



City of
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, Civic Office, Waterdale, Doncaster, DN1 3BU

Date: Thursday, 27th April, 2023

Time: 10.00 am

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**Damian Allen
Chief Executive**

Issued on: Wednesday, 19 April 2023

Governance Services Officer for this meeting: Andrea Hedges
01302 736716

City of Doncaster Council

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Items for Discussion:

Page No.

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.	
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11.	Internal Audit Plan 2023/24.	97 - 132
12.	Counter Fraud Activity report.	133 - 158
13.	External Auditor (Grant Thornton) Audit Plan 2022/23 and Arrangements for the preparation of the 2022/23 Accounts.	159 - 188
14.	External Auditor (Grant Thornton) Audit Committee Progress Report and Sector Update.	189 - 206

Members of the Audit Committee

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

Councillors John Healy, Barry Johnson and Dave Shaw.

Co-opted Member: Dr Stuart Green

CITY OF DONCASTER COUNCIL

AUDIT COMMITTEE

THURSDAY, 26TH JANUARY, 2023

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER, CIVIC OFFICE, WATERDALE, DONCASTER DN1 3BU, on THURSDAY, 26TH JANUARY, 2023, at 2.00 pm.

PRESENT:

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

Councillors John Healy

APOLOGIES:

Apologies for absence were received from Councillors Barry Johnson, Dave Shaw and Dr Stuart Green

73 Declarations of Interest, if any

There were no declarations made at the meeting.

74 Minutes of the meeting held on 27th October 2022

RESOLVED that the minutes of the Audit Committee Meeting held on Thursday, 27th October, 2022, be approved as a true record.

75 Audit Committee Action Log.

The Committee considered the Audit Action log which provided an update on all actions agreed at past Audit Committee Meetings. It was noted that of the actions detailed, three were now complete and one ongoing action remained outstanding and was on track for completion by April.

The ongoing action referred to the Breaches and Waivers to the Councils Contract Procedure Rules. At a previous meeting, Members had requested a review of arrangements and action plan was due to be presented with an update at the Audit Committee Meeting in April 2023.

RESOLVED that:-

- 1) The Committee note the progress being made against the actions agreed at the previous meetings.

76 Covert Surveillance - Regulation of Investigatory Powers Act 2000 (RIPA) Update.

The Committee considered the Covert Surveillance update report that provided an update on the Councils use of Regulation Investigatory Powers Act 2000 (RIPA).

In the past, the report had been considered on a six monthly basis, with an update and annual report. However, it was now recommended that this just be considered on a yearly basis with an annual report as there had been no issues arising and the number of covert surveillance undertaken remained low. This would be put forward as a recommendation within the Annual Report in July.

RESOLVED that the Audit Committee note that there had been one surveillance application authorised under RIPA since the Annual report to the Committee on 28 July 2022.

77 Internal Audit Progress Report for the period: October 2022 to December 2022.

The Audit Committee considered the Internal Audit Report for the period October to December 2022, which updated Members on all the internal audit work undertaken during this period.

The report provided information on the following areas:-

- The Audit Plan.
- Audit work undertaken during the period
- Progress on the Implementation of Management Actions arising from Internal Audit recommendations; and
- Performance Information.

Members noted that one major piece of work had been undertaken during the period with the planned upgrade of the Audit Software currently used, which would look to provide ongoing benefits to the efficiency of the Audit Team.

The move of the Doncaster Children's Services Trust back within the control of the Council had refocused a number of areas of work and plans were ongoing to ensure that work was not duplicated and the maximum objectives were achieved. A lot of work had been identified to look at in greater depth and focus would be placed on addressing these areas of concern, whilst the former DCST Audit Team would focus on the more routine areas of work.

Officers informed the Committee that risk levels remained low, there were currently no overdue high-risk management actions, which was positive and alongside many other sources of assurance meant there was currently no reason that there would be a negative or limited assurance annual opinion.

A key section of the update referred to the Annual Governance Statement, but Members acknowledged it was positive to note that there were no identified points of concern.

Queries were raised in terms of how much audit work had been undertaken during the past year, as due to the lack of resources it had not always been possible to carry out

as much as would have been hoped. However, there had been renewed focus on the most problematic areas.

The Committee were pleased to see that the number of management actions had reduced, with many of these implemented and only 16 awaiting implementation. This was lower than it had ever been and was a very positive outcome to acknowledge in advance of what could be some more turbulent times ahead.

RESOLVED that

- 1) The Audit Committee note the position of the Internal Audit Plan;
- 2) The Audit Committee note the Internal Audit work completed in the period outlined;
- 3) The position with regards to 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 Council's risk, governance and control arrangements be noted,

78 Annual Preventing and Detecting Fraud and Error Report October 2021 to September 2022.

The Audit Committee were presented with the Preventing Fraud and Error Update report for October 2021 to September 2022. The report summarised the work done by the Council to prevent, detect and investigate any fraud during this time.

Members noted that Fraud remained low in terms of the size of the Council, which was pleasing to see.

One key point to note was in terms of the Business Support Grants given during Covid, and only 0.6% of these were paid due to fraud or error, and over half had been recovered. This was very low due to the large number of checks undertaken at every point by the Council to ensure that due diligence was carried out.

Members held a discussion with regard to some points detailed within the report, and officers provided further information where relevant. Some questions asked referred to the following:-

- Clarification on bank mandate fraud and reinforcement of procedures
- Incidence fraud
- Business Support Grants
- Future Planning

The Chair concluded by commending the good work of the Audit Team and it was a positive report and pleasing to see.

RESOLVED that the Audit Committee support the production of the Preventing and Detecting Fraud and Error report and agree to publicity being produced to

highlight the outcomes from the Council's anti-fraud activity and to act as a determinant to fraud.

79 Grant Thornton - Auditor's Annual Report 2021/22.

Perminder Sethi, Grant Thornton, was in attendance at the meeting to present the Auditors Annual Report.

The report was a positive report, and following on from last year, the direction of travel was going in the right way. In terms of financial stability, the Council, it was reported had a good track record of delivering a balanced budget, but this year the financial outlook had worsened and it was expected that there would be challenging times ahead. However, the Council was continuing to look at ways to manage additional costs and Grant Thornton outlined that they would continue to monitor the Councils financial position ahead of the budget and delivering a balanced outturn position. The Council continued to hold strong reserves and low borrowing, both of which were positive in relation to the current financial position nationally.

It was noted, that there were no significant weaknesses identified in terms of financial stability but two improvement recommendations had nevertheless been identified. These recommendations are detailed in more depth within the report but are outlined as follows:-

- 1) The Council should continue to closely monitor its financial position and identify remedial actions to address the budget gap identified in 2022-23 and beyond. In particular, consideration should be given to identifying a range of potential savings schemes in advance of need that can be implemented at short notice if required; and
- 2) The Council should develop and finalise both the short and long-term DSG action plans to allow appropriate actions to be implemented to address the expected DSG deficits in 2022-23 to 2025-26. Regular engagement should continue with DfE and other relevant stakeholders to work towards a sustainable financial position on DSG before the current Government regulations end in 2024 and the DSG deficit at that point could become a draw on the Council's usable reserves. Once the plans are agreed, they should routinely be monitored and progress reported to Members on a regular basis.

With regard to governance, the Council continue to have effective governance arrangements in place, in order to ensure its business was conducted appropriately, and no weaknesses were identified in this area of work.

In terms of improving economy, efficiency and effectiveness, Grant Thornton reported that the Council continued to work effectively and no weaknesses were identified here.

The Auditors Annual Report concluded that it expected to deliver an unqualified opinion on the Council when it was finalised at the end of January 2023, with all its key findings identified in depth in the report presented to the Audit Committee.

RESOLVED that the Auditors Annual Report 2021-22 be noted by the Audit Committee.

80 Appointment of External Auditor.

The Committee considered a report, which summarised the arrangements for appointing External Auditors. The External Auditor provided independent assurance for the people of Doncaster as to whether the Council had made proper arrangements in terms of the use of its resources and an external audit opinion on the financial statements.

The report recommended that the Committee re-appoint Grant Thornton as the External Auditor for Doncaster Council. The Committee saw this as a positive move and it would ensure that the good working relationship that had been created would continue.

RESOLVED that the Audit Committee note the outcome of the Public Sector Audit Appointments Ltd exercise to procure audit services for opted in bodies from 2023/24 onwards that Grant Thornton be reappointed as the External Auditor for Doncaster Council.

CHAIR:_____

DATE:_____

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**City of
Doncaster
Council**

Report

27th April 2023

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. Both actions are complete. There was a delay in the completion of the delivery of the training and awareness on the Performance Management Framework due to attendance problems but this has now been delivered.

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

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.

REASONS FOR RECOMMENDED OPTION

8. Not Applicable.

9. Legal Implications [Officer Initials: NJD Date: _13/4/23_]

There are no specific legal implications associated with this report.

10. Financial Implications [Officer Initials: _SJT_ | Date: _13/04/23_____]

There are no specific financial implications arising from this report.

11. Human Resources Implications [Officer Initials: SH | Date: 12/04/23]

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

12. Technology Implications [Officer Initials: PW | Date: 12/04/23]

There are no specific technology implications associated with this report.

RISKS AND ASSUMPTIONS

13. 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.

CONSULTATION

14. 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

15. None

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

16. None

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APPENDIX 1

AUDIT COMMITTEE ACTION LOG – 27th APRIL 2023

Follow-up actions from previous meetings:-

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
Meeting 27th October 2022			
Performance Management Framework An awareness training session will be held for Members of the Audit Committee on the practicalities of managing risk within the Council, and the arrangements in place to ensure that all risks were managed and reviewed at an appropriate level to help Members understand the process.	Training provided to members at the training and awareness session on 21 st April 2023 after being adjourned from the previously scheduled 20 th January session.	Sennette Wroot	Y- Complete
Breaches and Waivers to the Council's Contract Procedure Rules Members requested a review of arrangements to further reduce the number of avoidable breaches and waivers and produce an action plan to achieve this.	The reports on Breaches and Waivers to the Council's Contract Procedure Rules provided at April 2023 Audit Committee provides this review and includes the key dates to achieve the improvements outlined.	Holly Wilson	Y - Complete



Report

Date: 27th April
2023

To: AUDIT COMMITTEE

Report Title: BREACHES AND WAIVERS TO THE COUNCIL'S CONTRACT
PROCEDURE RULES (CPRs)

Relevant Cabinet Member(s)	Wards Affected	Key Decision?
		No

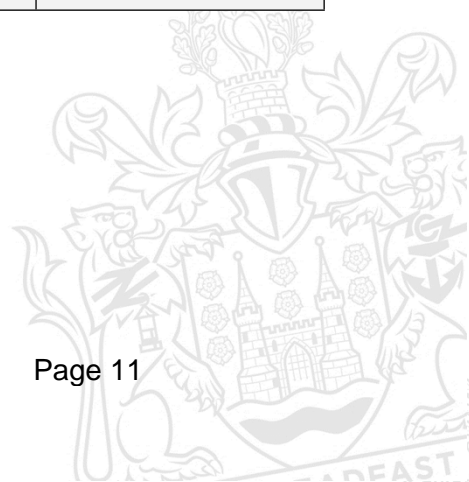
EXECUTIVE SUMMARY

1. This report provides Members with details of all the waivers and breaches to the Contract Procedure Rules (CPR's) for the period 1st September 2022 to the 28th February 2023.
2. The table below summarises the number of new waivers and breaches recorded for each Directorate since the last audit report presented in October 2022 and the one before that in April 2022. The details of each waiver and breach are summarised in the appendices to this report.

Directorate	1 st Sep 22 to 28 th Feb 23		1 st Mar 22 to 31 st Aug 22		1 st Sep 21 to 28 th Feb 22	
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers
AHW	0	5	0	4	0	6
CYPF	0	2	0	2	1	2
CR	0	5	4	5	0	4
E&E	4	4	2	6	1	2
GRAND TOTAL	4	16	6	17	2	14
% Waivers versus Contracts Awarded	4.92%		5.57%		2.22%	
% Value of Waivers versus Value Contracts Awarded	2.16%		2.52%		4.75%	

EXEMPT REPORT

3. This report is not exempt.



RECOMMENDATIONS

4. To note the waivers and breaches recorded for the period between the **1st September 2022 and the 28th February 2023**.
5. To note work undertaken by the Strategic Procurement Team (SPT) to ensure compliance and deliver services.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. There are no specific implications within this report.

BACKGROUND

7. The Monitoring Officer (MO) monitored compliance with the CPRs for the period covered by this report.
8. Waivers are only granted when the rationale for a direct award is clearly demonstrated and in accordance with the CPR's.
9. Breaches are detected through periodic reporting via the Council's spend analysis system and through direct contact with stakeholders.
10. The Strategic Procurement Team (SPT) continue to have significant workloads because of multiple factors such as the economic climate and supply chain issues.
11. The number of approved waivers for this period has decreased from 17, as reported in October 2022, to 16.
12. There are still high levels of compliance to the CPR's and SPT continue to be proactive and supportive to help alleviate increased pressures with regular reporting and attendance at key stakeholder meetings.

OPTIONS CONSIDERED

13. The Council's CPR's state the following thresholds where commensurate competition should be undertaken by officers to ensure value for money: -
 - **Up to £25,000** - use of an in-house supplier, Council wide contract, third party framework agreement or direct award, where possible, to a Doncaster based organisation.
 - **Between £25,000 and £177,898** – use of an in-house supplier, Council wide contract, third party framework agreement or obtain a minimum of three formal quotes one of which should be from a Doncaster based organisation.
 - **Between £177,898 and £552,950 (Light Touch Regime (LTR) Services) or £4,447,488 (works)** - use of an in-house supplier, Council wide contract, third party framework agreement or obtain a minimum of three tenders one of which should be from a Doncaster based organisation
 - **Over £177,898 (Goods/Services) or £552,950 (LTR Services) or £4,447,488 (Works)** - use of an in-house supplier, council wide contract, third party framework agreement or carry out a public contract regulations compliant tender process.

