be approved; and
- (2) the Internal Audit Charter be approved.

25 AUDIT PLANNING RISK ASSESSMENT AND ACCOUNTING ESTIMATES

The Committee considered a report which informed Members that as part of the external auditors, Grant Thornton risk assessment procedures in respect of the audit of the Council's financial statements, the external auditor was required to obtain an understanding of the Council's management processes and the Audit Committee's (as 'those charged with governance') oversight on the following areas:

- General Enquiries of Management,
- Fraud,
- Laws and Regulations,
- Related Parties, and
- Accounting Estimates

The Appendices to the report set out the management process and accounting estimates for the 2020/21 audit for consideration and approval by the Committee. The Council's management had considered a series of questions on each of these areas and the responses received were detailed in the report. The Committee were invited to confirm whether these responses were consistent with its understanding and whether there were any further comments it wished to make.

Faye Tyas, Assistant Director of Finance explained that whilst the document was used for internal purposes, explained the benefits of bringing the report to the Committees' attention to provide the opportunity for questions. It was also felt that this would provide Members with a greater understanding of the figures in the accounts in terms of what were the identified risks and the circumstances when accounting estimates were used, and the reasons for management reliance on experts to provide such estimates. It was further highlighted that two significant areas where accounting estimates were used related to property, plant and equipment and pensions and were areas that were mostly scrutinised.

The Engagement Senior Manager further added that the update report also included general enquiries regarding fraud, laws and regulations which had previously been reported to the Audit Committee separately, however this year they had been incorporated into one document including the accounting estimates.

In response to question from the Vice-Chair, the Engagement Senior Manager confirmed that nothing had come to light to indicate that there was an increased risk in terms of directing their audit work. He explained that the process in relation to accounting estimates was a new addition to the auditors work this year as part of the final accounts. He pointed out that as part of the Council's arrangements in place, the Council engaged with external management experts. He indicated that the challenge for the Council this year as with other authorities, was to look at what the Council have done in terms of challenging the work of external experts and being satisfied that the advice given was reasonable and appropriate.

Following further questions, the Engagement Senior Manager confirmed that given changes to the audit environment, there was an increased level of challenge and scrutiny from both the external auditor and from management. The Financial Planning and Control Manager added that the Council's finance team robustly challenged the assumptions by the Council's external experts in order to gain reassurance that the figures provided were reasonable and appropriate.

RESOLVED that the contents of the report, 'Audit Planning Risk Assessment and Accounting Estimates', be noted.

26 ARRANGEMENTS FOR THE APPOINTING OF EXTERNAL AUDITORS

The Committee considered a report which provided a summary of the arrangements for appointing External Auditors from April 2022 and sought the Committee's approval to recommend to Full Council in January 2022 to appoint Public Sector Audit Appointments Ltd (PSAA) to negotiate and appoint the External Auditor for the Council.

The report outlined three options open to the Council under the Local Audit and Accountability Act 2014 as follows:-

- Option 1 To make a stand-alone appointment
- Option 2 Set up a Joint Auditor Panel/local joint procurement arrangements
- Option 3 Continue to take part in the national procurement undertaken by PSAA

The report proposed option 3 as the preferred option to recommend to full Council for approval on the basis of the financial benefits anticipated through the PSAA's ability to offer large contract values to firms who would be able to offer better rates and lower fees than are likely to result from local negotiation, and removing the costs of setting up a local audit panel. There were also advantages in that conflicts of interest would be managed by the PSAA who would have a number of contracted firms to call upon and that the appointment process would be more independent than by a local panel.

It was noted that nationally virtually every local authority had identified a preference to choose the sector led-option.

RESOLVED to:-

- (1) note the options for appointing External Auditors from April 2022, resulting from the Local Audit and Accountability Act 2014, and the advantages and disadvantages of each option, and
- (2) support the recommendation to the full Council in January 2022 to appoint the Public Sector Audit Appointments Ltd to negotiate and appoint the External Auditor for Doncaster Council.

CHAIR: _____

DATE: _____

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Doncaster Council

Report

26th November 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 three actions from the 28th October 2021 meeting and one action from the April 2021 meeting. There are no actions outstanding from earlier meetings. Of these:
 - Two are complete and the remaining two items are scheduled for completion at the January and April 2022 meetings 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 15/11/21]

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 [15/11/21]

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

HUMAN RESOURCES IMPLICATIONS [SH 15/11/21]

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

TECHNOLOGY IMPLICATIONS [PW 16/11/21]

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

EQUALITY IMPLICATIONS [PRJ 05/11/21]

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 15/11/21]

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 – 26th NOVEMBER 2021

Follow-up actions from previous meetings:-

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting 28th October 2021			
Breaches and Waivers to the Council's Contract Procedure Rules – The Head of Internal Audit was asked to review the granting of the Homeless Accommodation and Support Service waiver and report back to committee.	Audit committee members to be written to by 26 th November with outcome of the review.	Peter Jackson	Y – members written to with outcome of the review.
Breaches and Waivers to the Council's Contract Procedure Rules – a report be submitted at the next meeting of the Committee, to provide Members with details in terms of an indication in relation to what new waivers are coming into the system and what is in the current system for the next reporting period; as to whether waivers had reduced or continued to increased	Information requested will be provided within next report at April's Audit Committee meeting.	Holly Wilson	N – scheduled for April 2022 Audit Committee meeting.
North Bridge Stores Transformation Project – Progress Report – The Head of Property Services was asked to provide information on the value of the stocks held and the value of the throughput of stores. He was also asked to provide further information on the variances arising from the September 2021 stocktake. Chair of the Audit Committee also suggested that a customer survey be considered to assess improvements being made.	Audit Committee members to be written to with the information requested.	Dave Stimpson	Y – members written to with the information requested.

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting April 2021			
<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>	Peter Jackson	Ongoing – target date of January 2022



Doncaster Council

Report

Date: 26th November, 2021

To the Chair and Members of the
AUDIT COMMITTEE

STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT 2020/21 – DRAFT ISA 260 REPORT TO THOSE CHARGED WITH GOVERNANCE

EXECUTIVE SUMMARY

Statement of Accounts

1. In accordance with International Standard on Auditing (ISA) 260, the Council's external auditor is required to issue a report detailing the findings from the 2020/21 audit and the key issues that the Committee should consider before the external auditor issues their opinion on the financial statements.
2. The 'Communication with those charged with governance' report (draft ISA 260 report attached as Appendix A) has to be considered by 'those charged with governance' before the external auditor can sign the accounts which, under normal circumstances, legally has to be done by 31st July. The Accounts and Audit (Amendment) Regulations 2021 amended this date to 30th September for 2021. There were resource capacity constraints on the part of the external auditors, Grant Thornton, which resulted in the audit of the accounts not being concluded in time to meet the 30th September publication date. Grant Thornton highlighted this in their Audit Plan in July 2021, presented to the Audit Committee meeting on 29th July 2021, which set out that the audit would take place from August and was targeted to be completed by the end of November 2021.
3. Grant Thornton expects to issue an unqualified audit opinion on the Council's financial statements for 2020/21; subject to all outstanding queries being resolved to their satisfaction.
4. Grant Thornton have provide an update on the timescales for the Value for Money (VfM) for 2020/21 and issuing the Auditor's Annual Report (AAR). Grant Thornton expect to issue the AAR before the end of February 2022.
5. Overall the draft ISA 260 report is a positive one, with four adjusted misstatements.
6. Attached to this report is the draft ISA 260 report. A revised version of the ISA 260 report will be presented at the Audit Committee along with any relevant verbal updates.

7. The Section 151 Officer, as the responsible financial officer, re-confirms on behalf of the Council that she is satisfied that the statement of accounts presents a true and fair view of:
 - a. the financial position of the Council at the end of the 2020/21 financial year; and
 - b. the Council's income and expenditure for the 2020/21 financial year.

Annual Governance Statement

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's governance arrangements in place during 2020-21 have been reviewed in line with the guidance and an Annual Governance Statement has been produced (Appendix B). This document demonstrates our governance compliance by:
 - a. **3** key areas of improvement have been completed or have been effectively managed to the extent that they are no longer significant (page 13);
 - b. **5** new significant issues arising from the 2020-21 review of effectiveness of the corporate governance arrangements (pages 6-9);
 - c. Updates on the **4** key areas identified during previous years that remain an issue in 2020-21 (pages 10-12).
9. Since the draft AGS was presented at Audit Committee in April 2021, we have also reviewed the current issues contained within the AGS to reflect the latest position.

EXEMPT REPORT

10. Not applicable.

RECOMMENDATIONS

11. It is recommended that the Audit Committee:
 - a. Note the contents of the draft external audit ISA 260 report;
 - b. Consider the Letter of Representation included in the draft ISA 260 report, and endorse for signature by the Chair of the Audit Committee and the Chief Financial Officer;
 - c. Approve the Statement of Accounts 2020/21; and
 - d. Approve the Annual Governance Statement 2020/21, for signature by the Mayor and the Chief Executive; and
 - e. Delegate authority to the Chief Financial Officer, in consultation with the Chair, to agree any adjustments to the Statement of Accounts 2020/21, following the completion of the audit by Grant Thornton, should any changes be necessary, prior to signing by the Chief Financial Officer and the Chair of the Audit Committee.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

Preparation of the Accounts

13. The Council's 2020/21 accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and the appropriate accounting codes of practice. They were approved by the Council's responsible financial officer (Chief Financial Officer & Assistant Director of Finance) and published on the Council's website on 28th June 2021. This was in line with the statutory deadline of 31st July 2021. The Accounts and Audit (Amendment) Regulations 2021 amended the normal statutory date from 31st May to 31st July for 2020.
14. The unaudited accounts were presented to this Committee for information on 8th July 2021. Grant Thornton were presented with these draft accounts on 28th June 2021.

Outcomes of the Audit

15. The external audit began in August and included examination of evidence relevant to the amounts and disclosures in the financial statements and related disclosure notes. It also included an assessment of the significant estimates and judgments made by the Council in the preparation of the financial statements and related notes and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed. This has resulted in the findings and conclusions contained in the draft ISA 260 report.
16. Throughout the audit process the Council's Financial Management team have responded promptly to audit queries which have contributed positively to the audit's satisfactory conclusion. Key finance officers take a proactive role in identifying potential risks so that a dialogue can take place with Grant Thornton at an early stage to discuss and seek agreement on significant and often highly complex, accounting issues affecting the year's accounts.
17. Grant Thornton have made one recommendation this year, which is a Medium priority. This relates Management challenge of experts and stand back review. This is detailed in the draft ISA 260 report page 29.
18. There were four adjusted misstatements relating to Property, Plant and Equipment and the Pension Fund liability. These are detailed in the draft ISA 260 report page 33.
19. There were thirteen misclassification and disclosure changes. These are detailed in the draft ISA 260 report pages 34-35.
20. The accounts were made available for public inspection for 30 working days (in accordance with the Accounts and Audit (England) Regulations 2015) on Tuesday, 29th June 2021, during which, members of the general public were able to inspect the accounts and raise questions on the financial statements and the associated disclosure notes. During this period no inspection visits were made.

21. Grant Thornton expect to complete their work on Value For Money (VfM) for 2020/21 and issue the Auditor's Annual Report (AAR) by the end of February 2022. An audit letter explaining the reasons for the delay was sent to the Chair of the Audit Committee in September. This is in line with the National Audit Office's revised deadline which requires the AAR to be issued no more than three months after the date of the opinion on the financial statements.
22. The Letter of Representation requires endorsement by the Committee as an important final stage in the audit of the Council's 2020/21 Statement of Accounts. The letter is from the Section 151 Officer to Grant Thornton and is an assurance from management that the accounts have been prepared correctly and to bring to the auditors' attention any further matters that need to be taken into account prior to their opinion being issued. The draft letter is included at the end of the draft ISA260 report.

OPTIONS CONSIDERED

23. Not applicable.

REASONS FOR RECOMMENDED OPTION

24. The Council is subject to statutory external audit and performance evaluation by Grant Thornton and must prepare annual accounts.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

25. These are detailed in the table below: -

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>The audited Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p> <p>An unqualified audit opinion from Grant Thornton on the financial statements and supporting disclosure notes, together with an unqualified VfM conclusion assists with the positive reputation of the Council and ensures that strong governance is in place.</p>
	<p>Doncaster 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</p>	

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

RISKS AND ASSUMPTIONS

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

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

LEGAL IMPLICATIONS [Officer Initials...SRF... Date...18.11.21]

27. The Statement of Accounts is prepared in accordance with the appropriate regulations and the Council is subject to statutory external audit and performance by Grant Thornton. Further specific legal advice can be provided on any matters arising.

FINANCIAL IMPLICATIONS [Officer Initials...RI... Date...18.11.21]

28. The Council's Statement of Accounts are prepared in line with the Accounts and Audit Regulations 2015 and International Financial Reporting Standards.
29. The audit fee budget is managed by the Director of Corporate Resources and this review is included in the planned expenditure for the 2020/21 audit.

HUMAN RESOURCES IMPLICATIONS [Officer Initials...SH... Date...18.11.21]

30. There are no specific HR implications relating to the contents of this report.

TECHNOLOGY IMPLICATIONS [Officer Initials...PW... Date...18.11.21]

31. There are no specific technology implications relating to the contents of this report. As outlined in Appendix A (Action Plan – IT Recommendations), ICT are aiming to update the passwords for the Northgate Revenues & Benefits system as part of the ongoing security project. In addition, the policy of notification of leavers has been reinforced within the Council.