14. There have been **four** new breaches and **five** resolved breaches. There is **one** unresolved breach.
15. **Appendix 1** shows the details of the **new, unresolved, and resolved** breaches for this period.
16. Public procurement law thresholds are set and can only be waived if the award meets strict criteria set out in the legislation. In addition to this the Council recognise that discretionary thresholds within the CPR's may be a barrier to the delivery of services and, therefore, Council Officers can request that the CPR's are waived in specific instances, in accordance with the following permissible exemptions.

Category	Description
1	Where the Director is able to demonstrate that only one specialist firm is able to meet the requirement
2	A contract to be placed as an emergency solution only where the Director is able to demonstrate immediate risk to persons or property or serious disruption to Council Services
3	To allow for the safe exit from a contract or to decommission
4	Forms part of a wider strategic programme of works
5	Constitutes a trial purchase

Breaches to the CPR's

17. Breaches arise from either the aggregation of spend going over pre-prescribed limits, a complete absence of any identifiable contract, a failure to comply with requirements to obtain adequate competition or an extension of contract beyond its agreed term or lifetime.

Update to Breaches previously reported

18. In **October 2022**, there were **six** new breaches reported to Audit Committee, **no** unresolved breaches and **four** resolved breaches.

Waivers to CPR's

19. **Sixteen** waivers have been approved for this six-month period, which has slightly decreased from the last report in October 2022 where there were **seventeen**. The number and contract value of waivers granted against the number of contracts awarded for this period are shown in **Appendix 3**.
20. The waivers detailed in this report have been reviewed and agreed by either the MO or the CFO (Chief Financial Officer) (for waivers linked to the Legal and Democratic Services Department).

REVIEW OF PROCUREMENT ARRANGEMENTS

21. SPT (Strategic Procurement Team) continue to work closely with all Directorates to improve procurement practices and provide assurance that arrangements are robust and compliant.
22. On the 1st of December 2022 SPT started operating under a Category Management model. This operational model is a movement away from directorate-based procurement responsibility to specific category responsibility for the sub-teams within SPT i.e., having all ICT procurement going via a specific sub-team as opposed to being devolved across SPT. This gives benefits in increasing expertise in certain category spend areas, having a more strategic approach, increased involvement with contract management and releasing associated efficiencies. The embedment of this approach continues but the new structure is in place and vacancies populated except for one which is currently out to recruitment. Senior Category Managers still have specific responsibility for certain Assistant Directors and Heads of Service to ensure lines of communication remain.
23. SPT officers provide periodic updates to Heads of Service and/or Assistant Directors on their contracts, procurement plans and spend analysis to ensure transparency and delivery of projects within timescales. The frequency of these reports is dependent on the amount of procurement activity that occurs in the respective areas but commonly this is done quarterly or bi-annually. Any other procurement specific information is also shared.
24. A monthly CPR Training Programme continues to be delivered across the Council and officers can book this via the HR Portal. This is being actively promoted internally. This will continue indefinitely due to new staff and changes to staff roles.
25. Procurement System developments continue, the main objectives are to improve data quality, sustain and improve compliance and deliver procedural efficiencies. The new Procurement Planning module, part of the YorTender (e-tendering system), has gone live. Procurement projects are currently being uploaded into this system from the Excel Category Plans that were used previously and cumbersome. This system will allow for better planning and visibility on procurement projects. This will be fully implemented by the 30th of April 2023.
26. SPT are working with P2P (Purchase to Pay) to improve compliance and contract mapping into the Spend Analysis System (Atamis) through improvements to ordering practices such as referencing contract numbers, ensuring suppliers that should not be used are archived and increased use of catalogues with correct pricing. These enhancements should be completed by the 31st of May 2023.
27. The new Purchasing Card Policy has been released and staff involved in processing purchasing cards are involved in a workshop week commencing the 24th of April 2023 to understand the updated version. Subsequently all existing cardholders and approvers will be communicated to with the new policy to ensure a clear understanding of their responsibilities. The number of cardholders has increased since the Doncaster Children's Services Trust (DCST) transferred into the Council and to ensure there is no ambiguity on responsibilities this refresh will ensure compliance.

OPTIONS CONSIDERED





28. Each waiver is examined through a robust process and, where appropriate, challenged for alternative options prior to approval. This can be at various stages of the process. Each waiver is approved by the Head of Procurement and escalated for authorisation to the MO or CFO.





REASONS FOR RECOMMENDED OPTION

29. It is important that the Council's CPRs are adhered to and, where breaches are identified, a corrective plan is formed and monitored by SPT.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

30.

Great 8 Priority	Positive Overall	Mix of Positive & Negative	Trade-offs to consider – Negative overall	Neutral or No implications
 Tackling Climate Change	✓			
Comments: This is considered when procuring and forms part of the social value deliverables obtained through contracting.				
 Developing the skills to thrive in life and in work	✓			
Comments: Social value is included in all public procurement above threshold contracting as a minimum of 10% weighting in the evaluation criteria. Part of the social value targets are associated with opportunities to develop skills.				
 Making Doncaster the best place to do business and create good jobs	✓			
Comments: Social value is included in all public procurement above threshold contracting as a minimum of 10% weighting in the evaluation criteria. Part of the social value targets are associated with opportunities to create opportunities for local people.				
 Building opportunities for	✓			X

healthier, happier and longer lives for all				
Comments:				
 Creating safer, stronger, greener and cleaner communities where everyone belongs	✓			X
Comments:				
 Nurturing a child and family-friendly borough	✓			X
Comments:				
 Building Transport and digital connections fit for the future	✓			X
Comments:				
 Promoting the borough and its cultural, sporting, and heritage opportunities	✓			X
Comments:				
Fair & Inclusive	✓			
Comments: This is covered as part of the social value delivered through contracting at the Council.				

31. Legal Implications [Officer Initials: NJD | Date: 27/3/23]

There are no specific legal implications arising from this report. Legal advice has been provided on the individual waivers and continued legal support will be provided

to the service areas in relation to these matters.

32. Financial Implications [Officer Initials: PH | Date: 24/03/23]

There are no specific financial implications attached to this report. Each individual breach and waiver will consider the specific implications for that action. It is important to note that breaches to Contract Procedure Rules risk the Council overspending as checks for sufficient budget being available is not guaranteed to take place.

33. Human Resources Implications [Officer Initials: SH | Date: 27/03/23]

There are no specific HR implications arising from this report.

34. Technology Implications [Officer Initials: PW | Date: 24/03/23]

There are no specific technology implications in relation to this report. SPT continues to consult with Digital & ICT in relation to breaches and CPR waivers involving the procurement of technology to ensure that the Technology Governance Board (TGB) has considered these, where applicable.

RISKS AND ASSUMPTIONS

35. Contractual arrangements with suppliers and breaches to the CPR's expose the Council to reputational, financial, legal, and commercial risks. Compliance monitoring of the CPR's seek to counter and address these risks.

CONSULTATION

36. There has been consultation with the various directorates and applicable officers.

BACKGROUND PAPERS

37. None

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

38.

Adults, Health & Wellbeing (AHW)
Contract Procedure Rules (CPR's)
Chief Financial Officer (CFO)
Corporate Resources (CR)
Doncaster Children's Services Trust (DCST)
Economy & Environment (E&E)
Information Communications Team (ICT)
Light Touch Regime (LTR)

Children, Young People & Families (CYPF)
Monitoring Officer (MO)
Strategic Procurement Team (SPT)
Public Health (PH)
Purchase to Pay (P2P)
Technology Governance Board (TGB)

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BREACHES

- **New** CPR breaches that have been identified between the **1st September 2022 to the 28th February 2023**
- **Unresolved** breaches reported to the Audit Committee previously and;
- **Resolved** breaches reported previously

No	Directorate	Status New Unresolved Resolved	Initial Date Reported	Contract Description	Value	Reason for breach	Proposed action to be / has been taken in relation to the breach	Timescale for resolution
1.0	CR	Resolved	Oct 22	Catering Equipment	£88,295	Contract expired	<p>Apr 2023 Note – Contract awarded</p> <p>Oct 2022 Note – Oversight and contract expired but continued use. SPT currently working with the service area to complete a re-procurement exercise, and this is due for award November 2022. A further mitigation is that a new contract pipeline module, that is part of the e Tendering system, is currently being implemented and this will give full visibility on all procurement projects linked to the contracts register.</p>	<p>Apr 2023</p> <p>Nov 2022</p>
1.1	CR	Unresolved	Oct 22	Meat & Meat Products Contract	£90,310	Contract expired	<p>Apr 2023 Note – Currently out to market, anticipated contract award date 1st May 2023.</p> <p>Oct 2022 Note – Oversight and contract expired but continued use. SPT currently working with the service area to complete a re-procurement exercise, and this is due for award November 2022. A further mitigation is that a new contract pipeline module, that is part of the e Tendering system, is currently being implemented and this will give full visibility on all procurement projects linked to the contracts register.</p>	<p>May 2023</p> <p>Nov 2022</p>
1.2	CR	Resolved	Oct 22	Fresh Milk & Dairy	£37,208	Contract expired	<p>Apr 2023 Note – Contract awarded.</p> <p>Oct 2022 Note – Oversight and contract expired but continued use. SPT currently working with the service area to complete a re-procurement exercise, and this is due for award November 2022. A further mitigation is that a new contract pipeline module, that is part of the e Tendering system, is currently being implemented and this will give full visibility on all procurement projects linked to the contracts register.</p>	<p>Nov 2022</p>
1.3	CR	Resolved	Oct 22	Frozen Food	£239,666	Contract Expired	<p>Apr 2023 Note – Contract awarded</p> <p>Oct 2022 Note – Oversight and contract expired but continued use. SPT currently working with the service area to complete a re-procurement exercise, and this is due for award November 2022. A further mitigation is that a new contract pipeline module, that is part of the e Tendering system, is currently being implemented and this will give full visibility on all procurement projects linked to the contracts register.</p>	<p>Mar 2023</p> <p>Nov 2022</p>

No	Directorate	Status New Unresolved Resolved	Initial Date Reported	Contract Description	Value	Reason for breach	Proposed action to be / has been taken in relation to the breach	Timescale for resolution
1.8	E&E	Resolved	Oct 22	Supply of Sandbags	£27,506	Off-contract from corporate contract	<p>Apr 2023 Note – Contract awarded.</p> <p>Oct 2022 Note – Emergency purchase of sandbags, with a value that exceeded the direct award amount and not via the corporate contract. 3 quotations should have been sought or due to the emergency need, a CPR waiver should have been requested. Subsequently there is a need for a long-term solution, as the corporate contract could not satisfy requirements. Procurement exercise underway.</p>	Mar 2023
1.9	E&E	Resolved	Oct 22	Electrical Cables & Accessories	£125,894	Contract expired & new corporate contract not used	<p>Apr 2023 Note – New contracts in place</p> <p>Oct 2022 Note – New contract procured but continued use of the old contract. Communication issues that are now resolved and service area aware of the requirement to use the new contract. New approach established to ensure this does not occur again on materials contracts.</p>	Mar 2023
2.0	E&E	New	Apr 23	Building Materials – Timber	£51,570	Contract expired	<p>Apr 23 – The contract expired, and a new contract has not been re-procured in time. This is due to multiple reasons. Firstly, a straightforward re-procurement project, as would happen normally, is not sufficient due to the economic challenges on the materials sector i.e., unprecedented inflation that requires the need for a whole system review with necessary amendments to specifications, contract particulars and procedural obligations on merchants. In addition to this the required resource to complete the enhanced contracting works has been a challenge due to capacity issues across the Council. We have secured and formalised pricing with the incumbent until we can secure a new robust contract. Capacity has been allocated from SPT and they are working with Stores and a new contract should be in place November 23.</p>	Nov 2023
2.1	E&E	New	Apr 23	Kitchens	£39,520	No contract	<p>Apr 23 – Traditionally kitchen spend was below the direct award threshold. Aggregated spend analysis has shown this has exceeded the £25k threshold. This has been picked up by SPT. A contract will be put in place, and this will be aligned with the SLHD contract.</p>	Jun 2023
2.3	E&E	New	Apr 23	Ventilation Supplies	£71,450	No contract	<p>Apr 23 – Aggregated spend analysis has established that a contract should be formed for the supply of these products. New contract is currently being tendered (due back 23rd Mar) and will be awarded April 2023</p>	Apr 2023
2.4	E&E	New	Apr 23	Building Materials	£87,225	Contract expired	<p>Apr 23 – As per the Breach 2.0 (above) narrative.</p>	Nov 2023

APPENDIX 2

WAIVERS

- CPR waivers that have been agreed covering the period **1st September 2022 to the 28th February 2023**, together with an explanation of the reasons for the waiver.