HEALTH IMPLICATIONS [Officer Initials...RS... Date...18.11.21]

32. There are no direct health implications in this report. Effective audit and governance should contribute to improved health and wellbeing.

EQUALITY IMPLICATIONS

33. This report has no specific equality implications.

CONSULTATION

34. Not applicable.

BACKGROUND PAPERS

35. Following background papers: -
- Unaudited Statement of Accounts 2020/21 published on the Council website: - <http://www.doncaster.gov.uk/services/the-council-democracy/statement-of-accounts>
 - Accounts and Audit Regulations 2015
 - The Accounts and Audit (Amendment) Regulations 2021
 - The Code of Practice on Local Authority Accounting 2020/21 ('The Code') - based on IFRS

REPORT AUTHOR & CONTRIBUTORS

Robert Isaac, Financial Planning & Control Manager

 01302 737983

 robert.isaac@doncaster.gov.uk

Faye Tyas
Chief Financial Officer
& Assistant Director of Finance

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The Audit Findings (ISA260) Report for Doncaster Metropolitan Borough Council

Year ended 31 March 2021

18 November 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.earnley@uk.gt.com

Section

1. Headlines
2. Financial statements
3. Value for money arrangements
4. Independence and ethics

Appendices

- A. Action Plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees
- E. Audit Opinion (draft)
- F. Audit Letter in respect of delayed VFM work (sent to the Chair in September)
- G. Letter of Management Representation (draft)

This Audit Findings (ISA260) Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit Committee.

Gareth D Mills

Name : Gareth Mills, Engagement Lead for Doncaster MBC
For Grant Thornton UK LLP
Date : 18 November 2021

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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.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Doncaster Metropolitan Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2021 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our year-end audit work was performed from August into November. Our findings are summarised in Section Two of this report. As at the date of this report, we have not identified any audit adjustments impacting on the Council's outturn position and useable reserves, however, we identified four adjustments relating to Property, Plant and Equipment (PPE) and the Council's Net Pension Liability impacting on the Council's Balance Sheet:

1. the undervaluation of the Doncaster Dome, Cast Theatre and some Leisure Centres by c£70.5m due to the incorrect application of an adjustment factor (which discounted the valuation)
2. the recently built Cinema was included in assets under construction but had been completed before the year end. The value of operational assets was understated by £3.29m which follows the valuation of the Cinema whilst assets under construction were overstated for the Cinema by £8.67m. The Cinema has now been removed from assets under construction and added to operational assets. The difference of £5.38m represents an impairment which has been included in the financial statements (we have also made a recommendation in this regard - see P10)
3. the Adwick Social Education Centre has been earmarked for demolition but its valuation had not been adjusted to reflect this, requiring a reduction in valuation of £2.5m
4. the Pensions valuation of level 3 Pooled Investment Vehicles (where market prices are not readily available) had been completed at December 2020 and its valuation extrapolated to the year end. The actual valuation at 31 March 2021 was £17.8m higher.

Management is adjusting its financial statements for all of these areas. Our work also identified a number of disclosure and presentational audit adjustments which are detailed at Appendix C. We have raised one audit recommendations for management as a result of our work in the Action Plan at Appendix A. Our follow up of recommendations from the prior year are detailed at Appendix B.

Our work is nearing completion in advance of our target sign off date of the end of November. At present, there are no matters of which we are aware that would require modification of our proposed audit opinion (Appendix E) or material changes to the financial statements, subject to the following outstanding matters:

- completing the remaining elements of our work on PPE, pension fund assets and liabilities, payables and receivables, payroll costs, financial instruments, journals, grant income, operating expenditure and the Group audit

1. Headlines - continued

Financial Statements

- the finance team clearing any additional responses to the technical 'Hot Review' of the 2020-21 accounts. We can only conclude our audit once we have satisfactory responses to this review
- completion of our internal quality review processes, including final reviews of the file by both the Engagement Manager and Engagement Lead, specifically in respect of significant audit risks of PPE valuation, pension fund liability and journals testing
- reviewing the final version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

We have concluded that the other information to be published together with the audited financial statements is consistent with our knowledge of the Council and the financial statements we have audited, subject to satisfactory completion of our review of the final Narrative Report and AGS.

We plan to issue an unqualified (clean) audit opinion by 30 November 2021.

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified

criteria:

- Improving economy, efficiency and effectiveness
- Financial sustainability
- Governance.

We have not yet completed all of our VFM work and are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay was sent to the Chair of the Audit Committee in September and is attached at Appendix F to this report. We expect to issue our Auditor's Annual Report before end of February 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report (AAR) to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our initial planning work has identified no significant VFM weaknesses in the Authority's arrangements. We will summarise the findings from our work in our Auditor's Annual Report.

However, as part of our audit work, we noted that the Dedicated Schools Grant (DSG) deficit has increased by £3.8m during the year and at the year end totalled £9.1m. This increase is in common with a number of other authorities and whilst the Government introduced regulations from 2020-21 for a three year period which prevent the deficit being charged to the revenue account, the total amount of the deficit is approaching the Council's materiality of £11.5m. We will consider the actions being taken by the Council to manage this deficit as part of our value for money work.

We also note the disclosure added by the Council to the Annual Governance Statement in respect of the Specialist Safeguarding Investigation. Whilst management do not consider this impacts on the financial statements, and we are satisfied there is no material impact on the 2020-21 accounts, we will consider the governance arrangements and reporting of this issue as part of our value for money work.

1. Headlines - continued

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties

We expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements, and our review of the Council's Whole of Government Accounts (WGA) submission. We expect to conclude our work in these two areas and be in a position to issue our audit certificate by the end of February 2022.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and collaboration provided by the finance team and other staff during our audit which was again conducted in challenging circumstances and remotely, as in the prior year.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings (ISA260) Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management, Audit Committee and full Council (as those charged with governance).

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls
- an evaluation of the components of the Group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of each component and to determine the planned audit response. From this evaluation we determined that a targeted approach was required as part of our audit work on the following Group components, St Leger Homes of Doncaster Ltd (SLH) and Doncaster Children's Service Trust (DCST). This is consistent with our audit approach last year
- Substantive testing of significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audit of your financial statements and subject to the outstanding queries being resolved, we anticipate issuing an unqualified (clean) audit opinion by 30 November 2021. These outstanding items include:

- completing the remaining elements of our work on PPE, pension fund assets and liabilities, payables and receivables, payroll costs, financial instruments, Journals, grant income, operating expenditure and the Group audit
- the finance team clearing any additional responses to the technical 'Hot Review' of the 2020-21 accounts. We can only conclude our audit once we have satisfactory responses to this review
- completion of our internal quality review processes, including final reviews of the file by both the Engagement Manager and Engagement Lead, specifically in respect of the significant audit risks of PPE revaluations, pension fund liability and journals testing
- reviewing the final version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.



Our approach to materiality

The concept of 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.

Materiality levels remain the same as reported in our Audit Plan dated 20 July 2021.

We detail in the table our determination of materiality for the Council.

Materiality area	Group Amount (£000)	Council Amount (£000)	Qualitative factors considered
Materiality for the financial statements	11,711	11,525	We have determined materiality at 1.5% of gross operating expenditure for the year. We consider this as the most appropriate criteria given stakeholders interest in the Council delivering its budget. There are no changes to this threshold or benchmark to that set out in our Audit Plan dated 20 July 2021.
Performance materiality	8,190	8,060	Assessed to be 70% of financial statement materiality.
Trivial matters	575	575	This equates to 5% of materiality. This is our reporting threshold to the Audit Committee for any errors identified.
Materiality for senior officer remuneration disclosures	-	15	The senior officer remuneration disclosures in the Financial Statements have been identified as an area requiring specific materiality due to its sensitive nature. There are no changes to this threshold from our Audit Plan dated 20 July 2021.



2. Financial Statements - Significant risks

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.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override of controls

(Risk relating to the Council)

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 Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

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.

As part of our audit work, we have

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determine the criteria for selecting high risk unusual journals
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied and made by management and considered their reasonableness with regard to corroborative evidence
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions as relevant

We are still finalising our review of journals posted by management in year. Our audit work to date has not identified any issues in respect of management override of controls. We will provide a verbal update to the Audit Committee on 26 November should any significant issues arise from completing our work in this area.



2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Risk of fraud in revenue recognition and expenditure

(Risk Relating to the Council)

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.

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:

- 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 the Council, mean that all forms of fraud are seen as unacceptable.

Expenditure

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 Council, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:

- 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.

Commentary

Notwithstanding that we have rebutted these risks we have undertaken a significant level of work on the Council's revenue streams, as they are material to the financial statements audit.

As part of our audit work, we have:

Accounting policies and systems

- Evaluated the Council's accounting policies for recognition of income and expenditure for its material income and expenditure streams and compliance with CIPFA Code
- Updated our understanding of the Council's business processes associated with accounting for income and expenditure.

Fees, Charges and other service income

- Agreed, on a sample basis, income and year end receivables from other income to supporting evidence.

Taxation and non specific grant income

- Income for national non-domestic rates (NDR) and council tax is predictable and therefore we conducted substantive analytical procedures. We have also obtained sufficient assurances on NDR relief for 2020-21
- For other grants, sample tested items for supporting evidence and checked the appropriateness of the accounting treatment is in line with the CIPFA Code. Please see further reporting at page 17.

Expenditure

- Agreed, on a sample basis, non-pay expenditure, interest payable and year-end payables through supporting evidence
- Undertaken detailed substantive analytical procedures on pay expenditure.

We also carried out sufficient and appropriate audit procedures to ascertain that recognition of income and expenditure was in the correct accounting period using cut off testing.

From our audit work to date, there are no issues arising that require reporting to the Audit Committee.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of land and buildings

(Risk Relating to the Council)

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.

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.

We therefore identified valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.

As part of our audit work, we have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to management's valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- discussed and challenged the valuer the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- engaged our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation
- tested revaluations made during the year to check if they had been input correctly into the Council's asset register
- evaluated 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
- evaluated, 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 as at 31 March 2021.

Our audit work to date has identified three adjustments relating to the valuation of land and buildings:

- in its valuation of the Doncaster Dome, Cast Theatre and some Leisure Centres, the valuer had incorrectly applied an adjustment factor of 75% to reflect the lease nature of these facilities when no reduction was necessary. Removing the adjustment factor increases the value of land and buildings by c£70.5m
- the recently built Cinema was retained in assets under construction but had actually been completed before the year end. As a result, the value of operational assets was understated by £3.29m which follows a valuation of the Cinema whilst assets under construction which included £8.67m for the Cinema were overstated. The Cinema has now been removed from assets under construction and added to operational assets. The difference of £5.38m represents an impairment which has now been incorporated in the financial statements
- the Adwick Social Education Centre has been earmarked for demolition but its valuation had not been adjusted to reflect this, requiring a reduction in valuation of £2.5m.

Management has agreed to adjust the financial statements to reflect these changes which arose following audit challenge. There is a need for management to be more challenging of its valuation experts to ensure the basis of valuation is considered appropriate and reasonable and where this is not the case or is unusual, to challenge the expert to ensure an appropriate valuation. Additionally, management should take a step back and consider the appropriateness of valuations when new developments are nearing completion or buildings have been earmarked for demolition to ensure they are appropriately valued and recorded in the accounts. We have raised a **Recommendation** in this regard in the Action Plan at Appendix A.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of the pension fund net liability (Risk Relating to the Council)

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.

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.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of Practice for Local Government Accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the net pension liability estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated pension fund net liability.

We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

Commentary

As part of our audit work, we have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- performed 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
- obtained assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements
- Considered whether asset valuations are based on 31 March 2021
- as part of our additional audit challenge and understanding of the net pension fund liability valuation, we are planning to meet with the Pension Fund actuary. We will update you of any significant matters arising before we issue our audit opinion.

Our audit work remains on-going, and to date, we have not identified any issues to be reported to the Audit Committee except the following:

- the Pensions valuation of level 3 Pooled Investment Vehicles (where market prices are not readily available) had been completed at December 2020 and its valuation extrapolated to the year end. The actual valuation at 31 March 2021 was £17.8m higher. Management is adjusting the financial statements for this difference
- five schools transferred to academies during the year, as part of this process, the net pension liability had not been transferred amounting to some c£3m (TBC). Management is not adjusting for this error as they do not consider it to be material.

2. Key findings arising from the Group audit

Component	Work performed	Group audit impact and findings
St Leger Homes of Doncaster Ltd (SLH)	<p>We adopted a targeted approach of the material balances and transactions of SLH within the Group financial statements for the year ended 31 March 2021.</p> <ul style="list-style-type: none">• Our audit approach included obtaining sufficient assurances based on group materiality over any material balances and transactions of SLH outside the group boundary based on group materiality. This included the SLH net pension fund liability, total income and cost of sales and any other material balances and transactions outside the Group• Our work to date has not identified any material issues that require reporting to you.	<p>Our audit work in this area is currently in progress.</p> <p>From our work completed to date, there are no issues to report from the consolidation of St Leger Homes of Doncaster Ltd into the Authority's group accounts.</p>
Doncaster Children's Services Trust (DCST)	<p>We adopted a targeted approach of the material balances and transactions of DCST within the Group financial statements for the year ended 31 March 2021.</p> <ul style="list-style-type: none">• Our audit approach included obtaining sufficient assurances based on group materiality, over any material balances and transactions of DCST outside the Group boundary. This included the DCST net pension fund liability, payroll costs, total income and cost of sales and any other relevant material balances and transactions outside the Group• Our work to date has not identified any material issues that require reporting to you.	<p>Our audit work in this area is currently in progress.</p> <p>From our work completed to date, there are no issues to report from the consolidation of Doncaster Children's Services Trust into the Authority's group accounts.</p>

2. Financial Statements – new issues and risks

Issue

Auditor commentary and view

IFRS 16 implementation

Although the implementation of IFRS 16 has been delayed to 1 April 2022, audited bodies still need to include disclosure in their 2020-21 accounts to comply with the requirement of IAS 8 para 31. As a minimum, we expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases.

The Council has included a high level reference to IFRS16 in its accounts at Note 3, Accounting Standards that have been issued but have not yet been adopted.

The minimum requirements of IAS8 have been met. Management and the audit team will liaise during the 2021-22 audit to ensure the requirements of the new standard are being followed and plans are in place for this issue to be adequately reported in the 2021-22 accounts and fully adopted in the 2022-23 accounts.

Recognition and Presentation of Grant Income

The Council receives a number of grants and contributions and is required to follow the requirements set out in sections 2.3 and 2.6 of the Code. The main considerations are to determine whether the Council is acting as principal or agent and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income.

The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income.

Note 33 to the accounts include a detailed analysis of grant income covering grant income recognised through the Comprehensive Income and Expenditure Statement (CIES) as well as reporting grants and contributions received in advance. The note provides the accounting principles supporting grant income.

Our audit testing of grant income to date in relating to 2020-21 has not identified any non-compliance with the requirements for grant accounting as specified in the Code. Our work involved reviewing the Council's treatment of Covid-19 related grants as either agent (where the Council passes on the grant without having control over its award) or principal (where the Council determines the grant award to be provided). Grant awards where the Council is acting as principal are recorded within the Council's CIES whereas grants where the Council has acted as agent are not. Our work also reviewed the appropriateness of the disclosures made and we undertook sample testing of a number of grants, no issues have arisen from our work to date.

IT General Controls (ITGC) work

As part of our audit procedures on the financial statements, we conducted our ITGC work. This was targeted on general IT controls and was performed by our IT specialists. The objective was to identify any significant deficiencies in IT general controls that could lead to any material errors in the financial statements.

No issues were noted from our IT General Controls work this year. However, in following up our recommendations from last year, we noted two recommendations remained outstanding relating to:

- weak password settings for Northgate database administrators
- disabling leaver access on the Nortgate System in a timely manner.

We understand implementation has been delayed given the impact of the Covid-19 Pandemic. We will follow up progress as part of our 2021-22 audit programme (further details are noted at Appendix A).

2. Key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Auditor Comments	Assessment
<p>Council Dwellings valuation: £660.7m</p>	<p>The Council is required to revalue its Council housing in accordance with Department of Levelling up Housing and Communities (DLUHC) Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>The Council engaged the District Valuer from the Valuation Office Agency (VOA) to complete the valuation of these properties. The valuation was at 31 March 2021 and valued Council Housing at £660.7m, a net increase of £5.9m from 2019-20 (£655.2m).</p>	<ul style="list-style-type: none"> The District Valuer is RICS qualified and valued the entire housing stock using the beacon methodology, in which a detailed valuation of representative property types was then applied to similar properties Our work indicated that this methodology was applied correctly to the 2020-21 valuation We have assessed the valuer to be competent, capable and objective in carrying out the valuations We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate and have no issues to report We have agreed the HRA valuation report to the accounts We have compared the valuation movements with the Gerald Eve (property valuation specialists) national report and held discussions with our own valuation auditor's expert. These discussions are still on going. We have also challenged management and the Council's valuation expert on valuation differences identified through our sensitivity analysis work using other relevant indices. These discussions remain on-going and we intend make our conclusions before we issue the audit opinion. <p>Whilst our audit work in this area remains on-going, there are no issues arising at this time that we wish to bring to the attention of management or the Audit Committee.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious (light purple)</p>

- Assessment
- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
 - [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
 - [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
 - [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. key judgements and estimates (continued)

Significant judgement or estimate	Summary of management's approach	Auditor Comments	Assessment
<p>Other Land and Buildings valuation: £439.5m (revised from £368.5m)</p>	<p>Other land and buildings comprises £389.5m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The remainder of other land and buildings (£50.0m) are not specialised in nature (such as car parks) and are required to be valued at existing use in value (EUV) at year end.</p> <p>The Council has engaged its in-house RICS qualified valuer to complete the valuation of assets on a five yearly cyclical basis as permitted by Code of Practice on Local Authority Accounting. Approximately 82% of total other land and buildings assets (by gross value) were revalued during 2020-21.</p> <p>Management has also considered the year end value of non-valued properties, and the potential valuation change in the assets revalued at 31 March 2021, to determine whether there has been a material change in the total value of these properties.</p> <p>The total year end valuation of Other land and buildings was £368.5.</p>	<ul style="list-style-type: none"> • We have assessed the Council's in-house valuer, to be competent, capable and objective • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate, including floor areas and have no issues to report • The valuation methods remain consistent with the prior year • In relation to assets not revalued in the year, we have compared the Gerald Eve (valuation specialists) property valuation report and held discussions with our own valuation auditor's expert. These discussions are still on going. We have also challenged management and the Council's valuation specialist on valuation differences identified through our sensitivity analysis work using other indices. These discussions are still on-going and we intend make our conclusions before we issue the audit opinion. • A material valuation uncertainty was reported by the Council's valuer in 2019-20, no such uncertainty has been reported in 2020-21. This is in line with RICS guidance and we are satisfied there is no requirement for a material uncertainty in valuations as at 31 March 2021. 	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious (light purple)</p>

2. key judgements and estimates(continued)

Significant Judgement or estimate	Summary of management approach	Auditor comments	Assessment																		
<p>Net pension liability (Council) £461.8m</p>	<p>Per the draft accounts, the Council's net pension liability at 31 March 2021 is £461.8m (PY £438.7m) comprising the South Yorkshire Local Government Pension Scheme.</p> <p>The Council uses Mercers to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed at 31 March 2019, utilising key assumptions such as life expectancy, discount rates, salary growth and pension increase rate.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £23m net actuarial loss during 2020-21.</p>	<ul style="list-style-type: none"> We have assessed the Council's actuary, Mercers, to be competent, capable and objective We have performed additional tests in relation to the accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the 2019-20 roll forward calculation carried out by the actuary and have no issues to raise. We have used PwC as our auditor expert to assess the actuary and assumptions made by the actuary – please see the table below for our comparison of actuarial assumptions. The PwC report has also indicated that they are comfortable with Mercer's methodologies used to establish assumptions and they will produce reasonable assumptions as at 31 March 2021 for all employers. <table border="1" data-bbox="689 660 1890 1222"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC comments</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>Beginning 2.4% End 2.1%</td> <td>Assumption appears reasonable</td> </tr> <tr> <td>Pension increase rate</td> <td>Beginning 2.1% End 2.7%</td> <td>Assumption appears reasonable and methodology appropriate.</td> </tr> <tr> <td>Salary growth</td> <td>Beginning 3.35% End 3.95%</td> <td>In line with 2020 valuation.</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>Future Pensioners: 23.9 Current- pensioners: 22.4</td> <td>Overall mortality assumptions appear reasonable.</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>Future Pensioners: 27.1 Current- pensioners: 27.2</td> <td>Overall mortality assumptions appear reasonable.</td> </tr> </tbody> </table> <ul style="list-style-type: none"> We have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate We have confirmed there were no significant changes in 2020-21 to the valuation method. 	Assumption	Actuary Value	PwC comments	Discount rate	Beginning 2.4% End 2.1%	Assumption appears reasonable	Pension increase rate	Beginning 2.1% End 2.7%	Assumption appears reasonable and methodology appropriate.	Salary growth	Beginning 3.35% End 3.95%	In line with 2020 valuation.	Life expectancy – Males currently aged 45 / 65	Future Pensioners: 23.9 Current- pensioners: 22.4	Overall mortality assumptions appear reasonable.	Life expectancy – Females currently aged 45 / 65	Future Pensioners: 27.1 Current- pensioners: 27.2	Overall mortality assumptions appear reasonable.	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious (light purple)</p>
Assumption	Actuary Value	PwC comments																			
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Pension increase rate	Beginning 2.1% End 2.7%	Assumption appears reasonable and methodology appropriate.																			
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Life expectancy – Females currently aged 45 / 65	Future Pensioners: 27.1 Current- pensioners: 27.2	Overall mortality assumptions appear reasonable.																			

2. key judgements and estimates(continued)

Significant Judgement or estimate	Summary of management approach	Auditor comments	Assessment
<p>Net pension liability (Council)</p> <p>£461.8m continued</p>		<ul style="list-style-type: none"> We confirmed that valuation assets are based on 31 March 2021 valuations, however, and as reported on page 11, our audit work identified two matters: <ul style="list-style-type: none"> the Pensions valuation of level 3 Pooled Investment Vehicles (where market prices are not readily available) had been completed at December 2020 and the valuation extrapolated to the year end. The actual valuation at 31 March 2021 was £17.8m higher. Management is adjusting the financial statements for this difference five schools transferred to academies during the year, as part of this process, the net pension liability had not been transferred amounting to some £3m. Management is not adjusting for this error as they do not consider it to be material. As part of our additional audit challenge and understanding of the net pension fund liability valuation, we are planning to meet with the Pension Fund actuary. We will update you of any significant matters arising before we issue our audit opinion. <p>Whilst our audit work in this area remains on-going, there are no other issues arising at this time that we wish to bring to the attention of management or the Audit Committee.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious (light purple)</p>

2. key judgements and estimates (continued)

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Grants Income: £434.6m (PY £360.8m)</p> <p>The Council receives a number of grants and contributions and is required to follow the requirements set out in the Code. The main considerations are to determine whether the Council is acting as principal or agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income.</p> <p>Due to the Covid-19 pandemic there has been a significant increase in the level of grant funding with associated complexity and requirement of management's judgement on the accounting.</p>	<p>Management has taken into account three main considerations in accounting for grants:</p> <ol style="list-style-type: none"> whether the Council is acting as the principal or agent and particularly whether it controls the goods or services before they transfer to the service recipient. Management's assessment needs to consider all relevant factors such as who bears credit risk and responsibility for any overpayments, who determines the amount, who sets the criteria for entitlement, who designs the scheme and whether there are discretionary elements. whether there are conditions outstanding (as distinct from restrictions) that would require the grant to be recognised as receipt in advance, otherwise grant should be recognised as income whether the grant is a specific or non-specific grant. General un-ringfenced grants are disclosed on the face of the CIES, whereas ringfenced grants are required to be credited to service revenue accounts. <p>There may be judgements over the accounting treatment. Different conclusions may be reached by councils depending on how they have applied any discretion in administering the schemes and application of Code guidance.</p>	<ul style="list-style-type: none"> We have substantively tested a sample of grants across categories and reviewed management's assessment as to whether the Council is acting as the principal or agent For the samples selected we have reviewed the completeness and accuracy of the underlying information used to determine whether there are conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income We have also assessed for the sample of grants received, whether the grant is specific or non specific grant (or whether it is a capital grant) – which impacts on where the grant is presented in the CIES or not. We have assessed the adequacy of disclosure of grants received and judgement used by management as part of our detailed testing. <p>Our work to date has not identified any matters to report.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious (light purple)</p>

2. key judgements and estimates (continued)

Significant judgement or estimate

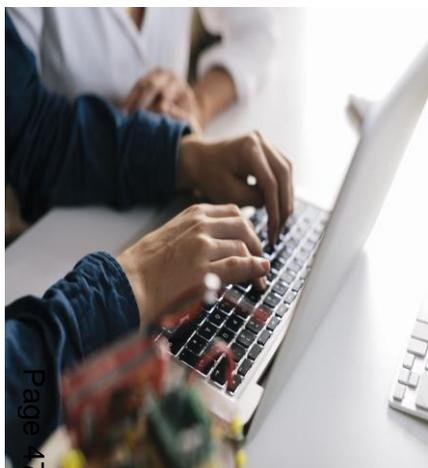
Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Minimum Revenue Provision: £8.6m (PY £6.4m)</p>	<p>The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance</p> <p>The year end MRP charge was £8.6m, a net increase of £2.2m from the prior year. In 2019, the Council undertook a review of its MRP policy in line with the Capital Financing Regulations. Under the statutory guidance, there are four options available to the Council:</p> <p>Regulatory Method</p> <ol style="list-style-type: none"> 1. Capital Financing Requirement Method 2. Asset Life Method - Equal instalment method 3. Asset Life Method - Annuity method 4. Depreciation Method <p>As part of the review by the Council, consideration was given to all four options. The Council opted for either:</p> <ul style="list-style-type: none"> • the Asset Life method – Equal instalment method (option 2) • the Asset Life method - Annuity method (option 3) • the Depreciation method (option 4). <p>Option 1 was not selected as it was based on a more fixed approach without much consideration of actual scenarios such as useful economic life of the financed assets.</p> <p>Where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the useful life of the asset. Like many other local authorities in the region, the Council adopts option 3.</p> <p>For capital expenditure incurred before 1 April 2008, and for supported capital expenditure incurred on or after that date, MRP would be determined in accordance with Options 2 and 3 - Asset Life Method. For non-supported (prudentially borrowed) capital expenditure incurred after 1 April 2008, MRP would also be determined in accordance with these options.</p>	<ul style="list-style-type: none"> • We have reviewed the Council's approach to MRP as described on the left and overleaf on page 20 • The Council's calculation of MRP has been determined in line with the statutory guidance and management assess the MRP charge to remain prudent • There have been no changes in the Council's policy for calculation of MRP since the current policy was approved by full Council in 2019 • Our work indicates that the Council's MRP charge of 2.35% is based on an average asset life of 42.6 years and in line with our expectation of 2% or higher. As part of our value for money work, we will consider the profiling of the Authority's MRP charge during 2020-21 and beyond, and consider its appropriateness along with how the Council has considered the future impact of increased MRP costs. 	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious (light purple)</p>