No.	Directorate	Title	Waiver Category	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Reason for the Waiver (brief description)
1.0	AHW	Supported Accommodation for Multiple Complex Needs	3. Safe Exit from a contract	£682,044	18/11/2022	17/11/2024	Extend the current contractual arrangement for 12 months with the option to extend for a further 12 months. The extension allows for the varying of the contract to build in the necessary contractual levers to allow exit from the contract safely in the future to protect vulnerable customers and support a safe and smooth transition should the intended future procurement exercise during the period of extension result in a change of provider. A tender exercise would be too high risk from an existing customer perspective given the constraints of the transition arrangements proposed by the incumbent provider and allowable within the existing contract should a tender exercise result in the award of a contract to a new provider. Conversely, a tender exercise at this stage could result in potential challenge from the market for the same reasons.
1.1	AHW - PH	Adult substance misuse treatment and recovery system	4. Forms Part of a Strategic Plan/Review	£116,406	01/07/2022	31/03/2023	Requirement to distribute 22 23 OHID rough sleeping drug and alcohol treatment grant. This additional funding was added to an existing contract delivering these services that is advisable from a strategic perspective rather than market test.
1.2	AHW - PH	Supplement substance misuse grant	4. Forms Part of a Strategic Plan/Review	£595,417	01/07/2022	31/03/2023	Further monies 22 23 OHID supplemental grant allocated to an existing service provider as part of a wider strategic programme for delivery of these services and permissible under Regulation 72 of the Public Contract Regulations 2015.
1.3	AHW	Homelessness	3. Safe Exit from a contract	£1,921,027	10/09/2022	09/09/2024	A tender exercise compliant with the CPR's was undertaken but resulted in no bids albeit market engagement took place, and this was unexpected. This contract must continue until works, that are part of a larger programme, are completed to ensure the contract can be either procured successfully after redesign or decommissioned. The continued delivery of these services is legally permissible under Regulation 72 of the Public Contract Regulations 2015.
1.4	AHW	Supported Accommodation for Multiple Complex Needs	3. Safe Exit from a contract	£64,104	18/11/2022	17/11/2024	This addition to an existing contract to support the delivery of the wider contract due to cost pressures. This cannot be market tested due to it being part of a wider contract.
2.0	CR	Markets Design Works	1. Sole Provider/Niche Market	£87,026	01/09/2022	31/03/2024	Award to a niche supplier in the design of Markets and have previously worked with the council to help secure funding via the Levelling Up Fund (LUF) up to RIBA (Royal Institute of British Architects) Stage 3. This contract is required to enable the council to go out to tender for construction works to the Corn Exchange in Doncaster City Centre. In addition to this an award is required quickly to ensure LUF monies are spent in accordance with the grant funding conditions, specifically that the construction project is completed by March 2024.
2.1	CR	Specialist Legal Support	2. Emergency Situation	100000	01/11/2023	01/01/2023	Waiver required to enable the Council to receive urgent specialist legal advice in relation to the Doncaster Sheffield Airport (DSA). The notice given has been short and it is essential that the Council have access to specialist legal advice to advise it of all future options immediately.

No.	Directorate	Title	Waiver Category	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Reason for the Waiver (brief description)
2.2	CR	Children's Histopathology	1. Sole Provider/Niche Market	£67,500	01/04/2022	01/04/2025	The Coroner is an independent judicial officer who has a legal duty to investigate and report on violent or unnatural deaths, sudden deaths of unknown causes and deaths in custody. The Coroners jurisdiction is South Yorkshire (East) which covers the boroughs of Doncaster and Rotherham. This supplier is the closest to Doncaster that offers this service; this service must be local to avoid anxiety and stress to the bereaved.
2.3	CR	Chamber Maintenance Addendum	1. Sole Provider/Niche Market	£5,225	01/01/2023	31/12/2023	Whilst maintenance arrangements are satisfactory, there have been issues with reliability of the equipment. Further options will be explored during this year to identify if any improvements can be made including upgrades. Extending the maintenance contract for a further 12 months provides the opportunity to undertake this work and identify a more sustained solution moving forwards.
2.4	CR	Document Storage	3. Safe Exit from a contract	£72,535	06/01/2023	06/01/2024	To exit from the contract with the incumbent safely we require a suitable building to move records into. We have been working with Assets to try to identify a building to use for this service for several years. This was delayed due to lockdown then there have been many staff moves as part of the YWOW project. Several buildings were identified but then turned out not to be suitable due to sprinkler systems, fire safety regulations and floor loadings (to support racking).
3.0	CYPF	16+ Group Living and Supported Tenancies Accommodation Framework	2. Emergency Situation	£384,000	26/01/2023	25/07/2023	This framework was put in place by the Children's Trust in January 2018, and it currently ends on 26th January 2023. Due to the transfer of the Children's Trust to the Council in September 2022, work on going out to tender for a replacement framework was delayed. The waiver seeks to extend the contract for a further 6 months, until 25th July 2023, whilst a new framework is put in place by the Council.
3.1	CYPF	Rethinking Assessment	1. Sole Provider/Niche Market	£50,000	01/10/2022	21/10/2023	Award this contract to a provider who is niche in this area, after market research alternatives cannot be established.
4.0	E&E	Local Authority Treescapes Fund – Tiny Forest programme	1. Sole Provider/Niche Market	£60,547	12/10/2022	01/06/2023	Tiny Forest is a specific tree planting model that is owned as a brand by a specific provider. There are no other alternative providers.
4.1	E&E	Smart Bin and Sensor Trial throughout the Borough	5. Trial Purchase	£32,000	01/11/2022	31/03/2023	To enable the purchase for 5 smart bins and 34 sensors with City Smart software to undertake a comprehensive trial of these products. The trial will be monitored for the effectiveness and efficiency of the need to cleanse bins in both rural and high footfall areas at times when the bins require and need cleansing and not when scheduled.
4.2	E&E	Woodland Creation Accelerator Fund	1. Sole Provider/Niche Market	£62,400	01/12/2022	12/10/2024	Treeconomics Ltd are the sole provider in the UK of I-Trees Eco reporting following extensive market research.
4.3	E&E	Drain Bridge, Kirk Bramwith - Parapet Repairs	2. Emergency Situation	£39,000	24/01/2023	30/04/2023	Drain Bridge, Kirk Bramwith was hit by a vehicle on 11th December 2022 demolishing 18m of stone parapet. As Drain Bridge is Grade 2 listed it requires a registered Stone Mason, approved by our Conservation Officer, to undertake the work. As this is an urgent repair a waiver is required to direct award these works to a specialist provider.

APPENDIX 3

Total contracts awarded versus the number and value of waivers: 1st September 2022 to the 28th February 2023

Directorate	Number of Waivers	Value of Waivers	Total Contracts Awarded	Value of Contracts Awarded	% Number of Waivers against total contracts awarded	% Value of Waivers against total contracts awarded
E&E	4	£193,947	168	£23,742,749	2.38%	0.82%
AHW	3	£2,667,175	42	£7,669,735	7.14%	34.78%
Public Health	2	£711.823	2	£4,486,793	66.67%	15.86%
CYPF	2	£434,000	71	£157,049,759	2.82%	0.28%
CR	5	£332,286	41	£7,900,205	13.51%	4.21%
Total	16	£4,339,231	324	£200,849,240	4.92%	2.16%

The % total number of waivers granted against contracts awarded was **4.92%**, which is a decrease on the previous period between the **1st March 2022 to the 31st August 2022** of which was **5.57%**. This average is significantly higher but distorted due to the 66.67% Public Health figure.

The % total value of waivers granted against total value of contracts awarded was **2.16%**, which is a decrease from the previous period between the **1st March 2022 to the 31st August 2022** of which was **2.52%**. This is a positive shift from the previously reported period.

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Date: 27th April 2023

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

ANNUAL REPORT OF MONITORING OFFICER

EXECUTIVE SUMMARY

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

RECOMMENDATIONS

2. It is recommended that the Committee:-
 - (i) notes the MO's annual report on complaint handling activity for the period 1st April 2022 to 31st March 2023;
 - (ii) notes the whistleblowing return for 2022/23.
 - (iii) notes the nil money laundering reports for 2022/23.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

4. The Monitoring Officer has the specific duty to ensure that the Council, its officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. The main duties of the Monitoring Officer are set out below. The Monitoring Officer's legal basis is found in Section 5 of the Local Government and Housing Act 1989 (as amended). The Monitoring Officer is also responsible for considering complaints made about Parish & Town Councillors across the borough.

The Monitoring Officer has three main roles:

- (i) To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration;
- (ii) To be responsible for matters relating to the conduct of Councillors and officers; and
- (iii) To be responsible for the operation of the Council's Constitution.

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

Councillor Complaint Handling Activity – 1st April 2022 to 31st March 2023

5. The Monitoring Officer works closely with the Council's designated Independent Person (IP), Philip Beavers on matters of Member Behaviour and Complaints.
6. The Council's *Arrangements For Handling Complaints Regarding allegations of Member Misconduct* requires that all complaints are provided upon the Council's specified complaints form. In accordance with this process, the Monitoring Officer is only able to consider these formal complaints and it is those, which are detailed within this report. (In the event that a complainant requested assistance to complete the complaint form that would be provided by an officer not otherwise involved in the complaints process.) Upon receipt of a formal complaint, the Monitoring Officer considers whether the complaint is a potential breach of the Council's Code of Conduct and consults with the Independent Person upon its contents. In consultation with the Independent Person, the Monitoring Officer considers whether the allegations are serious enough to potentially warrant a formal investigation and potentially a hearing of the Audit Committee (Standards Hearing) Sub-Committee. Since the law changed in 2011 that sub-committee has met on only two occasions. Wherever possible the Monitoring Officer will seek an alternative form of resolution, most usually an apology.

Revised Code of Conduct & Revised Complaints Handling Procedure

7. In May 2021 the Council resolved to adopt the new LGA Model Code of Conduct, which was drafted following recommendations by the *Committee On Standards In Public Life*. Significant training has been provided to DMBC Councillors on the provisions of the new Code and all Councillors attended that training. Work was also done with Doncaster's Town & Parish Councils and to date 30 of the 37 Councils in Doncaster have also adopted the new Code.

Borough Councillors

8. During the period since my last report, **five** individual complaints have been received in relation to Borough Councillors and these are detailed at Appendix A. No action was taken in relation to four complaints and informal advice was provided to one Councillor.
9. Eight complaints were received in the previous year (2021/22) so members will note that complaint activity has fallen this year. Last year I remarked that I believed that many complaints were a reflection of the post-election period where political tensions were heightened and perhaps reflected in complaint activity and that nationally complaints were reported to have risen post-covid. I am happy to report that most complaints received do not constitute a breach of the Code of Conduct and are often a dissatisfaction with the outcome of a decision or a policy position, or a perceived delay in responding. Such matters do not fall within the purview of the Code and complaints are responded to accordingly. My experience is that members are sensitive to complaints and are on most occasions willing to apologise if they have inadvertently upset a resident. Including the Elected Mayor there are 56 Ward Councillors and in that context five complaints received is a very low number.

Parish & Town Councillors

10. The Monitoring Officer has received **11** complaints against Parish & Town Councillors during the period 1st April 2022 to 31st March 2023. This is a slight decrease on the 12 complaints received in the previous 12 months. **Four** complaints received were considered to potentially be breaches of the Code of Conduct with one complaint awaiting determination at the time of writing. However those breaches were considered to be relatively minor in nature and whilst an advisory letter was issued to the subject member no further action was considered necessary. On all occasions, the complainants were notified as to the conclusions reached. Last year I remarked that a large number of complaints were received from one particular Council and that those complaints were reflective of local tensions at that Council. To date no further complaints have been received from that Council and it is hoped that matters may have stabilised.
11. It is noticeable that many complaints received relate to the use of Social Media in all of its forms and this continues to be a difficult area. Whilst the new Code attempted to clarify matters, it is clear that some members of the public believe that Councillors at all levels should be judged as to their social media use and the contents of their postings. I am wary of such approaches and usually draw a line between what is legitimately personal use and what is official use but that is often difficult.

- 12 On a final positive note, I would reiterate my annual comments made that the levels of complaints received and most importantly the number of actual breaches remain very low, and most Councillors and most Town & Parish Councils in Doncaster do not appear on my radar and that point should be noted by the Committee. To put that in context there are 37 Town & Parish Councils across Doncaster and over 350 serving Councillors across Doncaster so the amounts of complaints received remains proportionately extremely low.
13. A detailed summary of all complaints dealt with by the MO in consultation with the Independent Person during the 2022/23 Municipal Year is set out in **Appendix A** to this report.

Whistleblowing Returns for 2022/23

14. The MO has overall responsibility for the maintenance and operation of the Whistleblowing Policy, which includes keeping a record of all whistleblowing cases and presenting a summary of these to the Audit Committee on an annual basis.
15. The Whistleblowing policy was revised in February 2018. This applied the policy to members of the public, stakeholders, and contractors as well as employees. Whistle-blowers are asked to report their concerns to named senior officers. This ensured that senior management were aware of any matters and that the correct processes were followed and reported to the Monitoring Officer for the annual report. Not all complaints received are whistle-blowing reports, even where the complainant has cited them as such. In accordance with the Council's Whistleblowing policy, complaints are assessed and either dealt with as Whistleblowing complaints or otherwise referred to the Council's Corporate Complaints process and investigated as part of that process. A copy of the policy is attached at **Appendix B**, which now reflects the return of Children's Safeguarding to the Council from the former Doncaster Children's Services Trust.

The policy states as follows :-

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

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

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

16. In accordance with its policy the Council considered two whistleblowing complaints as detailed below.

Date	Name of officer reported to	Brief Summary of Matter	Outcome
25 th January 2023	Monitoring Officer	Concern over a staffing matter at a school	Investigated by CYPF staff and appropriate assurances provided. Response provided to Complainant.
6 th February 2023	Monitoring Officer/Asst. Director – Education Skills & Culture	Concern over the Council's processes to prosecute non-school attendance	Assurance provided to the Complainant that Council processes in line with policy and the law.

Anti-Money Laundering Returns for 2022/23

17. Money laundering is the method by which cash or funds obtained illegally are passed or “laundered” through financial systems to disguise their criminal origin. The “laundered” funds can then be used for legitimate transactions that do not arouse suspicion. Where an officer suspects (or knows) that money laundering activity is taking place it must be reported to the Money Laundering Reporting Officer, who is the Monitoring Officer, and obtain advice and permission to continue the transaction.
18. For the period April 2022 to March 2023 there have been no reports made to the Money Laundering Reporting Officer.

OPTIONS CONSIDERED AND REASONS FOR RECOMMENDED OPTION

19. Not applicable – this report is primarily for noting.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

20.

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

RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS [Officer Initials...NC... Date...5/4/23]

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

FINANCIAL IMPLICATIONS

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

HUMAN RESOURCES IMPLICATIONS [Officer Initials RH Date 06.04.23]

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

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

EQUALITY IMPLICATIONS [Officer Initials...SRF... Date...01.04.23.]