2. key judgements and estimates (continued)

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision continued	<p>MRP will ordinarily commence in the financial year following the one in which expenditure is incurred. However, MRP guidance permits authorities to defer MRP until the financial year following the one in which the asset becomes operational. The Council has chosen to employ this method.</p> <p>In applying Option 3, the Council's finance team in conjunction with the RICS qualified valuer review the useful lives of assets. At the time when Option 3 was first applied in 2015-16, a useful asset life of 50 years was attributed to all assets with the exception of schools which was set at 60 years. Subsequently in 2018-19, this was revised to 50 years for all assets including schools following publication of updated government regulations which stated that a maximum of 50 years could only be used for useful lives.</p> <p>The MRP charge is an area of increasing focus for local authority external auditors following recent high publicised financial challenges at certain local authorities where MRP charges were found to be inappropriate. For our 2020-21 audits, we have compared the MRP charge as a percentage of the Capital Financing Requirement for the General Fund. At Doncaster, the charge is £8.6m against a CFR amount of £366.7m, which is 2.35% (or equates to 42.6 years) and in line with our expectation of 2% or higher.</p> <p>MRP on an Annuity Basis The Council accounts for MRP and repayment of borrowing on an annuity basis. This means all outstanding debt is 'repaid' within the 50 years as per the policy with the profile of repayments increasing over time i.e. repayments start low and increase over the 50 year term. The annuity method is permitted as per the Statutory Guidance.</p> <p>Overall, the Council maintains an MRP model that compares future charges, the budgetary provision ensures that the MRP charges are affordable. As part of our value for money work, we will consider the profiling of the Authority's MRP charge during 2020-21 and beyond, and consider its appropriateness along with how the Council has considered the future impact of increased MRP costs.</p>	See previous page for auditor comments.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious (light purple)

2. Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.



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Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Council's Audit Committee and the Chief Financial Officer. We have not been made aware of any material incidents in the year and no other issues have been identified during the course of our audit.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed. Our work did however identify some over disclosures in Related Party Transactions in Note 34. Some of the disclosures made by the Council did not satisfy the related party disclosure requirements in accordance with IAS 24. The Council has agreed to revise these disclosures (see also Appendix C).
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A standard letter of representation has been requested from the Council which is included at Appendix G.
Confirmation requests from third parties	We requested from management permission to send a confirmation request to the Council's bankers, and entities who were involved with the Council's investments and borrowings. This permission was granted and the requests were sent and responded to with positive confirmations.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements to date. Our work did identify a small number of presentational disclosure amendments which have been processed by management and these are set out at Appendix C.
Audit evidence and explanations / significant difficulties	We have experienced good, continued co-operation from the Council for all information and explanations requested to date. In order to finalise our audit, we expect to receive continued timely engagement and responses from management. There are no significant difficulties to report in terms of receipt of audit evidence at this time.

2. Other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA [UK] 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none">• the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities• for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none">• the nature of the Council and the environment in which it operates• the Council's financial reporting framework• the Council's system of internal control for identifying events or conditions relevant to going concern• management's going concern assessment. <p>On the basis of this work, we have obtained sufficient and appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none">• a material uncertainty related to going concern has not been identified• management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. Our work noted some disclosure omissions from the Annual Governance Statement and other minor presentational matters. These have been adequately rectified by management. These are reported at Appendix C. We plan to issue an unmodified opinion in this respect as reported at Appendix E.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness(es). <p>We have nothing to report on these matters. Our Value for Money work is underway and will be completed by February 2022.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Council exceeds the specified group reporting threshold we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements.</p> <p>We note that guidance for this work has not yet been issued and therefore this work has not yet commenced. The NAO requires the work to be completed once the audit opinion is provided on the financial statements and has not yet released data collection instructions.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2020-21 audit of the Council in the audit report, as detailed at Appendix E, until we have completed our work on the WGA consolidation exercise mentioned above and completed our Value for Money responsibilities with the issue of the Auditor's Annual Report.</p> <p>This is in common with the vast majority of other local authorities given the later audit deadline for the VFM work and the current lack of instructions for the WGA work.</p>



3. 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:

1. A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
2. More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria
3. Auditors undertaking sufficient analysis on the Council's VFM arrangements to arrive at 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 the three specified reporting criteria.



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

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows (in order of severity):



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

3. Value for Money arrangements

Audit procedures and conclusions for 2020-21

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay was sent to the Audit Committee Chair in September and is replicated at Appendix F to this report. We expect to issue our Auditor's Annual Report by no later than February 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our initial planning work has identified no significant VFM weaknesses in the Authority's arrangements.

However, as part of audit of the Council's draft financial statements for 2020-21, we identified that the Dedicated Schools Grant (DSG) deficit has increased by £3.8m during the year and at the year end, 31 March 2021 totalled £9.1m. This increase is in common with a number of other authorities. Whilst the Government introduced regulations from 2020-21 for a three year period which prevent the deficit being charged to the revenue account, and being included instead in a separate account for this purpose, the total amount of the deficit is approaching the Council's materiality of £11.5m and we will consider the actions being taken by the Council to manage this deficit as part of our value for money work.

We also note the disclosure added by the Council to the Annual Governance Statement in respect of the Specialist Safeguarding Investigation. Whilst management do not consider this impacts on the financial statements, we are satisfied there is no material impact on the 2020-21 accounts, and we will consider the governance arrangements and reporting of this issue as part of our value for money work.

4. Independence and ethics

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 and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard 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.

Details of fees charged are detailed at Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Former Grant Thornton Contractor

As previously reported in our Audit Plan dated 20 July 2021, 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.

This situation constituted a breach of the Financial Reporting Council's (FRC) Ethical Standard (paragraph 2.53) and has been reported to the FRC. We have also reported this matter to Public Sector Audit Appointments Ltd (PSAA).

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 Audit 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.



4. Independence and ethics (continued)

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Group. The following services were identified as well as the threats to our independence and associated safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related continued:			
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.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the timing of certification work is done after the audit has been completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
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.

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit Committee. None of the services provided are subject to contingent fees.

Appendices

A. Action Plan

We have made one recommendation as a result of issues identified during the course of our audit. We have agreed our recommendation with management and we will report on progress on this recommendation during the course of our 2021-22 audit. The matter reported here is limited to the area we have identified during the course of our audit, and is of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p>Management Challenge of experts and stand back review</p> <p>A number of assets have been inappropriately valued or recorded in the financial statements including:</p> <ul style="list-style-type: none">• the valuation of the Doncaster Dome, Cast Theatre and some Leisure Centres, incorrectly applying an adjustment factor of 75%• recording the recently built Cinema within assets under construction when it had been completed before the year end• including the Adwick Social Education Centre at full valuation when it had been earmarked for demolition. <p>Insufficient challenge and consideration by management of valuations and asset categorisations can result in assets being incorrectly valued or inappropriately disclosed within the financial statements.</p>	<p>There is a need for management to be more challenging of its valuation experts to ensure the basis of valuation is considered appropriate and reasonable, particularly where a valuation is considered unusual for example when using an adjustment factor.</p> <p>Management should also take a step back and consider the appropriateness of valuations when new developments are nearing completion or buildings have been earmarked for demolition to ensure they are appropriately valued and recorded correctly in the accounts</p> <p>Management response:</p> <p>Accepted. Strategic Asset Management will ensure that they sense check their valuations for consistency and reasonableness. Financial Management will also step back and consider consistency, e.g. whether similar types of assets are valued in the same way. Financial Management will also raise awareness within its own staff to ensure that when assets change use or are made surplus this information is communicated to the technical team to allow further challenge.</p>

A. Action Plan – IT recommendations

As part of our IT general controls review this year, no issues were noted which required reporting to management or those charged with governance. However, we made four recommendations last year as a result of our IT review of which two remain outstanding. Given the impact of the Covid-19 Pandemic, implementation of the remaining two recommendations has been delayed. We have set out below an update position as at September 2021. We will report on progress on these recommendations during the course of the 2021-22 audit. The matters reported here are limited to those areas we have identified during the course of our IT general controls review and are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p>Weaknesses in password settings for Northgate database administrators</p> <p>During our audit, we noted that all accounts assigned administrator access on the database underlying the Revenues and Benefits system (Northgate) were not automatically required to select strong passwords. Specifically, we noted that all the accounts were set to use direct password authentication (i.e. users login through entering a password at the database level) and have the DEFAULT profile applied (or a profile that inherits configuration from it). The DEFAULT profile was noted to:</p> <ul style="list-style-type: none"> • not require a minimum password length • not require use of complex passwords • allow passwords to be reused. <p>Risk</p> <p>When systems are not set to automatically require passwords to be of an appropriate strength the risk is increased of unauthorised access being gained to the system. This increases the risk of controls being bypassed and / or unauthorised modifications to data. The risks are further increased where affected accounts are assigned an elevated level of access.</p>	<p>Management should review the profiles assigned to privileged database accounts and / or the relevant profile configuration to ensure appropriate protection of these accounts. This could include updating database profile configuration to align with good practice such as:</p> <ul style="list-style-type: none"> • Enabling password complexity, for example requiring a combination of numbers and letters • Setting an appropriate minimum password length, for example 8 • Not allowing frequent password reuse, for example only after 10 different passwords. <p>Management response:</p> <p>The admin accounts that we are responsible for at the database level were deployed at the time of Northgate’s Oracle database / application install, any modifications of these accounts would need to be raised with Northgate and an agreed process put in place to reset the password initially, and then periodically reset them. We doubt that we can make any changes to the default profile that they use.</p> <p>We are very happy to co-operate with this request but feel that this work should be progressed once the lockdown is lifted and when less pressure is placed on this critical system to be available 24/7. Resetting built in sys / system accounts at this time could cause considerable issues with the application or some of its processes, which we need to avoid.</p> <p>Update September 2021</p> <p>At this time the risk has been accepted. We needed to keep the system up as much as possible so the Covid backlog can be dealt with. We will, however, still aim to update the passwords as part of our ongoing security project.</p>

A. Action Plan – IT recommendations

Assessment	Issue and risk	Recommendations
Medium	<p>Leaver access is not disabled on the Northgate system in a timely manner</p> <p>During our audit, we noted on the Revenues and Benefits system (Northgate) that leaver accounts are not disabled in a timely manner. Specifically, for the sample leaver we reviewed it was noted that it took their line manager over a month (38 days) to notify IT. The leaver’s last working day was 11/10/2019 and notification was not provided and their access disabled until 20/11/2019.</p> <p>Risk</p> <p>Where access is not revoked from accounts allocated to leavers in a timely manner the risk is created that enables, no-longer-needed user accounts to potentially be misused by valid system users to circumvent internal controls. Terminated employees may also continue to access information assets through enabled, no-longer-needed user accounts leading to an increased risk of fraud and financial misstatement.</p>	<p>Management should review guidance and / or training given to line managers to ensure prompt notification of leavers and appropriate understanding of the relevant risks. This should be done so that access permissions for terminated employees can be disabled in a timely manner.</p> <p>Management response</p> <p>Team managers/supervisors will be reminded to complete the necessary leaving form as soon as a member of staff is known to be leaving. In this case the manager had raised a call with ICT to have network access removed and assumed that the RBLIVE user would be covered by this.</p> <p>Update September 2021</p> <p>We have re-enforced the policy of notification of leavers within the council.</p>

B. Follow up of prior year recommendations

We identified three recommendations in the audit of the Council's 2019-20 financial statements, which were reported in our 2019-20 Audit Findings (ISA260) Report.

We followed these up in our 2020-21 Audit Plan dated 20 July 2021. Therefore it is not repeated in this report.

We are pleased to report that management has implemented all three of our recommendations, which is summarised and referenced to the Audit Plan on this page.

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Assessment	Previously communicated subject matter and recommendation	Update on actions taken to address the issue
✓	<p>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. We recommended management should introduce a formal process to review the group consolidation exercise once completed and ensure appropriate disclosures have been made, including appropriate group notes and prior year comparatives. This exercise should be undertaken each year.</p>	Our work indicated this is now actioned. See our Audit Plan reported to the Audit Committee dated 20 July 2021, page 14, for further information.
✓	<p>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. We recommended the infrastructure useful economic life accounting policy of 40 years should be updated to reflect the range actually used.</p>	Our work indicated this had not been actioned but was being considered by the Chief Financial Officer. See our Audit Plan reported to the Audit Committee dated 20 July 2021, page 14, for further information. Since this time, the accounting policy has been updated for the useful economic life of infrastructure assets.
✓	<p>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. We recommended the need to formally update members on Brexit preparations and the on-going impact of Brexit going forward</p>	Our work indicated this is now actioned. See our Audit Plan reported to the Audit Committee dated 20 July 2021, page 14, for further information.