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

BACKGROUND PAPERS

Whistleblowing Policy
Code of Conduct
Anti-Money Laundering Policy

REPORT AUTHOR & CONTRIBUTORS

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**Scott Fawcus
Monitoring Officer**

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Summary of Member Code of Conduct Complaints Received in 2022/23

Date received/ Ref.	Complainant(s)	Details of Allegation(s)	Outcome
DMBC Councillors			
12/4/22 DMBC1	Member of public	Complaint regarding a tweet made	Tweet was deleted by councillor. Advice given as to appropriate social media use.
9/5/22 DMBC2	Member of public	Failure to respond to correspondence in a timely fashion	Outside the code of conduct
30/9/22 DMBC3	Member of public	Using their position as a Member improperly, to their own or someone else's advantage or disadvantage	No evidence provided.
16/12/22 DMBC4	Member of the public	Failure to treat with respect in relation to telephone conversation with complainant	No breach of code. spoke with subject member
2/2/23 DMBC5	Member of the public	Failure to act with appropriate knowledge	This is not a breach of the code.
Parish & Town Councillors			
23/6/22 PC1/S	Town councillor	Swore at a council meeting	Town councillor apologised to the town council No further action
29/7/22	Member of public	Failure to declare an interest in relation to	Minor breach occurred. Was corrected

Summary of Member Code of Conduct Complaints Received in 2022/23

PC2/F		decisions taken	by both councillors and guidance provided
11/8/22 PC3/R	Parish councillor	Bullying & intimidation	Hearsay evidence only. No further action taken unless complaint received from victim. none received
25/8/22 PC4/A	Member of public	Failure to treat with respect Breach of confidentiality	Not within scope of the code of conduct
30/8/22 PC5/A	Member of public	Concern over facebook use	The actions complained about did not constitute a breach of the code
30/8/22 PC6/A	Member of public	Concern over facebook use	The actions complained about did not constitute a breach of the code Outside of scope of code also
5/9/22 PC7/H	Member of public	Failure to treat with respect	Actions described were carried out within a personal capacity so outside scope of the code of conduct
9/9/22 PC8/A	Member of public	Breach of confidentiality	No evidence provided
9/10/22 PC9/H	Member of public	Inappropriate use of social media	Advice given to subject media about appropriate use of social media & a reminder of their obligations in relation to the Code of Conduct
2/11/22 PC10/H	Town Councillor	Failure to correctly complete Register of Interests	Passed to correct agency to investigate – awaiting update
7/3/23 PC11/H	Member of public	Social media use	With IP

WHISTLEBLOWING POLICY



Revised October 2020

WHISTLE-BLOWING POLICY

1. Introduction

- 1.1 Doncaster Council is committed to the highest possible standards of openness, probity and accountability. We expect that elected members and officers at all levels will protect the Council and its resources and lead by example, ensuring high standards of personal conduct and adherence to the Council's policies, procedures and rules.
- 1.2 In line with this commitment, we encourage employees, workers, elected members, school governors, partners, service users and citizens with any concerns about any aspect of the Council's work to come forward and voice those concerns.
- 1.3 Decisions as to whether to raise your concerns can often be a difficult decision to make. This policy outlines the whistleblowing process for all parties.
- 1.4 We will take all appropriate measures to protect both clients, including children and vulnerable people, and public funds and to reduce the risk of an irregularity occurring from either internal or external sources. Whenever an irregularity of any description is detected it will be investigated and prosecution, disciplinary and recovery action will be taken as appropriate. The action we take will be influenced by the irregularity or concern raised.

2. Our aims

- 2.1 This Whistle-blowing Policy is intended to encourage and enable you to raise any concerns within the Council, without fear of reprisals, rather than overlooking a problem or blowing the whistle outside.
- 2.2 Whilst the term "whistle-blower" usually refers to an employee, we intend this policy to be used by anyone wishing to raise a concern.
- 2.3 This policy aims to:
 - Provide avenues for you to raise concerns and receive appropriate feedback on any action taken.
 - Allow you to take the matter further if you are dissatisfied with the Council's response.and
 - Reassure you that you will be protected from possible reprisals or victimisation for whistle blowing providing that you have a reasonable belief that you have made a disclosure in the public interest. (Please note that the Public Interest Disclosure Act 1998 allows for specific protection for employees and workers that whistle-blow. Whilst this act does not extend to other parties, we aim to reassure all those who raise concerns that we take reprisals and victimisation extremely seriously).

Revised October 2020

What concerns are covered?

2.4 Whistle-Blower or Complainant?

2.5 Whistleblowing is basically the act of reporting concerns of wrong-doing so that they may be investigated and acted upon. The term whistle-blower is typically reserved for employees that whistle blow about actual or suspected wrong-doing within their own organisation. This policy however, is intended to cover employees, elected members, partners, customers or citizens. A whistle blow however, is not the same as a complaint.

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

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

2.7 This whistle-blowing policy is intended to cover concerns and malpractice that fall outside the scope of other procedures such as something that –

- Is unlawful; or
- Is against the Council's Constitution or policies; or
- Falls below established standards or practice; or
- Amounts to improper conduct.

2.8 Examples of concerns and malpractice in this context may include:

- **Corruption or Bribery** - including offering or accepting a reward for performing or failing to perform an act which leads to a gain for the person offering the bribe.

E.g. the offering or acceptance, by any Council official or representative, of any incentive for them to do something that they should not such as make a decision contrary to policies or procedures, disclose information that they should not or provide or deny services contrary to policies or entitlements.

- **Theft** - the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possessions or their use.

E.g. the theft of asset / goods / stocks, misuse grants and public funds for purposes other than they were made available or theft of cash or equipment.

- **Fraud** – fraud is an act of deception intended for personal gain or to cause a loss to another party. The general criminal offence of fraud can include:

- deception whereby someone knowingly makes false representation in order to gain an advantage (this can include the intentional distortion of financial statements to conceal losses, mis-represent performance or conceal the misappropriation of assets)
- or they fail to disclose information for their own advantage
- or they abuse a position of trust for their own advantage

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E.g the dishonest completion of claim forms such as benefits or grants claims in order to secure a grant or benefits to which someone is not entitled. Dishonest completion of expenses claims or mileage claims, abuse of Council services for personal use, dishonest awards of contracts to family or friends, dishonest manipulation of performance information or targets to award pay increments or other incentives etc

- **Failure to observe, and breaches of, the law and statutory responsibilities** including;

- Dangerous procedures risking health and safety to the public and/or employees,
- Damage or the risk of damage to the environment by inappropriate, dishonest or negligent acts
- Abuse or bullying of clients including children and vulnerable people,
- Abuse of or a failure to properly protect children and vulnerable people by Council officers or members either through their action or inaction
- Failure to observe, or breaches of The Constitution, Scheme of Delegation, Contract Procedure Rules and Financial Procedure Rules or other policies
- Inappropriate use of council assets such as vehicles, machinery, computers or software licenses

2.9 Whilst the above examples are not exhaustive, it is clearly in the interest of all parties to identify any instances of these acts, deal with those responsible and take appropriate steps to prevent (where possible), such things from happening again. Whistleblowing concerns are always serious issues and will be treated as such.

2.10 **Examples of complaints and issues that fall outside of the whistleblowing policy are:**

- Employee grievances such as bullying or harassment
- Disputes over pay, bills, tenancies, leases etc (except where there are suspicions of wrong-doing)
- Dissatisfaction with a local or government policy
- Dissatisfaction with the quality or level of service received from the Council (except where it there are suspicions of wrong-doing)
- Dissatisfaction with a Council decision (except where there are suspicions of wrong-doing)

There are existing procedures in place to enable service users to complain through the

Council's Complaints Procedure

<http://www.doncaster.gov.uk/talktous/complaintsandcompliments/index.aspx>

The Grievance Policy / Procedure

This policy is for employees wishing to lodge a grievance relating to their own employment (Please note that this link will only work for employees accessing this information from the

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Council's intranet site. A copy of this policy is available from Human Resources or from your line manager if you cannot access this system)

<http://intranet.doncaster.gov.uk/directorates/finance-corporate-services/grievance>

2.11 **Dignity At Work Policy (Bullying and Harassment)**

This policy is for employees wishing to report bullying or harassment at work. (Please note that this link will only work for employees accessing this information from the Council's intranet site. A copy of this policy is available from Human Resources or from your line manager if you cannot access this system.)

<http://intranet.doncaster.gov.uk/directorates/finance-corporate-services/dignity-at-work>

- 2.12 **Modern Slavery** Modern slavery is the illegal exploitation of people for personal or commercial gain, often in conditions, which the victim cannot escape. Doncaster Council is committed to ensuring that this exploitation does not occur in any of the Council's activities and that staff and the public have the opportunity to report suspicions to the appropriate place. Staff or members of the public who suspect that modern slavery or human trafficking may be happening through any of the council's activities, particularly in service delivery via third parties, should contact one of the officers listed in section 7. More information and advice can be found on the government's website on modern slavery: <https://www.gov.uk/government/collections/modern-slavery>

3. Employee/Worker protection

- 3.1 Employees are often the first to realise that there may be something wrong within the Council. However, they may decide not to express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. This policy makes it clear that staff can report concerns without fear of reprisal. This policy is intended to encourage and enable staff to raise serious concerns within the council rather than overlooking a problem or blowing the whistle outside.
- 3.2 The Council's policy is reinforced by the Public Interest Disclosure Act 1998 and provides statutory protection to employees and workers making disclosures. Protections are afforded to employees and workers where they report a concern provided that they reasonably believe their claim is in the public interest. Employees and workers should not make a false or malicious allegation and not seek to gain personally from raising the concern. Action may be taken against those individuals that do.

4. Safeguards – Harassment and Victimisation

- 4.1 The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Council will not tolerate harassment or victimisation and will take action to protect you when you raise a concern in good faith.

5. Anonymous Allegations & Confidentiality

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- 5.1 Any concerns you raise will be treated seriously and confidentially and investigated as appropriate. During our investigations, we will treat any information you give us confidentially. However, whilst we endeavour to protect you, we also need to ensure that we fairly investigate the concern. This may mean that some of the details passed to us need to be passed on to the person being investigated in the interests of a fair investigation / hearing. In these instances, we may not be able to investigate your concerns without revealing some of the details you give us.
- 5.2 We will take all steps possible to protect your identity and confidentiality, where it is not possible to investigate the concerns without compromising this, we will discuss this with you first. If you request to remain anonymous, all efforts will be made to ensure this is respected and if at all possible, the Council, if requested, will not reveal its source.
- 5.3 We recognise that, despite any protections in place, you may want to raise your concerns anonymously. We strongly recommend that you include your name and contact details in any concerns raised. Concerns raised anonymously can be harder to investigate and without your details, it is impossible to ask you for further clarity or information. If you do wish to remain anonymous we will respect your wishes but it would be useful if you could provide us with a means of contact that does not reveal your identity that would allow us to obtain further information.
- 5.4 Any concerns raised anonymously will still be considered, but it may not be possible in all cases to investigate them.
- 5.5 The factors to be taken into account in determining whether to proceed with an anonymous allegation would include –
- The seriousness of the issues raised;
 - The credibility of the concern; and
 - The likelihood of confirming the allegation from attributable sources without your information / statements.

6. Untrue Allegations

- 6.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you.
- 6.2 If, however, you make malicious or vexatious allegations, legal or disciplinary action may be taken against you.

7. How to raise a concern

- 7.1 This depends on the nature of the concern and the seriousness and sensitivity of the issues involved and who it is thought to be involved in the malpractice. Whistleblowing is always a serious matter and whistleblowing routes should only be used to raise serious concerns. Please see section 3.4 for further information on the serious issues that should be raised under this policy.
- 7.2 Concerns are best raised as early as possible. The earlier you raise a concern, the easier it is to investigate and take action on. Early whistleblowing minimises the impact on the Council and its stakeholders.

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- 7.3 Although you are not expected to prove the truth of an allegation, you will need to demonstrate to the person contacted that there are sufficient grounds for your concern. We request that you do not investigate the concern yourself in any way as this can sometimes compromise any evidence that we need to examine in order to investigate and take appropriate action on any concerns.
- 7.4 Please use the details below to contact us about your concern. Please note that you may invite your trade union, professional association or representative to assist you in raising a concern.

Emergencies

If the concern relates to an immediate endangerment to life or to suspected terrorism you should contact the police by telephone on 999.

- 7.5 **Employee whistleblowing** should be raised within the Council with either;
- The Monitoring Officer, TheMonitoringOfficer@doncaster.gov.uk.
 - Head of Internal Audit,
 - Director of Corporate Resources,
 - The Assistant Director of Financial services,
 - The Assistant Director of Human Resources, Communications and Executive Office,
 - The Chief Executive,
- 7.6 Any concerns in writing should include as much detail as you are able to provide. Where possible, please set out the background and history of the concern, giving names, dates and places where possible, and the reason why you are particularly concerned about the situation. The more information you provide us with, the better we are able to assess your concerns and determine the right course of action.
- 7.7 If you do not feel able to put your concern in writing, you can telephone or email any of the officers above, or email: TheMonitoringOfficer@doncaster.gov.uk. You do not have to give your name if you do not want to
- 7.8 The Council is keen to encourage employees to raise concerns and an employee may speak in confidence to a whistleblowing support officer located in Human Resources (who will be allocated on request from the Assistant Director of Human Resources, Communications and Executive Office) who can provide advice and support, independent from any investigation or process.
- 7.9 **Elected members, school governors, service users, partners and citizens**
- 8.10 Concerns should be raised with either the Monitoring Officer, Head of Internal Audit, Director of Corporate Resources, or Chief Executive.

This can be by letter to:
Civic Office,
Waterdale,
DN1 3BU,

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Telephone (01302 736000) or by email.

- 8.11 Advice and guidance on how matters of concern may be pursued can be obtained from the same sources.

8. Concerns about safeguarding and the protection of vulnerable adults or children.

- 8.1 The Council takes seriously its responsibilities regarding the safeguarding of vulnerable adults and children. Any concerns relating to safeguard issues are likely to be dealt with via other policies and procedures.

8.2 Safeguarding concerns regarding children are dealt with by the ~~Doncaster Children's Trust~~ Children, Young People & Families Directorate.

8.3

~~8.2 . Any concerns raised regarding children's safeguarding will be shared with the Children's Trust and may be investigated by the Trust rather than the Council.~~

- 8.3 If you have concerns regarding abuse to vulnerable adults or children you may also contact the Safeguarding Adult and Children teams rather than using this policy. Information on raising such concerns has been linked to below.

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Adults –

<http://www.doncaster.gov.uk/services/adult-social-care/safeguarding-adults-contents-page>

Children –

<http://www.doncasterchildrenstrust.co.uk/reporting-concerns-about-a-child>

[Children's Services - Social Care and Safeguarding - Doncaster Council](#)

9. How the Council will respond

- 9.1 The action taken by the Council will depend on the nature of the concern. The matters raised may :
- Be investigated internally (you will be advised if it is considered that the matter falls within the grievance or complaints or another procedure - the decision whether it falls outside of the whistleblowing procedure will be done in consultation with the Monitoring Officer and Assistant Director of Human Resources, Communications and Executive Office).
 - Be referred to the Police
 - Be referred to the external Auditor
 - Form the subject of an independent inquiry
- 9.2 Where a concern is about fraud, theft, bribery or corruption, Internal Audit Services will be notified and involved / consulted in any subsequent investigation. Internal Audit are

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required by professional standards to maintain a register of any such concerns and the results of any investigations into them.

- 9.3 In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take and who should undertake it. Concerns or allegations that fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.
- 9.4 Some concerns may be resolved by agreed action without the need for investigation.
- 9.5 Providing that you have given us contact details, we will write to you within 20 working days :-
- Acknowledging that the concern has been received
 - Indicating how we propose to deal with the matter
 - Giving an estimate of how long it will take to provide a final response
 - Telling you whether any initial enquiries have been made, and
 - Telling you whether further investigations will take place, and if not, why not.
- 9.6 The amount of contact between those considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information originally provided. If necessary, further information / clarification will be sought from you.
- 9.7 When any meeting is arranged, you have the right, if you so wish, to be accompanied by a union or professional association representative or a representative who is not involved in the area of work to which the concern relates.
- 9.8 It is important for you, the whistle-blower, that concerns are properly reviewed and addressed. Whilst we must comply with relevant legislation including the Data Protection Act, we will keep you informed as to the outcome of any investigation. Please be aware that specific personal information relating to individuals cannot be released. This will include details of any action taken against individuals.

10. How the Matter can be Taken Further

- 10.1 This policy is intended to provide you with an avenue to raise concerns within the Council. The Council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points :
- An elected Member of the Council
 - The Council's external auditor
 - Relevant professional bodies or regulatory organisations
 - Your solicitor
 - The Police
 - Public Concern at Work
 - Trade Union/Professional Association
 - The Local Government Ombudsman
- 10.2 If you do take the matter outside the Council, you need to ensure that you do not disclose information that is privileged or confidential to the Council and if you are an employee, do not breach your obligations under the Council's Code of Conduct for Employees. Whilst all of the code is important, paragraph 15 - 15.2 concerning contact with the press and media is particularly relevant.

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Excerpt from the Code of Conduct for Employees - Contact with the Press and Media

15.1 The Council has a Head of Communications whose role is to deal with the press and media and offer advice and guidance to Directorates in the preparation of information and publicity for their services.

15.2 Unless specifically nominated and authorised by the Chief Executive or the Chief Officer of the Department concerned, employees are not permitted to give reports or speak to the press and media on matters relating to employment with the Council, Council business or decisions of the Council. Employees with this responsibility should guard themselves against declaring a view which is contrary to a position taken by the Council and which may be deemed to be critical of that decision.

- 10.3 To view the Code of Conduct for Employees click the following link (please note that this is only available to employees with access to the Council's intranet site. If you do not have access to this site, please contact your line manager for a copy of this code).-

<http://intranet.doncaster.gov.uk/directorates/finance-corporate-services/code-of-conduct-policy-procedure>

11. Officer Responsibility and Reporting to Monitoring Officer

- 11.1 The Responsible Officer, who is the Monitoring Officer, has overall responsibility for the maintenance and operation of this policy.
- 11.2 If a whistleblowing complaint is made to any officer other than the Monitoring Officer, they must provide the details on the Whistleblowing report form as soon as possible after the complaint has been made. Once the issue / concern has been dealt with they must inform the Monitoring Officer of the outcome.
- 11.3 If an officer considers a whistleblowing complaint falls outside of the whistleblowing procedure this decision must be taken in consultation with the Monitoring Officer and Assistant Director of Human Resources and Communications.
- 11.4 The Officer investigating the whistleblowing concern may contact the Monitoring Officer who will allocate a suitable officer to provide support and guidance on the process.
- 11.5 The Monitoring Officer will maintain a record of concerns raised and action taken in a form which does not endanger confidentiality and will report as necessary to the Council.
- 11.6 Where a concern is about fraud, theft, bribery or corruption, Internal Audit Services will be notified and involved / consulted in any subsequent investigation. Internal Audit is required by professional standards to maintain a register of any such concerns and the results of any investigations into them.

12. Evaluation

- 12.1 The success of this policy may be assessed by:
- The number of reported incidents of malpractice
 - Monitoring whether individuals feel able to report occurrences without fear or favour

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- 12.2 The Monitoring Officer presents an annual report to the Audit Committee detailing the whistleblowing complaints received in the year. A report is also produced by Internal Audit Services for the Audit Committee that details identified frauds and other corrupt activities uncovered. These reports can be accessed on the Council Chamber element of the website www.doncaster.gov.uk

13. Other related policies and procedures

- Anti-Fraud, Bribery and Corruption Framework
- Complaints Procedure
- Employee Code of Conduct
- Grievance Procedure
- Dignity at Work Procedure
- Members Code of Conduct

14. Communications and Publicity

- 14.1 Training on and awareness of this policy, for all employees, will be through one or more methods e.g. the Council's induction process, fraud awareness training, whistleblowing e-learning module, literature and team briefings.

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City of Doncaster Council

Report

Date: 27th April 2023

To: Chair and Members of the Audit Committee Board

Report Title: Production of the 2022-23 Draft Annual Governance Statement

Relevant Cabinet Member(s)	Wards Affected	Key Decision?
Ros Jones	N/a	No

EXECUTIVE SUMMARY

1. An annual review of the City of Doncaster Council's (the Council) governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS) are statutory requirements by virtue of the Accounts and Audit Regulations (England) 2015.
2. The council's governance arrangements in place during 2022-23 have been reviewed and an Annual Governance Statement has been drafted which shows our governance compliance
3. Due to the worsening economic outlook, the effects of the rising cost of living, and the task of transferring the delivery of children's social care services back to the Council, 2022–2023 has been a challenging year. Despite this, the City of Doncaster Council maintains good governance and a commitment to it, as shown in the draft AGS document (Appendix A), which demonstrates the following:
 - **1** key areas of improvement have been completed or have been effectively managed to the extent that they were no longer significant. (Pages 12)
 - **5** new significant issues arising from the 2022-23 review of effectiveness of the corporate governance arrangements (Page 6-9)
 - Updates on the **2** key areas identified during previous years that remain an issue in 2022-23 (Page 10).
4. Last year's AGS contained **3** significant issues and **1** of these have been effectively managed and removed them from the AGS. During this year's process we have identified **5** new areas of significant risks, and these have been added. This gives us a total of **7** key areas of focus on our current AGS, an

increase of 3 compared with last year.

5. Please note that this document is the draft AGS and some of the key actions to mitigate the weaknesses identified for 2022-23 will be reviewed; and may be improved upon before the production of the final AGS, which is anticipated to be presented in October 2023 to coincide with the City of Doncaster Council's Final Accounts.

EXEMPT REPORT

6. Not Applicable

RECOMMENDATIONS

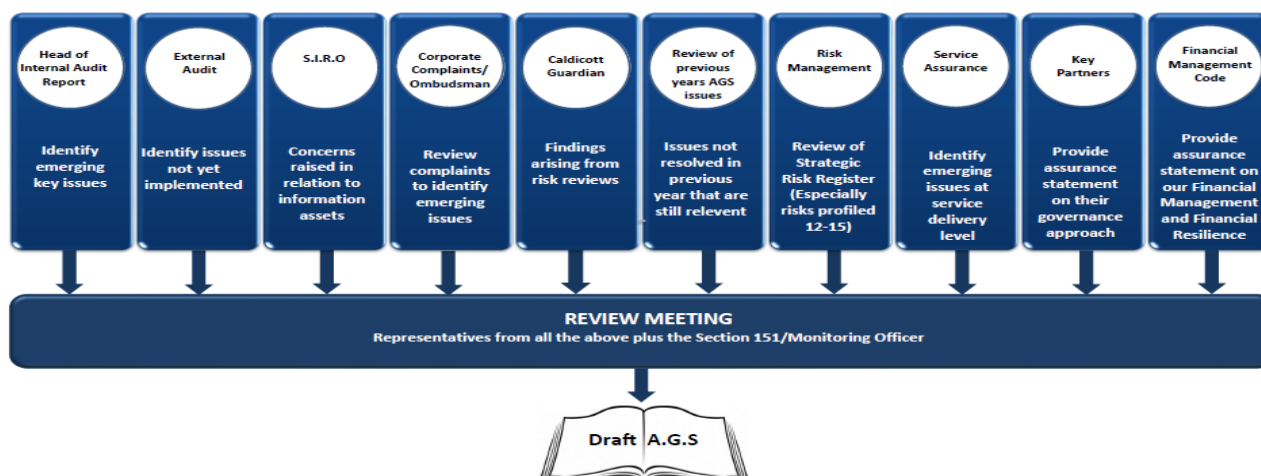
7. The Chair and Members of the Audit Committee are asked to the review and endorse the outline of the draft Annual Governance Statement:
 - Prior to it being published for consultation as part of the 2022-23 City of Doncaster Council Draft Accounts.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

9. The City of Doncaster Council is required to prepare, approve and publish an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations and professional accounting practice. The Council must ensure that there is good governance and a sound system of internal controls in place.
10. Our simplified process amalgamate a top down and bottom up approach, whilst still maintaining confidence in the process. This process was followed again this year and has helped sustain our continued commitment to embedding good governance and processes across the Council. Issues identified that make it onto the AGS are reviewed and updated as part of the quarterly resource management cycle and any items that start to be a concern are elevated to the Governance Group. This allows the Council to react to emerging issues and possibly prevent entry onto a future AGS.
11. Pentana continues to be used to record compliance and/or areas for development and to provide updates for the quarterly Resource Management process
12. A review meeting considers relevant information from a diverse range of internal and external sources, as identified in the diagram below. To strengthen this approach, we have now aligned the Financial Management Code assessment and the Financial Resilience Index assurance into this process, ensuring both are being considered earlier and as part of the same exercise. This meeting facilitates the top-down bottom-up approach that will produce the 2022-23 Annual Governance Statement from the emerging issues.



13. The AGS document is a valuable means of communication. It enables the Council to explain its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

OPTIONS CONSIDERED





14. Not Applicable





REASONS FOR RECOMMENDED OPTION

15. Not Applicable

IMPACT ON THE COUNCIL'S KEY OUTCOMES

16.

Great 8 Priority	Positive Overall	Mix of Positive & Negative	Trade-offs to consider – Negative overall	Neutral or No implications
 Tackling Climate Change				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
 Developing the skills to thrive in life and in work				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
 Making Doncaster the best place to do business and create good jobs				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
 Building opportunities for healthier, happier and longer lives for all				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				

 Creating safer, stronger, greener and cleaner communities where everyone belongs				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
 Nurturing a child and family-friendly borough				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
 Building Transport and digital connections fit for the future				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
 Promoting the borough and its cultural, sporting, and heritage opportunities				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
Fair & Inclusive				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				

17. Legal Implications [Officer Initials: SRF | Date: 03.04.23]

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

18. Financial Implications [Officer Initials: RI | Date: 03.04.2023]

There are no specific financial implications arising from this report. There may be financial implications relating to specific elements in the action plan but these will be highlighted in the relevant reports at the appropriate time.

19. Human Resources Implications [Officer Initials: DK | Date: 31.03.2023]

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

20. Technology Implications [Officer Initials: PW | Date: 31.03.2023]

There are no specific technology implications arising from this report. As outlined in the draft AGS, there is a significant issue around workforce recruitment and retention impacting upon Digital & ICT and other hotspot areas across the organisation. Data Quality in relation to MOSAIC and SYNERGY is identified as

another significant issue, with various identified actions, including a redesign and rebuild of Children's Social Care which is planned for go live at the beginning of April 23. A new EHCP software platform is also being progressed which should aid in reducing current capacity pressure by leveraging digital automation, supporting the issue in relation to SEND and Inclusion Inspection and Service Capacity.

RISKS AND ASSUMPTIONS

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

CONSULTATION

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

BACKGROUND PAPERS

23. CIPFA/ SOLACE delivering good governance in Local Government Framework Accounts and Audit Regulations (England) 2015.
Local Code of Corporate Governance 2022-23
2021-22 Annual Governance Statement
Annual Report of the Head of Internal Audit 2021-22

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

24. N/A

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City of
Doncaster
Council

DRAFT
**ANNUAL GOVERNANCE
STATEMENT
2022/23**

Introduction

This statement explains how City of Doncaster Council (the Council) has complied and meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 6 (b), which requires all relevant bodies to prepare an Annual Governance Statement.

Scope of responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law, and proper standards, that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements that ensure, secure and 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, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk whilst demonstrating a commitment to openness and acting in the public interest at all times.