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2021.

Detail	Comprehensive Income and Expenditure Statement £000	Statement of Financial Position £000	Impact on useable reserves
1. The undervaluation of the Doncaster Dome, Cast Theatre and some Leisure Centres by c£70.5m due to the incorrect application of an adjustment factor.	-	70,500	-
2. Recently built Cinema included in assets under construction but had been completed before the year end.			
Operational assets understated	-	3,290	-
Assets under construction	-	(8,670)	-
Impairments	5,380	-	-
MIRS	(5,380)	-	-
3. The Adwick Social Education Centre has been earmarked for demolition but its valuation had not been reduced	-	(2,500)	-
4. Pensions valuation of level 3 Pooled Investment Vehicles had not been undertaken at the year end, 31 March 2021 but December 2020 and extrapolated to the year end.	-	17,800	-
Overall impact	Nil	80,420	Nil

C. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

No.	Adjustment Type	Description and value	Account Balance	Updated in the revised accounts?
1.	Disclosure	One amendment was made to the draft Narrative Report. This involved making reference to the overall performance of St Leger Homes of Doncaster and Doncaster Children's Services Trust during the financial year.	Narrative Report	✓
2.	Disclosure	Audit fees to Grant Thornton for the main Council audit were updated to reflect the accurate fees for all non audit related services to be in line with those disclosed in Section Four and Appendix D of this report.	External Audit Costs Note 31	✓
3	Disclosure	<p>Our work on related party transactions (RPTs) highlighted a number of over disclosures in RPTs in Note 34. Some of the disclosures made in Note 34 do not meet the IAS 24, Related Party Disclosures criteria. In these cases, the Council has disclosed transactions which are not RPTs as required to be reported under IAS 24.</p> <p>We did not identify any under disclosures in relation to RPTs. Our work indicated, where the transactions are captured by IAS 24, they have been fully disclosed.</p> <p>The Council has agreed to remove the disclosures that do not meet the requirements of IAS 24.</p> <p>The reference to Doncaster Racecourse Management Company Limited as a joint venture has been removed from this note as management determined that the relationship did not represent a joint venture.</p>	External Audit Costs Note 34	TBC
4	Disclosure	<p>The disclosures in the Financial Instruments (FI) table were updated to indicate the fair value of the PFI liabilities in addition to the carrying value at amortised cost.</p> <p>The amounts disclosed under financial assets and financial assets in this note have also been updated to capture all receivables and payables that meet the definition of a financial instrument.</p> <p>The pension guarantees disclosed in this note were also updated to capture guarantees for entities, which are not consolidated into the Group Accounts.</p> <p>The financial assets note was updated to recognise that cash is a financial asset.</p>	Financial Instruments Note 16	✓

C. Audit Adjustments

No.	Adjustment Type	Description and value	Account Balance	Updated in the revised accounts?
5.	Disclosure	Disclosure has been added to the operating leases note to explain management's assessment of impairment in relation to lease receivables resulting from the Covid-19 pandemic.	Operating Leases – Part B Note 36	TBC
6.	Disclosure	Overstatement of one exit package by of £31.5k has been noted. This note is subject to a lower materiality of £15k. Disclosure has been updated to reflect the actual exit package paid.	Exit Packages Note 30	TBC
7.	Disclosure	The Group Movement in Reserves Statement was updated to reflect the correct Code requirement on the format of this statement	Group Accounts	TBC
8.	Disclosure	The accounting policy for depreciation has been updated to disclose the range of useful economic lives for land and buildings and intangible assets	Depreciation Accounting Policy P.33	TBC
9.	Disclosure	The notes to the accounts for payables and receivables have been updated to identify the class of payables and receivables being disclosed.	Note 17 & Note 21	TBC
10.	Disclosure	Sensitivity analysis has been updated to account for the revised total pension asset following the increase in asset returns. A sensitivity analysis has been added for the level 3 pension assets to recognise the estimation uncertainty in relation to the valuation of these assets.	Defined Benefit Pension Schemes Note 39	TBC
11.	Disclosure	We identified a number of other minor disclosure amendments to improve financial reporting and transparency for the reader of the accounts.	Various	TBC
12.	Disclosure	The Council's disclosures in respect of Financial instruments have been updated to highlight the prior period disclosure changes made in relation to the financial instruments note as a result of erroneous disclosures in 2019-20. This does not impact on the primary statements.	Financial Instruments Note 16	✓
13.	Disclosure	A number of omissions were identified within the draft Annual Governance Statement including an opinion on the level of assurance that the Authority's governance arrangements can provide and an overall conclusion on the effectiveness of the governance arrangements in place.	Annual Governance Statement	✓

C. Audit Adjustments



Impact of unadjusted misstatements

The table below provides detail of adjustments identified during the 2020-21 audit which have not been made within the final set of financial statements due to their immaterial nature. The Audit Committee is required to consider management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Statement of Financial Position £000	Impact on useable reserves £000	Reason for not adjusting
Net Pension Liability Five schools transferred to academies during the year, as part of this process, the net pension liability was not transferred amounting to some c£3m .	N/A	£3,000 (TBC)	N/A	Management does not consider this amount to be material to the Council's accounts.
Overall impact	£Nil	£3,000 (TBC)	£Nil	

Impact of prior year unadjusted misstatements

There were no unadjusted misstatements in the prior year.

D. Fees

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

Audit fees 2020-21	Proposed fee per Audit Plan July 2021	Final fee
Council Audit	£212,430	£212,430
Total audit fees (excluding VAT)	£212,430	£212,430

Non-audit 'audit related' fees for other services:	Proposed fee	Final fee
NONE	-	-
Total non-audit fees (excluding VAT)	-	-

The 2020-21 fees reconcile to the revised version of the financial statements following an amendment to the draft accounts in Note 31 - External Audit Costs.

E. Audit opinion (draft)

Our proposed draft audit opinion is included below.

Independent auditor's report to the members of Doncaster Metropolitan Borough Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Doncaster Metropolitan Borough Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, Notes to the Core Financial Statements, Housing Revenue Account Comprehensive Income and Expenditure Statement, the Movement on the Housing Revenue Account Balance Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and Notes to the Group Accounts. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2021 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Financial Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority or group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Authority and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities.

We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chief Financial Officer with respect to going concern are described in the 'Responsibilities of the Authority, Chief Financial Officer's and Those Charged with Governance for the financial statements' section of this report.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Annual Governance Statement and the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

E. Audit opinion (draft)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Chief Financial Officer and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities set out on section 3 of the Statement of Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer. The Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer, determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority and the group will no longer be provided.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

E. Audit opinion (draft)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003.
- We enquired of senior officers and the Audit and Governance Committee, concerning the group and Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, and the Audit and Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - closing journals posted during the preparation of the financial statements
 - material and unusual journals which fall outside of the auditor's expectations which are considered as high-risk journals

- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Chief Financial Officer has in place to prevent and detect fraud;
 - journal entry testing, with a focus high risk journal, such as, posted by senior management, journals with unusual attributes, journals without any descriptions, journals posted by staff not in the approved list of journals posting, journals that do not balance and journals posted in periods 12 & 13, which are material and not reoccurring or common postings;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions liability valuations.
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Authority and group including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - The Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

E. Audit opinion (draft)

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Doncaster Metropolitan Borough Council for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report,
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2021.

We are satisfied that this work does not have a material effect on the financial statements.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Gareth Mills, Key Audit Partner, for and on behalf of Grant Thornton UK LLP, Local Auditor

Leeds

Xx November 2021 TBC

F. Audit letter in respect of delayed VFM work

Grant Thornton UK LLP
Whitehall Riverside
Leeds
LS1 4BN
T +44 (0)113 245 5514

Councillor Austen White
Chair of Audit Committee
Doncaster Metropolitan Borough Council
Waterdale
Doncaster
DN1 3BU

21 September 2021

Dear Cllr White

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We will be working on our VFM arrangements review of the Council over the coming months and expect to report our findings to management and the Audit and Governance Committee before the end of February 2022.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Gareth

Gareth Mills
Key Audit Partner and Engagement Lead for Doncaster Metropolitan Borough Council

G. Letter of Management Representation

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

26 November 2021

Dear Sirs

Doncaster Metropolitan Borough Council Financial Statements for the year ended 31 March 2021

This representation letter is provided in connection with the audit of the financial statements of Doncaster Metropolitan Borough Council and its subsidiary undertakings, St Leger Homes of Doncaster Limited and Doncaster Children's Services Trust for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the group and Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- Page 69
- i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
 - ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.

- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings and the net pension fund liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering 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 estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Council financial statements:
 - vi. there are no unrecorded liabilities, actual or contingent
 - vii. none of the assets of the [group and]Council has been assigned, pledged or mortgaged
 - viii. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

G. Letter of Management Representation

- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
 - a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

G. Letter of Management Representation

Annual Governance Statement

- xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 26 November 2021.

Yours faithfully

Name.....

Position.....

Date.....

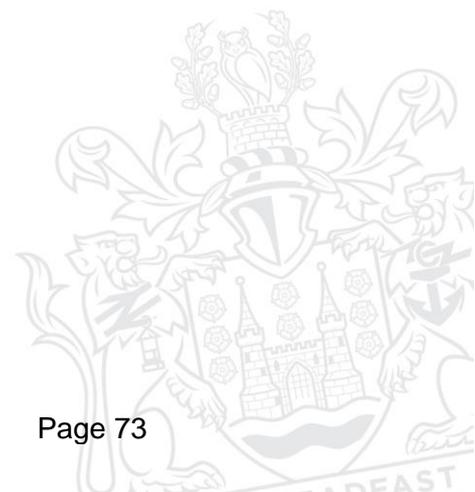
Signed on behalf of the Council





Doncaster
Council

ANNUAL GOVERNANCE STATEMENT 2020/21



Introduction

This statement explains how we have complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6 (b), which requires all relevant bodies to prepare an Annual Governance Statement.

Scope of responsibility

Doncaster Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, we are responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk and demonstrating a commitment to openness and acting in the public interest at all times.

Doncaster Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This document defines standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest. A copy of the Doncaster Council's Corporate Code of Governance is on our website at www.doncaster.gov.uk or can be obtained from The Policy, Insight and Change Team, 01302 862533

Doncaster Council has considered its position in relation to the CIPFA Financial Management (FM) Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of Covid-19 has tested that financial resilience in 2020/21 and will continue to do so in coming years. Understanding the pressures on local government, CIPFA has concluded that while the first full year of compliance can remain as 2021/2022, it can do so within a more flexible framework where a proportionate approach is encouraged. In accordance with these flexibilities, during 2021/22 Doncaster Council has undertaken an assessment of compliance with the principles of the FM code. This has confirmed compliance, with some actions identified for further improvement, which have been reported and agreed with management.

This statement explains how we have complied with the code and ensures that financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) as appropriate. It also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6 (b), which requires all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises of systems and processes, culture and values by which we are directed and controlled and our activities through which we account to,

engage with and lead our communities. It enables us to monitor the achievements of our strategic objectives and to consider whether those objectives have led us to deliver appropriate services that are value for money.

The system of internal control is a significant part of our framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. Our system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

Whilst the AGS consider the period 1st April 2020 to 31st March 2021, it must also reflect any significant events or developments relating to the governance system that occur between the year-end and the date on which the Statement of Accounts will be signed off (November 2021)

Our Governance Framework

The Councils executive arrangements and the oversight of the council's functions ensures strong political, strategic leadership and partnership arrangements. We have a clearly visible golden thread linking our partnership wide Borough Strategy (Doncaster Delivering Together) priorities into our corporate and services plans as well as our performance development review process. Our Borough Strategy highlights the vision for the Council and its partners and intended outcomes for citizens and service users and is used as a basis for the content of our service plans. It establishes clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

We have effective arrangements are in place for the discharge of the Head of Paid Service function, The Chief Financial Officer S151 function and the Monitoring Officer function in their roles as the Council's Statutory Officers. Where necessary induction arrangements include tailored introductions to the council's structure, decision making arrangements for officers and members who are new to the council or the Senior Leadership Team as well as information on key policies and procedures.

Audit Committee

Our Audit Committee is a key component of Doncaster Council's Corporate Governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit Committee is to provide independent assurance to the Members on the adequacy of the risk management framework and the internal control environment. It provides an independent review of Doncaster Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Committee has a programme of work in place to ensure it fulfils its responsibilities. The Committee has overseen and supported positive progress in a number of areas during the year, including:

- Helping to maintain and improve the Council's system of risk, governance and control by reviewing internal and external audit work carried out during the year; This includes ensuring for Internal Audit that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and that the Internal Audit function operates to their relevant professional standards which are the United Kingdom Public Sector Internal Audit Standards;
- Supporting improvement in the Council's control arrangements by ensuring appropriate action is taken to implement management actions arising from audit recommendations and calling officers to account where explanations over any lack of progress are required;
- Critically assessing the Council's governance arrangements and supporting the production of an Annual Governance Statement;
- Supporting the maintenance of the good standards achieved in producing the Council's Statement of Accounts;
- Supporting the Council's antifraud, bribery and corruption arrangements and noting progress in this area as set out in the annual fraud report, this was especially important this year with the heightened risk of fraud due to the pandemic;
- Ensuring the Council's surveillance policies are kept up to date and reviewing surveillance carried out by the Council;
- The last year has been unprecedented due to the COVID 19 Pandemic. The committee has actively engaged with the Head of Internal Audit and other officers during this period to understand the nature and depth of challenges relevant to the committee.