The 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, as well as including policies that deal with whistleblowing and conflicts of interest, all of which are effectively communicated to relevant colleagues. A copy of the 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

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 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 Council's 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 controls 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 considers the period 1st April 2022 to 31st March 2023, it must also reflect any significant events or developments relating to the Council's governance system that have occurred between the year-end and the date on which the Statement of Accounts will be signed off (October 2023)

Financial Management Code

Strong financial management is an essential part of ensuring public sector finances are sustainable. The CIPFA Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and assurance that authorities are managing resources effectively. The FM Code identifies risks to financial sustainability and provides a framework of assurance, including the CIPFA Financial Resilience Index which is a comparative analytical tool that shows the council's position on a range of measures associated with financial risk.

Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The Council undertakes an annual assessment of compliance with the principles of the FM code and picks up any actions as part of quarterly performance management. This assessment has confirmed the Council's compliance, with some actions identified for further improvement which have been reported and agreed with management.

Our Governance Framework

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

The Council has effective arrangements 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, and information on key policies and procedures.

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

The purpose of the 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 the Council's governance, risk management, and control frameworks as well as overseeing the financial reporting and annual governance processes. It oversees both 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 and 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 (2019) and that the Internal Audit function operates to their relevant professional standards which are the United Kingdom Public Sector Internal Audit Standards. The Committee received this assurance independently last year through the External Quality Assessment carried out by the Head of Internal Audit from Rotherham Council who assessed Doncaster's Internal Audit team to be operating at the highest level of conformance with these standards. For this year that assurance is provided by a self assessments by the Head of Internal Audit;
- 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 low incidents of fraud and error area as set out in the annual fraud report. This was especially important this year again with the cost of living crisis heightening fraud risk and the conclusion of the post payment assurance checks over £112M of Business Support Grant payments from the Covid-19 pandemic demonstrating strong and effective controls with only 0.6% fraud and error rates;
- Ensuring the Council's surveillance policies are kept up to date and reviewing surveillance carried out by the Council;
- The committee has continued to be 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](https://www.doncaster.gov.uk)

Governance Group

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

Role of Internal and External Audit

The City of Doncaster Council has both internal and external auditors. Internal Audit and External Audit aim to co-ordinate their work to get best value from the resources available and aim to work closely together to achieve the Council's 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 review)
- audit specified grant claims required for various Government Departments

Grant Thornton was appointed as External Auditors and issued their Auditor's Annual Report on the findings from their Value for Money arrangements review in January 2023. There were no significant weaknesses in the Council's arrangements noted from their Value for Money work. This is consistent with the opinions provided in previous years. Internal Audit were able to provide a positive opinion in their annual report for 2022-23, which alongside the good value for money findings, indicates there are sound risk, governance, and control arrangements in place.

Overall, the Grant Thornton Annual Audit Report was an extremely positive one as it has been in previous years and with the "unqualified audit opinion", recognising the ongoing strong arrangements within 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.

The 2022/23 audit should start after the unaudited accounts have been published by 31st May 2023. Grant Thornton will conclude their audit of the accounts, their value for money review and present their Annual Audit Report to Audit Committee in time for the statutory deadline of 30th September 2023.

Our Approach to Risk Management

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

Managing the Council's risks effectively contributes to the delivery of the strategic and operational objectives of the authority. The 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

The 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 the Council's effectiveness is derived from two perspectives, corporate and service perspectives. The corporate perspective is taken from existing intelligence provided 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, financial resilience statement and complaints received are also reviewed. The service area perspective, including that of key partner organisations, is provided by each of the Council's Heads 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.

The Council has been advised on the implications of the result of the review of the effectiveness of the governance framework by its Executive Board and Audit Committee, and that these 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.

The Council's governance arrangements have continued to hold strong and its administration arrangements effective during these continued unprecedented times. The Council has maintained adherence to its Financial Procedure Rules and Contract Procedure Rules and other governance related procedures such as urgent decision making.

Effectiveness of arrangements and level of assurance

As the challenges of the Covid -19 Pandemic started to ease, the economic outlook worsened with the 'Cost of Living' crisis dominating most of the 2022-23 and we saw the impacts across the organisation with the increase in energy, fuel, material and service delivery. We also successfully transitioned the provision of children's social care services back into the Local Authority and continue to support this new service with governance and internal control arrangements. Throughout all this turmoil the Council's governance arrangements have yet again held strong and were effective, allowing it to be both flexible and confident in responding to emerging priorities and adapting to service delivery. The Council continues to follow CIPFA guidance incorporating the published updates for the production of the Annual Governance Statement. Again, despite the volatility of the 2022-23 year, the Council believes that it can give a reasonable and soundly based level of assurance over these conclusions.

Significant governance issues identified in 2022-23

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 2022-23 Annual Governance Statement process:

ISSUE: Workforce Recruitment and Retention Challenges

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. 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 provide value for money.

Specifically focussing on current and emerging recruitment and retention difficulties, skill shortages and hard to fill posts in hot spot areas across the organisation mainly Adults and Children's social care, in particular social workers, residential care officers, support workers; Digital and ICT technical analysts, Legal Officers, Highways Engineers and Street Scene Operatives, which need to be addressed.

Actions:

To be monitored and addressed through priority actions included in this year's workforce strategy 2023/24, specifically:

- Development and implementation of a Recruitment and Resourcing Policy, focusing on effective ways and resources available of recruiting people with the right skills and behaviours including the website, application forms, and access routes to ensure it is as easy as possible for all applicants.
- Career pathways and succession planning options across services to address turnover and retain experience, including the introduction of career graded posts to support attainment of qualifications and experience
- Talent management options to identify and fast track individual career progression and skills
- On-going development of existing staff with training and work experience
- Ensuring leadership development, learning, and training programmes meet current and future needs
- Increasing Apprenticeships both placements for work experience and for up-skilling
- Regular benchmarking to assess comparability (pay rates and roles)
- Recruitment campaigns including careers fairs to target specific roles and increase reach

Responsible Officer:

Debbie Hogg – Director of Corporate Resources

Jill Parker – Assistant Director, HR and Communications

Completion

Date:

March 2024

ISSUE: Data Quality

Information related mainly to social care contained within the MOSAIC case management system should be improved, in particular referencing that there have been some significant changes related to Children's Social Care linked to the forms and views within the system. This means a close to full rebuild of the reporting infrastructure in order to discharge our statutory duties and provide good information to the service.

To be clear this is an extraordinary situation and does not just cover the 'usual' data quality processes and routines that surround social care performance as a feature of good performance management. This is related to ensuring the MOSAIC system can be effective in capturing and reporting information to ensure good service performance in the aftermath of major changes in the system and reporting. It is also a critical part of the inspection process linked to Children's Social care and the information that will be needed as part of any future process. It is also worthy to note that inspections for Adult Social Care nationally are starting in 2023-24 and Doncaster may be selected to go through a process.

In addition, the SYNERGY system that records information linked to Education and Special Education Needs, and Disabilities (SEND) will be tested to ensure that information and reporting is effective in the delivery of performance of key service areas. There is an inconsistent use of the system that needs a systematic plan to support key areas to adopt, use and report from the system effectively.

Actions:

- Go Live Reporting Plan to support an April launch – This will allow the basics to be reported e.g., Annex A
- Post Go Live Reporting Plan to build out from the basics and restore the reporting infrastructure that is needed by Service Managers – this will allow the reporting catalogue to be built back up with key parts of information linked with performance and service need.
- Systems Review group set up to monitor requests and prioritise reporting/system developments
- Training programme of staff to support correct use of the system – a programme is ongoing in preparation of the new forms but there is a need for mop up and support through the early implementation period
- Statutory Returns delivered effectively for Adult and Children's Social Care from the Mosaic system
- Assessment of Synergy use and plan for improvement developed

Responsible Officer:

Debbie Hogg – Director of Corporate Resources

Lee Tillman – Assistant Director of Policy Insight & Change

Completion Date:

April 23
September 23

June 23
April 23

August 23
June 23

ISSUE: Assurance over Future Financial Sustainability of the Council and its Key Partners

As seen nationally, the Councils budget continues to be heavily impacted by cost pressures, including the impact of inflation, both pay and contract price inflation, for example energy costs. In addition, service pressures across the Council are being experienced, in particular for Children's Social Care due to an increase in the complexity of children presenting, market challenges and a range of factors which are impacting on the ability to deliver the budgeted savings. The current overspend forecast for 2022/23 is £8.3m.

Although the Council has sufficient reserves to fund the 2022/23 overspend, it recognises that this is not a sustainable solution, and at the same time reduces the one-off resources available for transforming services.

The pressures identified as part of the budget setting process are reflected in our 2023/24 Budget and Medium-term Financial Strategy (MTFS). However, to achieve a balanced budget for the three year period there are savings targets which will be especially challenging for delivery during the current cost of living crisis. 20% of the savings have been categorised as being the most difficult to deliver, the majority of which relate to Children's Social Care, due to the complexity of the savings and previous non-delivery track record. Additional and increasing pressures have also been identified, post the production of the budget proposals, which will need to be managed and incorporated into 2022/23 monitoring and future budgets, including the impact of the final employers pay agreement.

As a supplementary point, whilst we do not have a direct responsibility for the financial resilience of our key partners, we are inevitably drawn into understanding the specific business risks and supporting them either financially or to identify solutions to remain a going concern.

<p>Actions:</p> <p>Short horizon: We will continue to closely monitor and manage the impact of the cost pressures in 2023/24, maintaining specific focus on the key areas of risk including Children's Social Care and the delivery of specific budget savings.</p> <p>We will review current arrangements to deliver identified savings taking appropriate action where needed, including putting in place additional governance for the high-risk budget savings.</p> <p>We will also continue to focus on the main sources of income e.g. income from council tax and business rates.</p> <p>Responsible Officer:</p> <p>Debbie Hogg – Director of Corporate Resources</p> <p>Faye Tyas – Assistant Director of Finance</p>	<p>Completion Date:</p> <p>March 2024 (Overall March 2024 and ongoing)</p> <p>Review governance arrangements for high risk cost pressures and budget savings – End of April 2024</p>
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ISSUE: Doncaster Children's placement sufficiency

Children's placement sufficiency remains a significant financial, regulatory, and reputational challenge with children being placed in higher cost placements and complex children often placed at significant distance and at time in unregulated / unregistered settings. There has been significant financial investment across the last year spent to ensure all children have a placement, to develop local in-house provision and to uplift foster carer fees. However, this challenge is set to continue in the year ahead. Recruitment to key residential vacancies, including managers is challenging which limits the growth of Doncaster's in-house provision. There remains a focused programme of development, change and improvement in this area.

Actions:

Continued regular engagement with the market – an eye to the impact of the Regional Care Cooperatives.

Review of the White Rose framework effectiveness.

The review of the 3 internal frameworks

- 16 plus framework including updated regulations and market engagement
- Specialist provision to include lots for residential OOA education placements
- Short breaks review to increase personal care and prevent family breakdown

Engagement is currently underway with the market including review of sufficiency via JSNA

All frameworks to be recommissioned as flexible procurement systems taking into account indexation for cost of living and to be in place September 23.

Rebrand of In-house fostering recruitment and offer – to maximise in-house foster care recruitment

Developing a step down to fostering support package for children in residential.

Contract Monitoring and support to providers on a regular basis – quality assurance of unregulated / unregistered settings

Proud to Care campaign targeting residential practitioner recruitment to increase and improve recruitment and retention.

ADCS regional engagement through commissioning, workforce, and regional provider network.

Completion

Date:

March 2024

Responsible Officer:

Riana Nelson – Director of Children, Young People and Families

Rebecca Wall – Assistant Director Children's Social Care

ISSUE: Special Educational Needs and Disabilities (SEND) and Inclusion Inspection and Service Capacity

Doncaster is in the window for a SEND and Inclusion OfSTED inspection. There is a change in inspection framework and work is underway completing preparation and quality assurance. However, it should be noted that due to changes in governance, the partnership maturity is underdeveloped compared to previous years. It should be noted that demand for services, including Education and Health Care Plan (EHCP) assessments is higher than in previous years, whilst capacity is reduced and the provision landscape for special schools is at capacity, resulting in increased use of Out of Area Placements.

Actions:

- Preparation is well underway and governance arrangements to review and monitor are in place, with weekly senior oversight, including escalation across the Council and Health as required to Board level.
- A quality assurance panel has been introduced to consider options to better support children and young people better in mainstream school and utilising tuition services in the interim where possible to better enable a reintegration programme.
- Social, Emotional, Mental Health (SEMH) provision has been identified to support specific needs and reduce pressure on the system
- A review of alternative provision is underway.
- Temporary additional service capacity is being requested to enable reduction and better timeliness of EHCPs.

Responsible Officer:

Riana Nelson – Director of Children, Young People and Families

Leanne Hornsby – Assistant Director: Education, Skills, Culture and Heritage

Completion**Date:**

March 2024

An update on Key Improvement Areas previously identified that remain an issue in 2022-23

ISSUE: Doncaster Inspection of Local Authority Children's Services (ILACS)

Following an Ofsted inspection of children safeguarding services delivered by DCST where the overall outcome judgement has been 'Requires Improvement to be Good' a number of recommendations have been highlighted to bring about improvement at pace around some Children's Services and the governance over these services.

Actions:

A Post OFSTED Improvement Plan was submitted to OFSTED last year. The Improvement plan has moved forward with pace and is in the process of being reviewed and refined to show the progress made and impact delivered so far.

A Practice Improvement Board continues to oversee, track progress and reports to the Transformation and Improvement Group chaired by the Chief Executive.

Responsible Officer:

Riana Nelson – Director of Children, Young People and Families
Rebecca Wall – Assistant Director Children's Social Care

Completion

Date:

March 2024

ISSUE: Adult Social Care Market Sustainability

The Social Care Market nationally and locally remains fragile and challenged. There has been significant financial investment agreed through the fee setting process in Doncaster for 2023/ 24. This investment is welcome by the market and will be expected to deliver an outcome of increased capacity and quality outcomes for people. There remains a focused programme of development, change and improvement in this area.