The Audit Committee produces an Annual Report which is available doncaster.gov.uk

Governance Group

The Group which is chaired by the Monitoring Officer leads on the development of governance arrangements at the Council and ensures the Council complies with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful and with best practice guidance issued by CIPFA / SOLACE and any other sector-leading advice.

Role of Internal and External Audit

The council has both internal and external auditors. Internal Audit and External Audit aim to coordinate their work to get best value from the resources in use and to do this, aim to work closely together to achieve our objectives.

The role of Internal Audit is to:

- give independent assurance over the Council's risk, governance and control arrangements
- alert managers to areas of potential weakness and to agree management actions for improvements
- give unbiased professional advice on policies, procedures, practices and systems

All councils are subject to ongoing scrutiny by External Audit and their role is to:

- give an opinion on the Council and group's financial statements
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion)
- audit specified grant claims required for various Government Departments

Grant Thornton were appointed as External Auditors to the Council for the 2018-19 audit onwards and in their second annual report, presented to Audit Committee in October 2020 they gave an “unqualified audit opinion” on the Council’s financial statements for 2019-20 and an unqualified Value for Money (VFM) conclusion for 2019-20. This is consistent with the opinions provided in previous years. Internal Audit were able to provide a positive opinion in their annual report for 2020-21, which alongside the good VFM conclusion, indicates there are sound risk, governance and control arrangements in place.

These positive opinions are especially important during the current coronavirus pandemic and provide reassurance during a period where these arrangements have been subject to considerable “stress-tests”

Overall, the Grant Thornton annual report was an extremely positive one as it has been in previous years and with the “unqualified audit opinion”, recognising the further improvements that have been made by the Council in preparing the Statement of Accounts for audit. The quality of the working papers and the supporting information has improved year-on-year with the working papers, once again, meeting the standards specified in the Accounts Audit Protocol with a clear audit trail provided. Responses to audit queries were also provided in a timely manner.

Additionally, both the preparation of accounts and their audit, all had to be carried out virtually which presented its own challenges. Nevertheless, this was all completed within statutory deadlines which was not the case for many other authorities nationally and the work of all parties in achieving this is acknowledged

The 2020/21 audit commenced in August 2021 and Grant Thornton are anticipated to present their annual audit report to Audit Committee before the end of February 2022.

Our Approach to Risk Management

Doncaster Council recognises that risk management is an integral part of good governance and management practice.

Managing our risks effectively contributes to the delivery of the strategic and operational objectives of the authority. Doncaster Council manages risks via a Risk Management Framework that has been designed to provide structure and guidance to support our organisation, and the individuals within it, to take positive risks in an informed way.

Review of effectiveness

Doncaster Council has responsibility for conducting, at least annually, a review of the Effectiveness of its governance framework including the system of internal control. The Policy Insight and Change team led the Annual Governance review.

The review of effectiveness is derived from two perspective, corporate and service areas. The corporate perspective is taken from existing intelligence proved by colleagues holding a key governance position within the authority including the Head of Internal Audit, the Caldicott Guardian, Senior information Risk Owner, Section 151 Officer and Monitoring Officer. The current strategic risk register and complaints received are also reviewed. The service area perspective, including that of key partner organisations, is provided by each Head of Service via a series of governance statements in the form of a self-assessment and other information provided. The individual statements are reviewed and an overall

declaration provided by the relevant Assistant Director, which is then summarised to create a single return for the Director to review and update as required.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Executive Board and Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined on the following pages.

As stated earlier, our governance arrangements have held strong and our administration arrangements effective during these unprecedented times. The Council has maintained adherence to our Financial Procedure Rules and Contract Procedure Rules, for example, progressing variations to contracts delivering Adult Services and the procurement of Personal Protective Equipment. On behalf of the Government, the Council has also administered significant additional business rate reliefs and grants to businesses. Including the added complexities of some of the funding being channelled via the Sheffield City Region (SCR) and the discretionary nature of some of the support payments. The Council's approach has been to undertake proactive checks to verify business credentials before any payments were released. This has had the effect of minimising the Council's fraud exposure, but as with all fraud, it is impossible to stop completely. The report to Audit Committee on 27 January 2021, Preventing and Detecting fraud and error – October 2019 to September 2020, outlined the payment of 5,419 grants with a combined value of £57.9m, covering both government prescribed grants and discretionary grants available during the reporting period. During this period only 22 cases of fraud or error were detected, which represents 0.4% of grants paid out in this respect (by number), amounting to £271k. These schemes remain open and will be for some time, therefore the Council remains alert and continues to manage the associated risks.

The report to Audit Committee on 28th November 2021, Preventing and Detecting fraud and error – October 2020 to September 2021, provides further updates on Covid related Business Rates grant fraud and error. Such grants in this period were more wide-ranging to reflect the ever changing restrictions in place. 18,767 grants with a combined value of £50,310,407 were paid out with only 154 frauds or errors detected representing 0.84% of grants paid out by number and amounting to £403,482.

The Council's Constitution allows for urgent decisions to be taken and implemented immediately. Such decisions are referred to as Rule 16 Decisions and do not require 28 days advance notice publication on the Forward Plan and may not be called-in by Councillors. The Constitution requires that such decisions may only be taken if the Chair of the Council's Overview & Scrutiny Committee agrees that the decision is urgent. Traditionally such decisions are rarely taken, however the response to the Covid-19 pandemic has led to 34 such decisions being utilised in the past 12 months. Most decision making has been in relation to the acceptance and utilisation of Covid-19 response grants. In all such instances all appropriate scrutiny has been taken (including notifying all Councillors of decisions taken) and the process demonstrates that Council decision making can be agile and responsive to urgent circumstances. A report detailing the annual use of Rule 16 decisions was presented to Council on 1st March 2021

Effectiveness of arrangements and level of assurance

2020-21 was a challenging year for our services as the COVID-19 pandemic impacted across the council. Throughout this time our governance arrangements have held strong

and were effective, allowing us to be both flexible and confident in responding to emerging priorities, changes to service delivery and timely decision making. We continue to follow CIPFA guidance incorporating the recently published updates for the production of the Annual Governance Statement during the pandemic.

Despite the volatility of the 2020-21 year and the months following to the date of the signing of this statement, we believe that we can give a reasonable and soundly based level of assurance over these conclusions.

Significant governance issues identified in 2020-21

Whilst we are satisfied with the effectiveness of corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance the following new issues have been identified for improvement as part of the 2020-21 Annual Governance Statement process:

<p>ISSUE: Food Safety and Trading standards inspection arrangements (Principle D)</p> <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>Responsible Officer: Kellie Hopkins - Assistant Director Environment Dan Swaine – Director of Economy and Environment</p>	<p>Completion Date: March 2022</p>

<p>ISSUE: Partnership Recovery & Resilience in relation to DCST (Principle F)</p> <p>The effects from the last twelve months, including floods and Covid, resulting in increased demand and reduced workforce capacity, impacting on quality and performance. Further areas where governance improvements are required have also been identified.</p>
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<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, an independent review has raised concerns over the operation and governance of an important safeguarding function currently delivered by DCST, which ultimately falls under the responsibility of the Director of Children’s Services role. This also raises wider concerns in relation to the current line of sight over Children’s Social Care service front-line delivery. <p>Responsible Officer: Leanne Hornsby - Assistant Director, Education, Skills, Culture and Heritage Riana Nelson – Director of Learning, Opportunities and Skills</p>	<p>Completion Date: March 2022</p>
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<p>ISSUE: Cyber Attack Business Continuity (Principle F)</p> <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, DCST and SLHD 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>All but a few service business continuity plans in the Council, SLHD & DCST have been reviewed by Heads of Service. A pre-prepared Communication Plan is mid development and will be followed by the pre-prepared immediate response action plan. The prioritised list of business systems is complete and being continually updated as changes occur. A joint flood and cyber-attack exercise is being held in the Council early October and the South Yorkshire Resilience Forum is</p>	<p>Completion Date: November 2021</p> <p>COMPLETE - All key delivered were achieved by the required due date</p>

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.

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.

Responsible Officer:

Dave Richmond – Chief Executive, St Leger Homes of Doncaster
Dan Swaine – Director of Economy and Environment

Completion

Date:

March 2022

An update on Key Improvement Areas that were previously identified and remain an issue in 2020-21

<p>ISSUE: Governance Functions (Principle E)</p> <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:</p> <p>A training event was 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> <p>Responsible Officer: Scott Fawcus - Assistant Director Legal & Democratic Services Debbie Hogg – Director of Corporate Resources</p>	<p>Completion Date: September 2021</p> <p>COMPLETE - All key delivered were achieved by the required due date</p>
<p>ISSUE: Adult Social Care Market Sustainability (Principle D)</p> <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"> • Regular dialogue with all care providers has taken place throughout the Covid pandemic and will continue in terms of business as usual. • Financial support from national government via Infection Prevention & Control and Testing funding has been promptly passed through to care providers, and this will also be applied to the latest tranche which was announced on 30th September. • There has been focused dialogue with providers who appear to be facing the largest risks in areas of Doncaster that are least resilient in terms of choice of care home provision, and additional investment has been offered here. • There has also been focused dialogue with domiciliary care providers about additional investment in homecare rates in response to evidence that providers have given <p>Responsible Officers: Phil Holmes – Director of Adults, Health & Wellbeing Carolyn Nice – Assistant Directors Adults, Health & Wellbeing</p>	<p>Completion Date: October 2021</p> <p>COMPLETE - All key delivered were achieved by the required due date</p>

ISSUE: Organisational Workforce (Principle E)

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.

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>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 • 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 <p>Responsible Officer: Jill Parker – Assistant Director - HR, Communications & Executive Office Debbie Hogg – Director of Corporate Resources</p>	<p>Completion Date: March 2022</p>
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ISSUE: Doncaster Integrated People Solution (DIP's) (Principle D)

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. 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>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. 	<p>Completion Date: Key deliverables in scope achieved by August 2021</p>
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- Implement Citizen, Professional & Provider Portals
- Migration of all required data from many solutions.
- Train all users of these solutions across partners and providers.
- Decommission all the legacy solutions.

This extensive and complex programme of work is now almost complete with just the Provider Portal and an extra Education transport module to go live. Adult Social Care, Residential Financials, Citizen & Professional Portals went live 22nd March 2021. Children Social Care & Financials went live 16th August 2021 and Education Management went live in 2020 using a phased approach. The highest risk deliverables have now been achieved with all social care and early help live in the same solution. The solution will continue to be enhanced as required as part of business as usual.

Responsible Officer:

Julie Grant – Assistant Director of Customers, Digital & ICT

Debbie Hogg – Director of Corporate Resources

Statement of Commitment

We have been advised of the implications of the result of the 2020-21 review of the effectiveness of the governance and internal control frameworks by the Audit Committee and of the plans to address identified weaknesses and ensure continuous improvement of the system in place. We propose over the coming year to take steps to address the above matters to enhance further the Council's governance and internal control arrangements.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and that we will monitor their implementation and operation over the next year and as part of our next annual review of effectiveness.

Signed on behalf of Doncaster Council:

Ros Jones
Mayor of Doncaster

Damian Allen
Chief Executive

Key Areas of Improvement from previous Statements that have been completed

There are a numbers of areas requiring improvement that have been identified in previous statements that have been effectively managed to the extent that they are no longer significant in 2020-21. These are:

- ❖ **Data Quality Arrangements (Principle D)** - The data quality issue has been addressed by a series of interventions aimed at correcting historic problems and improving practice standards. At the end of the data quality improvement project, these practice standards have been mainstreamed into normal service. The risk of poor data quality impacting the planned implementation of the new case management system in social care has been reduced significantly by work undertaken during this project. The expectation is that this improvement will be sustained in future practice, and this issue has been stepped down, but it will continue to be monitored as a business-as-usual activity.
- ❖ **Data Quality Arrangements within the Assistive Technology Service (Principle C)** - The issue identified has been addressed with assurance arrangements considered business as usual and completed daily. 97% complete in issuing new contracts, data cleansing is ongoing to maintain accurate records and appropriate measures are in place to ensure customer safety when querying the service options and potentially cancelling the service.
- ❖ **Assurance over Financial Resilience and Service Sustainability in response to COVID 19 (Principle F)** – Whilst the Council’s governance arrangements appear to have held strong during the COVID-19 response period, our financial position was exposed and dependent upon central government fully reimbursing us for the additional budget pressures. Over the last year we have monitored COVID related cost pressures and income losses alongside our normal monthly monitoring processes. Additional monitoring information has been provided in the quarterly Finance & Performance monitoring reports and completed returns sent to MHCLG on a monthly basis. The quarterly Finance and Performance monitoring report approved budget transfers during the financial year that ensured services had sufficient budgets to meet cost pressures and to reduce income targets. We are continuing to project a balanced budget position for 2020/21 due to careful management of budgets and specific COVID-19 grant funding received.