Actions:

- Continued regular engagement with the market.
- Support via Proud to Care campaign, Social Care Academy, Workforce to increase and improve recruitment and retention.
- Regional engagement and planning with NHS and System Wide colleagues.
- Performance meetings with providers where pick up is lower than expected.
- Contract Monitoring and support to providers on a regular basis.
- ADASS regional engagement through commissioning, workforce and regional provider network.

Responsible Officers:

Phil Holmes – Director of Adults, Health & Wellbeing
Carolyn Nice – Assistant Directors Adults, Health & Wellbeing

Completion

Date:

March 2024

Statement of Commitment

We have been advised of the implications of the result of the 2022-23 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 the City of Doncaster Council:

Ros Jones
Mayor of Doncaster

Damian Allen
Chief Executive

Key Areas of Improvement from previous Statements that have been completed

Areas requiring improvement that have been identified in previous statements that have been effectively managed to the extent that they are no longer significant at this point in the 2022-23 Annual Governance Statement:

- ❖ **Transfer the provision of social care services to Doncaster Council** – Following the decision at Cabinet to transfer the provision of social care services to Doncaster Council and serve notice on the contract with Doncaster Children's Trust. We have quickly and successfully transitioned the Trust back into the Council. Aligned safeguarding services with education and early help services within the Council, implementing key governance, performance and monitoring arrangements. Steady progress is being made on the Improvement plan as we continue this next phase in the children's services journey.



**City of
Doncaster
Council**

Report

Date: 27th April 2023

To the Chair and Members of the AUDIT COMMITTEE

AUDIT COMMITTEE ANNUAL REPORT 2022/23

EXECUTIVE SUMMARY

1. The production of an annual report allows the Audit Committee to demonstrate it has fulfilled its terms of reference and share its achievements with the whole Council. The production of such a report also complies with current best practice for audit committees. This report asks Members to note and approve the draft Audit Committee Annual Report for 2022/23, attached to this report.
2. This Annual Report is a very encouraging report, recognising the positive outcomes achieved in an again challenging year, the positive assurance it has received over the Council's, risk, governance and control arrangements and notes the effective contribution made by the Audit Committee during the year.

EXEMPT REPORT

3. Not applicable, for information only.

RECOMMENDATION

4. The Audit Committee is asked to make comment on and consider for approval the attached Audit Committee Annual Report 2022/23 and for it to be suitably published.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

6. The Audit Committee is a key part of the governance arrangements of the Council. It is appropriate that the important work of the Committee is shared with the rest of the Council and other stakeholders. The draft Annual Report of the Audit Committee, attached at **Appendix 1** to this report, sets out key aspects of the work undertaken by the Committee during 2022/23.

OPTIONS CONSIDERED

7. Not applicable, for information only.

REASONS FOR RECOMMENDED OPTION

8. Not applicable, for information only.

9. Legal Implications [Officer Initials: SRF | Date: 31.03.23]

The Audit Committee is a key part of the Council's governance controls and the work it does contributes to the Council's overall responsibility to maintain an adequate and effective system of internal controls. Further specific legal advice can be provided on any matters arising as required.

10. Financial Implications [Officer Initials: SJT | Date: 31.03.23]

There are no identified financial implications arising from this report.

11. Human Resources Implications [Officer Initials: SH | Date: 29.03.23]

There are no HR implications associated with this report.

12. Technology Implications [Officer Initials: PW | Date: 29.03.23]

There are no identified technology implications arising from this report.

RISKS AND ASSUMPTIONS

13. The Audit Committee contributes to the effective management of risks. The ways in which it does this are summarised in the attached draft report.

CONSULTATION

14. This report consults with the Audit Committee over the production of an Annual Report.

BACKGROUND PAPERS

15. Various Audit Committee Reports from July 2022 to April 2023 Audit Committees.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

16. None.

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Annual Report of the Audit Committee 2022/23



Councillor Austen White
Chair of the Audit Committee, 2022/23

FOREWORD

I am pleased to present this report which demonstrates the contribution this Committee has made during 2022/23 to the achievement of good governance and internal control within the Council.

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.

It also maintains oversight of Internal and External audit, helping to ensure that efficient and effective assurance arrangements are in place.

In this respect, we have gained these assurances in these still continuing unprecedented times through the following reports / arrangements

External Audit

- We have continued to work well with our External Auditors, Grant Thornton, given the constraints of increasingly technical complex audit issues around property, plant and equipment valuations and also of pension funds together with other staffing issues highlighted within the Redmond Review. We were very pleased to yet again receive, an unqualified opinion on the Council's Statement of Accounts and the associated commentary over our Value for Money arrangements which was particularly reassuring.

Internal Audit

- A strong and positive opinion from the Head of Internal Audit in his Annual Report;
- A strong and positive Annual Preventing and Detecting Fraud and Error report indicating low level values and incidents of fraud. This remains particularly reassuring given the heightened risk of fraud in these difficult times. I was particularly pleased to note the outcome of the Business

Support Grant fraud checks disclosing only 0.6% of the £112M had been subject to fraud or error and over half of this has already been recovered which reflects very well on all the teams involved.

- continued lower level of overdue management actions due to several factors including the vigorous pursuit of outstanding management actions, a reduction in the number of recommendations being raised due to advisory and consultative work and high levels of substantial assurance opinions generating low levels of recommendations

Annual Governance Statement

- An overall strong and positive Annual Governance Statement but one which also highlights areas of concern.
- The Committee has been provided with regular updates in this key area which has helped maintain oversight of our key governance concerns.

Other Areas

- Improvement in risk, governance and control is also apparent in the continuing reduced number of unplanned reports presented to committee.

In addition to the formal reports presented to the Committee we have continued to have active engagement with the Head of Internal Audit and other senior officers during this period.

Where relevant, the Committee has made recommendations for action to address any deficiencies identified by or reported to the Audit Committee. The Committee continues to request officers to

attend Committee meetings during the year to provide additional information on particular areas of concern.

Where relevant, the Committee also makes recommendations for action to address any deficiencies identified by or reported to the Audit Committee. The Committee has requested officers to attend Committee meetings during the year to provide additional information on particular areas of concern.

A review of the effectiveness of the Audit Committee was carried out with positive outcomes. A further review and update of the Self-Assessment against best practice from CIPFA "Audit Committees / Practical Guidance for Local Authorities and Police 2022" also was positive.

“

I conclude this year's foreword in hoping that this committee continues to discharge its responsibilities and add value to the Council

”

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INTRODUCTION

This annual report on the work of the Council's Audit Committee shows:

- How the Audit Committee has fulfilled its terms of reference
- How the Council's arrangements comply with national guidance relating to audit committees
- How the Audit Committee has contributed to strengthening risk management, internal control and governance arrangements.

TERMS OF REFERENCE

During 2019, the Terms of Reference for the Audit Committee, were subject to a comprehensive review against guidance issued by Chartered Institute of Public Finance and Accountancy in 2018. The revisions adopted at the Annual Meeting of Council in May 2019 generally reflected terminology changes following auditing standards revisions. The new terms adopted still reflected local requirements with regard to discharging the role of the Standards Sub-Committee.

Some relatively minor changes for clarification were made to the Terms of Reference for the Audit Committee at the Annual Meeting of Council in May 2022.

The current Terms of Reference and more details about the responsibilities relating to Standards can be found on the Council's website.

COMMITTEE INFORMATION

The constitution and membership of the Audit Committee changed during the 2022/23 year.

Audit Committee Membership

The Committee has five elected members. At the start of the year, these were:



Councillor Austen White (Chair)
Councillor Glenn Bluff (Vice Chair)
Councillor Barry Johnson
Councillor Sophie Liu
Councillor David Shaw

Following the committee appointment process in May 2022, Councillor John Healy replaced Councillor Sophie Liu. The following are the current five elected members:



Councillor Austen White (Chair)
Councillor Glenn Bluff (Vice Chair)
Councillor John Healy
Councillor Barry Johnson
Councillor David Shaw

The Committee has one independent co-opted member with non-voting rights serving on the Audit Committee, Doctor Stuart Green who replaced Kathryn Smart in May 2022.

Audit Committee Meetings

The Committee has met on four occasions during the year:



28th July 2022
27th October 2022
26th January 2023
27th April 2023

This frequency of meetings is agreed to ensure the Audit Committee can fulfil its responsibilities in an efficient and effective way.

The committee timetable has run broadly to pre-pandemic timings with the exception to this being the approval of the 2021/22 Statement of Accounts and to recommend the adoption of the 2021/22 Annual Governance Statement.

This was done at the October 2022 meeting of the Audit Committee making this meeting particularly important in the committee fulfilling one of its key responsibilities.

Various other reports are fundamental to the Audit Committee, including:



- Internal and External Audit Plans for the year.
- The External Auditor's Annual Audit Letter.
- The Head of Internal Audit's Annual Report.

The Audit Committee has fulfilled its mandatory obligations during 2022/23.

COMMITTEE ACHIEVMENTS

A list of the reports considered by the Audit Committee can be found in **Appendix A**.

The main outcomes of the Committee's work in relation to its core functions and discharging its terms of reference can be summarised as follows:

Internal Audit

The Audit Committee:

- Received and considered the 2022/23 Annual Report of the Head of Internal Audit, which included his opinion on the Council's Risk, Governance and control arrangements.
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress in delivering the planned work and summaries of reports issued and approved any necessary changes to the plan as a result of new and emerging risks and special investigations. The reports also provided monitoring information on the implementation of agreed audit recommendations.
- Received and considered the Counter Fraud Report
- Continued to provide support to the Internal Audit Team to ensure management was responsive to agreed actions arising from audit recommendations.
- Agreed the Internal Audit Annual Plan for 2022/23.
- The positive assurance from these reports were particularly helpful in this year again where the Council's risk governance and control arrangements continued to be put to such tests.

External Audit

The Audit Committee:

- Received and considered reports on the External Auditor's progress and sector update.
- Received and considered a report over Arrangements for the Appointing of External Auditors.

- Received and considered report to Those Charged with Governance (ISA 260 Report) 2021/22.
- Received and considered the Auditor Annual Report 2021/22
- Received and considered report covering the Audit Plan 2022/23
- Received and considered progress reports and sector updates
- Continued to provide support to the External Auditors to ensure management was responsive to recommendations made and agreed.

The positive assurance from these reports was also welcome given the financial challenges faced by this and other Local Authorities and the commentary over our Value for Money arrangements was particularly reassuring in this respect.

Regulatory Framework and Ethical Governance

The Audit Committee has:

- Considered and noted the Audit Committee Prospectus, Terms of Reference and Work Programme.
- Noted and approved the Annual Report of the Audit Committee.
- Overseen the production of and recommended the adoption of the Annual Governance Statement.
- Received reports on Compliance with the Council's Contract Procedure Rules, including breaches and waivers of these Rules.
- Received and considered the Preventing and Detecting Fraud and Error Report for the Council.
- Received regular reports on surveillance conducted by the Council under the Regulation of Investigatory Powers Act 2000.
- Considered and noted the Annual report of the Monitoring Officer.
- Received and considered a report on the Councils Performance Management Framework.

Core Function - Accounts

The Audit Committee has:

- Received reports on the Statement of Accounts and accounting policies used to prepare the accounts.
- Approved the Statement of Accounts by the Section 151 Officer
- Received and considered reports from the External Auditor on the Statement of Accounts.

Other Issues

The Audit Committee also considered reports on the following specific issues which arose in the period:

- Progress Reports on North Bridge Stores Transformation Project

Compliance with Best Practice

In March 2023, a self-assessment was carried out against checklists from the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance "Audit Committees / Practical Guidance for Local Authorities and Police 2022 Edition."