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Doncaster Council

Report

Date: 26th November 2021

To the Chair and Members of the AUDIT COMMITTEE

PREVENTING AND DETECTING FRAUD AND ERROR – October 2020 to September 2021

EXECUTIVE SUMMARY

1. This attached Report summarises the work done by the Council during the period October 2020 to September 2021 to prevent, detect and investigate fraud and corruption in line with the Government's *Fighting Fraud and Corruption Locally Strategy* and minimise errors whether caused by fraud or not.
2. The report shows that the overall incidence of fraud remains very low in general terms, taking into account the scale of the Council's activities. Proactive counter fraud activities to prevent and detect fraud and error early continue to be a focus in the Council's strategy.
3. The fraud landscape for the council has continued to shift throughout the period covered by this report with various grants covering businesses and grants also available to support individuals and those self-isolating due to Covid-19 infection..
4. The Council's approach to these grants has continued to be to check the grants before payment to minimise fraud and error but additional post payment checks have been undertaken on most of these grants to ensure that frauds and errors were detected.
5. Fraud and error highlighted in the report include:

• National Fraud Initiative actual detected fraud and errors	£9,094
• 3,556 Covid Self-Isolation Payments refused	----
• 154 detected cases of fraud or error in Business Rates Grants paid	£403,482
• 652 Council Tax Single Persons Discounts	£183,431

cancelled

- 6 prosecutions relating to Blue Badge fraud. ----
- Housing Benefit – 197 cases referred to the Single Fraud Investigation Service (Department for Work and Pensions) for investigation with 5 Direct Earnings Attachments to recover historically written off debt. Debt recovered has been listed to the right. **£307,652**
- Proactive checks by the Council and its partners prevented / detected 158 duplicated invoices. **£1,627,463**
- Teacher’s pensions overpayments to deceased individuals were detected totalling. **£18,115**

EXEMPT REPORT

6. This report is not exempt.

RECOMMENDATIONS

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

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

9. The production of an annual fraud response report, which details the work done to counter fraud and corruption, is in line with the requirements of the Fighting Fraud and Corruption Locally Strategy for local government. Doncaster Council adopts a risk based approach to fraud and seeks to educate staff on identifying fraudulent behaviour, educate managers to assess the risks of fraud in their areas and to detect and investigate fraud where it is identified. The Council’s commitment to combatting fraud and corruption is contained in the Anti-Fraud and Corruption Framework which is approved by the Audit Committee.

OPTIONS CONSIDERED

10. Not applicable

REASON FOR RECOMMENDED OPTION

11. Not applicable

IMPACT ON THE COUNCIL'S KEY OUTCOMES

12.

	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>No implications.</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<p>Fraud and error reduces the money available to the public purse and, therefore, has an impact on the Council's ability to provide services and develop Doncaster for its citizens.</p> <p>Blue badge fraud has a direct negative impact on the available parking spaces in the town centre for individuals with reduced mobility.</p>
	<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>No implications</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together</p>	<p>No implications.</p>

	Outcomes	Implications
	for its most vulnerable residents; <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 	
	Connected Council: <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 	Error and fraud against the Council directly affect the public purse by reducing the amount of monies available to the Council to provide services and improvements for Doncaster citizens.

RISKS AND ASSUMPTIONS

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

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

LEGAL IMPLICATIONS [SRF 05/11/21]

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

FINANCIAL IMPLICATIONS [ST 05/11/21]

15. Failure to minimise and effectively deter and combat fraud and corruption detracts from Council funds and therefore Council service delivery at a time of increased budgetary pressure and service demands.

16. The financial benefits of effectively minimising fraud in this period can be found in the body of the report.

HUMAN RESOURCE IMPLICATIONS [RH 08/11/21]

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

TECHNOLOGY IMPLICATIONS [PW 05/11/21]

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

HEALTH IMPLICATIONS [RS 01/11/21]

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

EQUALITY IMPLICATIONS [NFW 09/11/21]

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

CONSULTATION

21. None

BACKGROUND PAPERS

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

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

23. All abbreviations and acronyms are written in full in the report with their abbreviations used only after the first instance. Items used are:
- NFI – National Fraud Initiative
 - DWP – Department of Work and Pensions
 - CTRS Council Tax Reduction Scheme
 - SFIS – Single Fraud Investigation Service (the benefits fraud investigatory arm of the Department of Work and Pensions)

- DEA – Direct Earnings Attachments

REPORT AUTHOR & CONTRIBUTORS

Nicola Frost-Wilson, Internal Audit Manager,
Tel 01302 862931 E-mail – Nicola.Frost-Wilson@Doncaster.gov.uk

Appendices

Appendix 1 – Preventing and Detecting Fraud and Error – October 2020 to September 2021

Debbie Hogg
Director of Corporate Resources

Doncaster Council

Preventing and Detecting Fraud and Error Report

October 2020 to September 2021



Fraud and Error Prevention



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

This year has been extremely challenging with the fast pace changes to combat the Covid-19 pandemic. Government initiatives to support businesses during lockdowns and various forms of restriction continued throughout the period. These have

continued to present an ever developing fraud challenge for the Council.

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

The investigation of fraud within the Council is de-centralised. Most investigative work is carried out by Internal Audit Services, with additional investigative work being undertaken within Parking Enforcement (in respect of Blue Badge fraud) and within Revenues and Benefits (in respect of Council Tax and occasionally Business Rates).

This report documents the Council's activities in respect of fraud prevention, detection and pursuit and reports on both proactive counter fraud work and responsive investigative work. Our strategy in this respect is documented in the Council's Anti-Fraud and Corruption Framework which is available on the Council's internet site at <http://www.doncaster.gov.uk/>. This framework was refreshed and re-published in 2021 after updates to the strategy and guidance for combating fraud in local government.

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

The Overall Picture

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

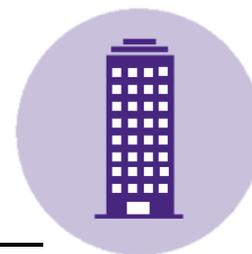
The overall level of fraud experienced by the Council remains thankfully very low for a council of this size with a proactive approach being taken to manage risks even in new areas such as the payment of grants to business due to Covid. Our arrangements have continued to operate well, throughout the period.

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

The remainder of this report documents our counter fraud and investigative activities for the period 1st October, 2020 to 30th September, 2021. This reporting period aligns with that of the National Fraud Initiative.

Counter Fraud Activity – Govern

Key to the overall success of counter / anti-fraud agenda in the Council (and any other body) is support from those charged with the Governance. Ensuring that there is strategic direction and a counter fraud culture embedded across the Council is key to ensuring that we deliver on our objectives.



Policies and Strategies



Beating fraud is everyone's business and it takes a co-ordinated approach at all levels to tackle fraud and corruption. The *'tone from the top'* is set out in our Anti-Fraud Bribery and Corruption Framework.

This document contains the Council's policy, strategy and plan to combat fraud. It aligns directly with the Fighting Fraud and Corruption Locally Strategy for Local Government 2020. This framework is published on the Council's intranet site and is linked in to all key governance pages for the Council.

The re-launch of the framework was publicised on the Council's internal news channel to ensure that it was communicated to all staff.

The Counter Fraud Response

Counter fraud work is de-centralised in Doncaster Council and different departments are responsible for investigating and preventing fraud in some fraud risk areas. These departments are:

- Internal Audit – maintain the Council's central counter fraud governance arrangements (the Anti-Fraud, Bribery and Corruption Framework and Money Laundering Polices), fraud reporting and the prevention, detection and investigation of other frauds against the Council whether committed internally or externally. They are also responsible for liaison with the Police (where appropriate) on fraud issues.
- Revenues and Benefits – responsible for the detecting and investigation of Council Tax frauds and for working with the Department for Work and Pensions on joint Housing Benefit fraud investigations;
- Parking Enforcement – responsible for the detection and investigation of blue badge and permit parking frauds;
- Trading Standards – responsible for the enforcement of a wide range of legislation to ensure that Doncaster has a fair, responsible and safe competitive trading environment that supports both consumers and businesses.



The Counter Fraud Plan



Work on counter fraud in Internal Audit is summarised in the Counter Fraud Plan and this contains all our fraud specific activities to raise awareness of fraud, develop fraud governance arrangements, detect fraud and investigate fraud.

It is approved by Audit Committee and was approved in April 2021 for the 2021/22 financial year. We report on the results of our preventative, detective and investigative work annually in this report covering the period to the end of September. This reporting window has been adopted because this is the investigative and reporting timescale set by the National Fraud Initiative, one of our major pieces of work for the year.

Our Counter Fraud Activity Plan covers a whole range of activity including:

- Work on key governance strategies that have an impact on fraud;
- Training and awareness activities for staff and elected members;
- Fraud awareness week materials for members of the public;
- Proactive data matching initiatives to detect fraud and error in our activities;
- Participation in national fraud detection initiatives and work with our partners across local and central government; and
- The reactive investigation of suspected fraud and corruption and the prosecution of it (working collaboratively with the Police and / or Legal Services) .

Our plan is flexible and reactive and is based on our assessment of fraud risks. These are updated regularly and new risks added as they are found. Our plan consists of approximately 300 days of activity.

Partnerships

The responsibility for the management of our Housing Stock lies with St Leger Homes of Doncaster Ltd, who are responsible for (and do) investigate fraud in their area. Their internal audit resource is provided by Doncaster Council's Internal Audit Service and we work jointly to cover social housing and right to buy fraud investigations providing counter fraud support where necessary. Where appropriate, their results are also included in this report.



Fraud Awareness Training



As we have updated the Anti-Fraud, Bribery and Corruption Framework this year, we have also been busy refreshing our counter fraud training.

Our training is e-learning based. Both the Anti-Fraud and Money Laundering courses are currently in testing and are due for release as an on demand training resource at the end of November, 2021. Fraud awareness training was also delivered to members of the Audit Committee on the 5th November, 2021.

Counter Fraud Activity – Acknowledge

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



Fraud Risks

The Council has a Fraud Risk Register. This is a very comprehensive list of fraud risks containing 24 different fraud risks covering things like employee fraud, grant fraud, procurement fraud and bribery and corruption risks. This register helps us to plan our counter fraud activity and map our coverage of fraud risks between our own Counter Fraud Plan and the work of partner and outside agencies. In this way we make sure that our resources are targeted at the highest risk areas and that there are no high risk exposures that have no coverage.



We constantly review and update the register. We also work collaboratively with local and central government to look at fraud trends and develop new strategies to combat fraud and corruption in the sector.

Counter Fraud and Investigative Resources



The investigation of Council Tax fraud and blue badge / parking frauds are dealt with as part of normal every day activities by the Revenues team and Parking Enforcement teams respectively.

The audit based Counter Fraud Plan deals with all remaining fraud and counter fraud issues, containing approximately 300 days of work on the activities outlined in the previous section.

There are dedicated resources within the Audit team, led by an experienced Internal Audit Manager, and within other teams in the Council which are sufficient to undertake this work

Additional data analyst resources are available on agreement with the Policy Insight and Change team.

Counter Fraud Activity – Prevent

The prevent elements of our strategy relate, as it suggests, to preventing fraud and corruption. It links heavily with both the Govern and Acknowledge aspects of the anti-fraud agenda. Prevent is about preventing fraud through robust governance policies, procedures, internal controls and in the use of technology and inbuilt processes to prevent fraud from occurring in the first place.



Internal Controls



The responsibility to design effective policies, procedures and internal controls (controls that prevent frauds and errors from occurring), lies predominantly with service managers throughout the Council. However, they need support in this as it would be unreasonable to expect everyone to be a counter fraud professional.

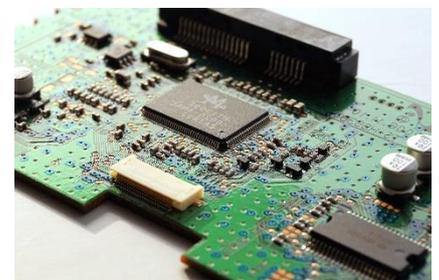
Internal Audit, provides advice to departments and managers setting up or changing their processes so that developed internal control frameworks, policies and procedures are robust and effective. Where the need is more specific and relates to counter fraud controls or investigative advice, this is dealt with by those in audit undertaking the counter fraud work.

We look out for anti-fraud controls that can be improved when we undertake routine internal audits across the Council and make recommendations to improve them as we find them with specific counter fraud audits being targeted at higher risk areas or areas with new or developing risks.

As part of the Counter Fraud Plan, we also target the review of key anti-fraud controls and fraud governance mechanisms such as the Declaration of Interest and Declarations of Gifts processes. We also give advice and correctional support to areas that have been hit by fraud to attempt to improve the controls in place to prevent and detect further frauds.

The Use of Technology

Technology is a double edged sword. It gives us both opportunities to prevent and detect fraud and exposes us to new fraud risks. As a data driven council, we are investing more and more in data and data analysis to drive our decisions and this equally applies to the counter fraud agenda.

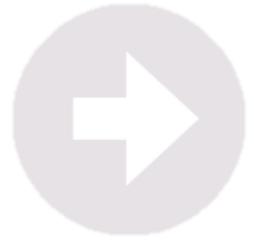


We use internal data matching to bring together data sets across the council to detect fraud and error and are moving towards data led financial audits. Under these audit types, the performance of financial systems is continually monitored to detect problems early rather than relying on old fashioned sampling audits that base assurance on errors identified on a small sample of records.

Counter Fraud Activity –Pursue

Pursuing suspected fraud and error is a substantial part of the counter fraud agenda and is the most obvious sign of any activity that we undertake in respect of counter fraud.

We aim to pursue any fraud identified both internally (in terms of disciplinary action) and externally (through prosecution and recovery). All of the action we take is determined by the Sanctions and Prosecutions Policy within the Anti-Fraud, Bribery and Corruption Framework



The National Fraud Initiative

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

NFI matches are released annually although the data checks run follow a 2 year cycle. The 2020/21 NFI cycle completed at the end of September 2021 and looked at the following areas:

- Blue Badge parking permit and residential parking permit data
- Creditor payment data (current and historic)
- Housing tenant and housing waiting list data
- Pensions and payroll data
- Right to buy information
- Licence information for taxi drivers
- Housing Benefit information (supplied by the Department for Work and Pensions)
- The Electoral Register
- Covid business support grants
- Council Tax reductions

Data on Personal Budgets and Residential Care Home clients was not submitted for this cycle. This was due to amendments made to the National Health Service Act 2006. This data is now classified as patient data and the Cabinet Office are still considering their legal data matching powers to ensure this data can be processed legally. It is anticipated that the data will be submitted for matching when any issues are resolved.

Our results are shown on the in the following table.

Key Statistics			
Results	Number Processed	Actual Savings	Notional Savings
Business Rate Grants	167	-	-
Payroll and Pensions	159	-	-
Housing Tenancies	461	-	-
Housing Benefits	146	-	-
Right to Buy (Housing)	16	-	-
Blue Badges	667	-	£171,925
Parking Permits	2	-	-
Housing Waiting Lists	505	-	£602,640
Council Tax Reduction Scheme*	608	£155	£33
Creditors and Invoice Duplications	3,150	£8,939	-
Council Tax Single Persons Discounts*	9,735	£1,708	-
Totals	15616	£10,802	£774,598
Matches still in progress (all types)	113		
New reports released not yet started	45		

Doncaster Council uses other processes and real time data matching information provided centrally to inform the majority of its Council Tax and Housing Benefit based checking. As a result, the NFI matching in this area, adds little benefit to us as the vast majority of matches are uncovered and investigated much more quickly using alternative methods. The results of this other work are also included in this report.

The savings that are quoted for the NFI exercise are split into 2 main categories, actual savings and notional savings. Actual savings are as they appear, they are monies that can be recovered. Notional savings however, are based on the estimated values of a potential fraud in this area and are essentially a value put on the level of *prevented* fraud. The costings applied per case, are those created by the NFI itself. In terms of the Housing Waiting list matches and Blue Badge matches, these savings represent the removal of an individual from the Blue Badge or Housing Waiting List registers, usually as a result of the death of the badge holder / applicant. These notional savings represent prevented losses by the removal of these badges / applications as they then cannot be used for fraudulent purposes.

Overall savings provided by the National Fraud Initiative continues to fall. Much of the savings from Council Tax and Benefits come from other more timely initiatives covered later in the report. The overall level of Housing Fraud remains very low, owing largely to the fact that differences between social housing rents and private rents is not as pronounced as in city or greater London areas, which leads to reduced incentives to commit housing based frauds.

Blue Badge Fraud

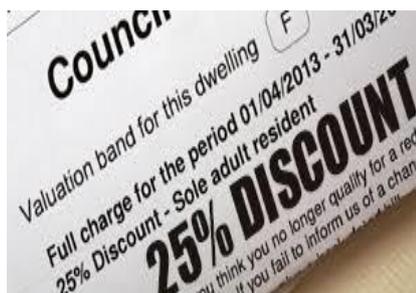
Blue badge fraud occurs where individuals misuse a blue badge (issued to someone with reduced mobility). This can include the use of badges by family or friends where the disabled person is not present or the use of badges where the individual the badge was issued to is now deceased.



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

Key Statistics		
Results	Number / Value	2019/20 Comparison
Total number of parking tickets issued	14,462	11,010
Cautions issued	0	2
Written warnings issued	6	11
Unable to take further action	4	3
Prosecuted	6	0
Ongoing cases (awaiting court dates)	4	16

Prosecutions have been lower in reporting period, primarily due to the effects of the Covid-19 pandemic. Reduced activity in town centre locations is directly leading to lower levels of contraventions, and therefore, lower levels of enforcement activity. Prosecutions have also been affected with back logs in the courts leading to the cancellation of some prosecutions.



Single Persons Discount Reviews

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

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

Key Statistics		
Results	Number / Value	2019/20 Comparison
Households reviewed in the period	22,656	19,099
Cancelled single persons discounts	652	414
Value of cancellations (estimated)	£183,431	£157,260



Housing Benefit Overpayments

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

Activity in the period October 2020 to September 2021, looks very different to that reported in previous years. All overpayment recovery work was paused at the start of the lockdown in April 2020 and recommenced around August 2020. However, Direct Earnings Attachments were not re-started until the UK's furlough scheme was ended at the end of September, 2021. This was done in order to prevent financial hardship and additional business burdens. As a direct result, the number of attachments is significantly lower than reported in previous years but is expected to return to normal going forwards.

Key Statistics		
Results	Number / Value	2019/20 Comparisons
Cases referred to the Department for Work and Pensions	197	1287
Direct Earning Attachments (to recover overpayments)	5	284
New Invoices Produced for Recovery	1440	222
Cash recovered	£307,652	£68,504



Local Authority and DWP Joint Fraud Investigations

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

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

Investigation of fraud by SFIS has been severely affected by the Covid-19 pandemic with no joint working undertaken between the Council and the DWP in this reporting period. This will re-commence soon as SFIS deals with its backlog of cases.

Business Rates Grant Fraud



With the onset of a global Covid-19 pandemic, the government recognised the impact on businesses across the country and introduced a series of additional business rate grants to help businesses during the crisis. These grants continued throughout the period covered by this report with various different types of grant available covering everything from businesses being forced to close by the Government's tier system to business restart /

recovery grants, all aimed at helping businesses to weather the Covid-19 pandemic and the current economic climate.

We have continued to vet applications for the various types of grant application received and have undertaken a series of post payment sample checks to provide assurance over our payment and checking arrangements and to ensure that we detect as much fraud and error as possible. We have also actively participated in national data exercises with BEIS (the Department for Business Energy and Industrial Strategy, the responsible government department) designed to look for further fraud and error. Feedback is still yet to be received on this. Our reviews however, have shown that arrangements are robust.

In addition, the Council has provided information to NATIS (the National Investigation Service). NATIS is a law enforcement organisation that is responsible for investigating cross cutting, large and complex crimes relating to the public sector. One fraud, totalling £25,000 which relates to the previous year's Retail Hospitality and Leisure Grant, has been perpetrated at multiple authorities up and down the country. This case has been taken on by NATIS and is currently under investigation. Recovery action for this money is also being taken but further information cannot be published at this time in order to protect the investigation and recovery.

Below is an update on the recovery of frauds and errors identified and reported in the previous Preventing and Detecting Fraud and Error report covering the period 1st October 2019 to 30th September, 2020. All recoveries are being made in line with the guidance issued by the government via BEIS.

Key Statistics – Update on Fraud and Error Recovery from the previous report

Grant	Fraud / Error Category	Fraud or Error Detected		Recovered so far	
		No	£	No	£
Small Business Rate Relief	Fraud	6	£60,000	-	-
	Customer Error	5	£50,000	4	£40,000
Retail, Hospitality and Leisure Relief	Fraud	3	£60,000	-	-
	Customer Error	3	£45,000	3	£45,000
	Local Authority Error	1	£15,000	-	-
Discretionary Grant	Local Authority Error	1	£1,000	-	-
Totals		19	£231,000	7	£85,000
<p>Total grants in previous period 5419 totalling £57,891,750. (0.35% fraud by number and 0.40% fraud by value)</p>					

Please note that the figures for fraud in the above table are slightly different from those reported in the previous Preventing and Detecting Fraud and Error report for the period ended 30th September, 2020. This is due to the Government publishing guidance in December 2020 and again in March 2021 regarding the classification and recovery of fraud and error for these grants. All previous figures were reviewed in light of this new guidance and as a result the figures were revised. In some cases, additional information was received on appeal that also meant that some cases previously classified as fraud or error were later accepted as eligible for the grant paid. Further monies have been recovered since the previous report which are also reflected in the table above.

Key Statistics – Business Rates Grants Fraud October, 2020 to September, 2021						
Grant	Grants Paid		Fraud or Error Detected		Recovered So Far	
	No	£	No	£	No	£
Local Restrictions Support Grant (Various)	9,375	£15,616,173	86	£132,638	1	£2,001
Wet led pub winter support	164	£164,000	-	-	-	-
Closed Business Support	2,157	£10,085,000	22	£92,000	1	£4,000
Restart Grant	2,192	£15,264,867	17	£93,336	1	£8,000
Additional Restrictions Grant (Various)	4,745	£7,478,176	29	£85,508	1	£2,000
Digital innovation Grant	27	£171,750	-	-	-	-
Capital Expenditure Grant	13	£1,112,756	-	-	-	-
Business Productivity Grant	19	£210,441	-	-	-	-
Outdoor Hospitality Grant	75	£207,244	-	-	-	-
Total	18,767	£50,310,407	154	£403,482	4	£16,001
% of fraud by number – 0.82%						
% of fraud by value – 0.80%						
In addition to the above 67 grant payments totalling £230,183 were voluntarily returned by the grant recipient.						

As can be seen above, our choice to undertake checks before payments were made continues to result in low values of fraud with just 0.8% of grants paid by value being identified as fraudulent. Recoveries are being undertaken where frauds and errors have been identified, this recovery is in line with the instructions from BEIS.

Covid Winter Grants and Local Support Scheme Grants

Covid winter and local support grants were made available nationally to help families affected by the pandemic with the cost of food, energy and other essentials. Covering the periods from the 1st of December, 2020 to the end of September 2021, the payments were made to low income individuals and families providing support vouchers to cover payments such as food, utility bills and other essentials.



Checks were undertaken prior to payment on all of these payments using existing information in the Housing Benefits system and systems maintained by the Department of Work and Pensions and this robust checking prevented any fraud or error with no fraud or error detected or reported on these payments.

Key Statistics		
	Number	Value
Winter Grant Payments	10089	£593,787
Local Support Scheme Grant	1830	£132,566
Frauds / Errors detected	0	-



Creditor Invoice Matching

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

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

Key Statistics		
Results	Number / Value	2019/20 Comparisons
Prevented Payments	116 - £1,547,238	109 - £439,456
Recovered Payments	32 - £73,765	37 - £ 13,948
Payments From Period Still Being Recovered	10 - £6,460	

Covid Self-Isolation Support Payments



As part of the Covid-19 pandemic effort, the Government released payments of £500 to help those who were told to self-isolate, were therefore unable to work and would lose income as a direct result of self-isolating. The payments were also in place to support individuals forced to take similar time off to look after self-isolating dependents. The Council processed these payments on the Government's behalf. These isolation payments were paid for the whole period covered by this report but are still in use after this with a current anticipated scheme end date of 31st March, 2022.

A proactive approach was taken by the Council in the payment of these support payments with as much information as possible being verified prior to payment in order to prevent fraudulent applications from being processed. In addition, a further 10% of claims were sample checked AFTER being paid in order to detect fraud and error. These sample checks are confirming that our arrangements were sound and prevented fraud and error with no fraud or error found or reported to us in these payments. Sample checking however, is still ongoing as at the date of this report as these self-isolation payments are still being made and will continue to be paid until at least the end of March, 2022. Our continued sampling is designed to ensure that our arrangements remain robust.

Key Statistics		
	Number	Value
Applications received	8727	
<i>Of which.....</i>		
Applications rejected (did not meet criteria)	1721	
Applications in progress	70	
Payments made	3380	£1,690,000
Frauds identified in payments made	0	
Applications refused	3556	

Applications rejected contains applications that were rejected on initial vetting and were rejected for reasons such as, not self-isolating, not being in work or not being told to isolate by Test and Trace. Refused applications are those refused after further investigation and are refused for reasons such as exceeding the required earnings threshold, that they have not actually lost any earnings as a result of self-isolating or where they are unable to provide a valid NHS number to validate.

Teachers Pensions Matching

Teacher's pensions are paid by a specific outside body that deals with the Teacher's Pension Scheme, however, a small number of additional payments are also made to approximately 1000 teachers by Doncaster Council. Historically, there have been issues with these payments when the Teacher's Pension Scheme have been made aware of the death of one of their members and have failed to notify the Council of this change. This has resulted in both fraud and error in the past.



Regular data matching has been set up to check our pensions payments to deceased persons registers in order to detect and in future prevent overpayments as much as possible. Attempts to recover the overpayments are in progress.

Key Statistics	
Results	Number / Value
Number of records checked	971
Overpayment detected after death	4 - £18,115

Counter Fraud Activity – Pursue

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

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

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



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

Internal Audit Services has worked on the following case in the 12 months to the end of September 2021.

Fraud at a school

****This fraud was previously reported in the Preventing and Detecting Fraud and Error report 2020**.**

Concerns were raised by the Headteacher of a local authority school, about the financial conduct of a member of their staff. A full audit investigation was undertaken which identified unusual transactions and other anomalies. Frauds totalling over £7,600 over a 23 month period were uncovered with missing cash at the school of over £10,000 in just a 6 month period. Total losses are expected to have been significantly higher as cash handling records were only able to be looked at for a limited 6 month period.

After a disciplinary hearing, the employee was dismissed with the decision upheld on appeal. The case is being referred to the Police for further action to be taken against the individual concerned.