This identified the committee was generally operating to best practice with minimal actions to develop the committee further. These are set out in Appendix B

All audit committee meetings have been held in person in our Council Chamber again this year whereas the training and updates sessions which are provided to the Audit Committee have been maintained virtually. The training and update sessions were based around the agenda items being considered at the forthcoming committee meeting so members had an understanding of the background to these areas. Topics included:

- Accounts Preparations and Training/Awareness on the Statement of Accounts

- Preparation of the Draft Annual Governance Statement
- Work of the Internal Audit Team
- Work of the Strategic Procurement team and Contract Procedure Rules.
- Self-assessment against best practice for audit committees
- Internal Audit Planning 2022/23
- Head of Internal Audit Opinion for 2021/22
- Governance Updates
- Additionally, there has been regular attendance by the Chair at Yorkshire & Humberside Audit Committee Chairs Forum



AUDIT COMMITTEE ACTIVITY – 2022/23

Appendix A

Agenda Item	July 2022	Oct 2022	Jan 2023	Apr 2023
Audit Committee Actions Log	Received	Received	Received	Received
External Auditor (Grant Thornton) Audit Plan 2021/22 and Arrangements for the preparation of the 2021/22 Accounts	Received			
Unaudited Statement of Accounts 2021/22	Received			
Audit Committee Prospectus, Terms of Reference and Work programme 2022/23	Received			
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update	Received		Received	
Internal Audit Progress Report	Received	Received	Received	
Progress Report on North Bridge Stores Transformation Project	Received	Received		
The Council's Performance Management Framework		Received		
Breaches and Waivers to the Council's Contract Procedural Rules		Received		Received
Statement of Accounts and Annual Governance Statement 2021/22 – Draft ISA 260 Report to Those Charged With Governance		Received		
Preventing and Detecting Fraud and Error: October 2021 to September 2022			Received	
External Auditor (Grant Thornton) Auditor Annual Report 2021/22			Received	
Arrangements for the Appointing of External Auditors			Received	
Annual Report of the Monitoring Officer 2021/22				Received
Draft Annual Governance Statement 2022/23				Received
Audit Committee Annual Report 2022/23				Received
Annual Report of the Head of Internal Audit 2022/23				Received
Counter Fraud Activity Report				Received
Internal Audit Plan 2023/24				Received
External Auditor (Grant Thornton) Audit Plan 2022/23 and Arrangements for the preparation of the 2022/23 Accounts				Received
External Auditor (Grant Thornton) Audit Committee Progress Report and Sector Update				Received

City of Doncaster Council – Audit Committee Improvement Plan

Ref	Finding	Agreed Action	Timescale
1.	Terms of Reference Review The Audit Committee's Terms of Reference require some slight updates in line with the CIPFA 2022 Guidance on Audit Committees.	The Audit Committees Terms of Reference will be updated in line with the CIPFA 2022 Guidance on Audit Committees for approval at full Annual Council	19 th May, 2023
2.	Evaluation of Knowledge, Skills and Training Needs of Audit Committee Members The last evaluation of Audit Committee Members Knowledge, Skills and Training needs was undertaken approximately 2 years ago. The CIPFA 2022 guidance for Audit Committees recommends such an evaluation be carried out within a 2 year period.	An evaluation of Audit Committee Members Knowledge, Skills and Training Needs will be carried out after committee membership is confirmed at Full Annual Council in May 2023.	31 st July, 2023
3.	Composition of the Audit Committee Attendance at Audit Committee Meetings has been lower than previous years, which has resulted in concerns regarding meetings consistently being quorate.	Options to address this issue will be explored as part of the annual appointments process for Full Annual Council in May 2023.	19 th May, 2023



**City of
Doncaster
Council**

Report

Date: 27th April 2023

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

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2022/23

EXECUTIVE SUMMARY

1. This report provides information on the work of Internal Audit during 2022/23, as set out in Appendix 1, including the Head of Internal Audit's overall opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. This report also supports the annual review of the Council's governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS).
2. The critical overall factor to be considered is whether there has been sufficient work done directly by the team or utilising other sources of assurance to be able to form a view on the Council's governance, risk management and control arrangements as required by the audit standards. As noted elsewhere in the report, despite the challenges and changes to work undertaken by the team, the Head of Internal Audit has confirmed sufficient work has been carried out to be able to form such an opinion.
3. On the basis of the reasons set out and covered in detail within the report, the Head of Internal Audit considers that the Council's governance, risk management and control arrangements for 2022/23 were adequate and operated effectively during the year.

Implementation of Agreed Management Actions arising from Audit Recommendations

4. There are only 6 actions overdue across the authority. Arrangements to follow up on agreed management actions are considered effective and the authority is in a strong position regarding the very low number of overdue actions.

Areas of Concern

5. Our work this year has not identified any specific areas or services to be considered for inclusion in the Council's Annual Governance Statement.

EXEMPT REPORT

6. Not applicable, for information only.

RECOMMENDATIONS

7. The Audit Committee is asked:
- To note the Internal Audit Annual Report for 2022/23, including confirmation that the Council's governance, risk management and control arrangements were adequate and operated effectively during the year.
 - To note the Head of Internal Audit's self-assessment that the service is compliant with the Public Sector Internal Audit Standards, maintaining the outcome from the External Quality Assessment carried out during the 2021/22 year which confirmed the highest level of conformance with the relevant public sector internal audit standards.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

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

OPTIONS CONSIDERED

10. Not applicable - for information only.

REASONS FOR RECOMMENDED OPTION

11. Not applicable - for information only.

12. **Legal Implications [Officer Initials: SRF | Date: 31.03.23]**

The Council must provide an adequate and effective internal audit in order to comply with the requirements of the Accounts and Audit Regulations 2015.

13. **Financial Implications [Officer Initials: SJT | Date: 31.03.23]**

There are no specific financial implications associated with this report. The budget for the service has been reviewed and is not expected to be a pressure on the Council's overall financial position.

14. **Human Resources Implications [Officer Initials: SH | Date: 29.03.23]**

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

15. **Technology Implications [Officer Initials: PW | Date: 29.03.23]**

There are no specific technology implications associated with this report.

RISKS AND ASSUMPTIONS

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

CONSULTATION

17. There is consultation with managers at the outset, throughout and at the conclusion of individual audits in order to ensure that the work undertaken and findings are relevant to the risks identified and are accurate.

BACKGROUND PAPERS

18. United Kingdom Public Sector Internal Audit Standards, audit working files and management information, customer satisfaction responses.
Annual Preventing and Detecting Fraud and Error October 2021 to September 2022
LGA Peer Review of Doncaster Council 2022
External Auditor (Grant Thornton) Auditor Annual Report 2021/22
Counter Fraud Activity Report April 2023
Draft Annual Governance Statement 2022/23
Audit Committee Annual Report 2022/23
CIPFA Financial Management Code
Code of Audit Practice - National Audit Office (NAO)
Breaches and Waivers to the Council's Contract Procedural Rules
Finance and Performance Reports 2022/23

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

19. CIPFA – Chartered Institute of Public Finance and Accountancy
LGA – Local Government Association
NAO – National Audit Office

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Peter Jackson FCCA
Head of Internal Audit

ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2022/23

1. Purpose of the report

- 1.1 The report has been prepared by the Council's Head of Internal Audit. The aim of the report is to provide information on the role of Internal Audit and the work undertaken during the past year, and to support the statement prepared by the Head of Internal Audit providing his opinion on the Council's Risk, Governance, and Control arrangements.
- 1.2 This report also supports the annual review of the Council's governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS).

2. Introduction

- 2.1 During 2022/23 Internal Audit have continued to undertake Covid-19 associated work, most notably in the area of Business Support Grants post payment checks and other Covid grant payments. However, there has been an increased move back to business as usual and Covid-19 work is only anticipated to form a minor aspect of the 2023/24 plan.
- 2.2 It is not the intention of this report to give a detailed summary of each of the audits that have been undertaken during the year but to provide a broad review of the work of the service, which alongside other arrangements culminates in the issuing of an annual opinion on the Council's risk, governance and control arrangements.

3. Legislation Surrounding Internal Audit

- 3.1 Internal Audit is a statutory requirement for all local authorities in accordance with Section 151 of the Local Government Act 1972 and the Accounts and Audit [England] Regulations 2015. The main intention of these statutes is that every authority shall have arrangements for the proper administration of its financial affairs.
- 3.2 The Accounts and Audit Regulations 2015 require councils to maintain an effective internal audit.
- 3.3 It is a requirement of the United Kingdom Public Sector Internal Audit Standards (UKPSIAS) that an annual report is produced by the Head of Internal Audit on the work undertaken by the Internal Audit Service. These standards require the Head of Internal Audit to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

4. Reviewing the ServiceInternal Audit Resources

- 4.1 Internal Audit had an establishment of 9.6 full time equivalent employees which is slightly higher than the previous year
- 4.2 These resources also provide a long standing Internal Audit service to St Leger Homes throughout the year for which the service receives a fee. These resources covered additional demands in understanding audit needs from incoming services from the former Doncaster Children's Services Trust and any work resulting from that assessment and further emerging issues. Additionally, the team implemented a pre-

planned major upgrade to its Audit and Management software which used a significant amount of resources but future benefit will be gained from the time invested in the project.

- 4.3 A careful approach to risk based planning and robust performance management of our resources has been essential given the level of available resources. It is the opinion of the Head of Internal Audit that sufficient work was delivered to provide an adequate level of assurance about the Council's risk, governance and control arrangements for the 2022/23 year to those responsible for governance which includes the Audit Committee, Chief Executive, Management Team and Chief Financial Officer.

Audit Work Undertaken

- 4.4 The service delivered less assurance work than envisaged due to other demands including the incoming services from the former Doncaster Children's Services Trust.
- 4.5 Whilst the team have delivered a different workload to that planned, the number of chargeable days has been largely maintained.

The key points are that:

- Whilst less traditional assurance work has been undertaken, other work carried out by the team, including the high volume of post assurance payments checks has gained assurance over, as well as contributing to, risk, governance and control arrangements.
- The volume of work delivered has been largely maintained and covered a sufficient width and breadth of the Council's arrangements on a risk prioritised basis including the incoming services from the former Doncaster Children's Services Trust.
- Accordingly, the Head of Internal Audit is able to provide a full unqualified opinion over these arrangements

- 4.6 Further detail on the work delivered and assurances gained are set out further within this report

Implementation of Agreed Management Actions arising from Audit Recommendations

- 4.7 A relatively low number of new actions being raised has continued this year for the following reasons:
- Internal Audit and Directorate Management have continued the practice of rigorously pursuing the completion of all actions.
 - A significantly increased amount of work undertaken has resulted in substantial assurance opinions being given.
 - Higher levels of advisory and investigative work.
 - Further work has continued to be done this year in checking Business Support Grants post payment checks and other Covid grant payments
- 4.8 A review of this area covering the last five years does identify that good progress is being maintained in overall terms. Whilst there have been historically problematic times, the situation is very much under control. Further commentary is set out below.

Directorate	Number of high risk level management actions overdue					Number of medium / lower risk level management actions overdue				
	At 19 Mar 19	At 10 Mar 20	At 11 Apr 21	At 11 Apr 22	At 13 Mar 23	At 19 Mar 19	At 10 Mar 20	At 11 Apr 21	At 11 Apr 22	At 13 Mar 23
Adults, Health and Wellbeing	4	1	0	0	0	30	0	3	0	0
Economy & Environment	0	3	4	1	0	9	10	31	8	3
Corporate Resources	0	0	0	0	0	3	7	12	0	3
Children, Young People and Families	0	0	0	0	0	3	0	0	0	0
Public Health	0	0	0	0	0	0	0	0	0	0
TOTAL	4	4	4	1	0	45	17	46	8	6

- 4.9 There have been no areas of concern regarding overdue management actions to highlight in this report during the 2022/23 year. There are a number of overdue actions for schools which are covered further in this report. Reporting on these numbers within the table above is not considered helpful as the risk levels relate just to the individual school and these audits always result in large numbers of actions and so they would heavily distort the information being provided.
- 4.10 Any individual high risk level management actions that are not implemented in line with agreed timescales are reported as part of the Council's quarterly Performance Management Framework, as well as being routinely reported to Audit Committee. Additionally, regular reports are provided to Directorate Management teams and to the relevant Assistant Director who must also authorise any time extensions requested by their managers. This has also been further refined following concerns raised by the Audit Committee to that when it is clear that implementation of actions is proving problematic then future date revisions will be approved by the Director and escalated to the Chief Executive when necessary.
- 4.11 In summary, arrangements to follow up on agreed management actions are considered effective and the authority is in a strong position regarding the very low number of overdue actions.

Performance Indicators

4.12 The indicators are shown below along with current performance for the year April 2022 to March 2023.

Performance Indicator	Target	April to March	Variance
Draft reports issued within 15 days of field work being completed	90%	100%	10%
Final reports issued within 5 days of customer response	90%	100%	10%
% of critical or major recommendations agreed	100%	100%	-
Percentage of Customer Satisfaction Surveys rated Satisfactory or above	90%	100%	+10%
Significant changes to planned work of the team reported to Audit Committee	100%	100%	-

- 4.13 Planned work completed has not been reported for the last three years as it has been concluded that this is not a relevant indicator when plan should be being revised to reflect new and emerging risks and demands which have certainly been experienced in these years. The table above identifies the plan changes have been made throughout the year reflecting such new and emerging risks including those incoming services from the former Doncaster Children's Services Trust.
- 4.14 Regional and national discussions have suggested more meaningful information is around a qualitative assessment of the work delivered by the team and the impact it has had on the organisation rather than a quantitative assessment around an annual plan drafted whilst still in a volatile environment and ever evolving organisational needs. With this in mind, a comprehensive pulse survey was carried out in the summer of 2021. The outcomes from the Internal Audit Pulse Survey were extremely positive with an 86% response rate providing strong ratings on the 5 key questions asked as well as very positive comments. Whilst this survey has not been rerun in the 2022/23 year, comfort can still be taken from this feedback. Regional, national and professional networks will continue to be attended and contributed to with any meaningful indicators being considered for future reporting.
- 4.15 Results relating to high risk rated recommendations remain very positive. Internal audit reports have all been issued within target timescales under our control. This has been aided by the lesser amounts of reports issued.
- 4.16 At the end of every completed audit, clients are asked to feedback their rating of the auditor's performance. It should be noted that we have continued to receive very few customer feedback responses to date and being conscious of management workloads and capacity, we have not pressed this matter. Our auditing software package will allow better monitoring of responses, so we can review the effectiveness and take corrective action.
- 4.17 The critical overall factor to be considered is whether there has been sufficient work done directly by the team or utilising other sources of assurance to be able to form a

view on the Council's governance, risk management and control arrangements as required by the audit standards.

- 4.18 As noted elsewhere in this report, despite the challenges and changes to work undertaken by the team the Head of Internal Audit has confirmed sufficient work has been carried out to be able to form such an opinion.

Compliance with the Public Sector Internal Audit Standards (PSIAS)

- 4.19 The Head of Internal Audit is required to report on Internal Audit's compliance with the internal audit standards. Basic requirements for this are as follows:

- The Head of Internal Audit periodically reviews the internal audit charter and strategy and presents it to senior management and the Audit Committee for approval. A revised Charter and Strategy was approved at the October 2021 Audit Committee and reflects both strategic and operational changes as a result of the COVID-19 pandemic and other developmental areas. The charter and strategy were considered to still be up to date for the 2022/23 year and a light touch review of these is anticipated during the 2023/24 year.
- The Internal Audit service is organisationally independent.
- There is a Quality Assurance and Improvement Programme (QAIP), the results of which are reported to senior management and the Audit Committee.
- There is an external assessment of the service conducted every five years. Rotherham's Council's Internal Audit Service reviewed our compliance with the Standards during 2021/22 (see below).
- All instances of non-compliance with the UKPSIAS are reported to the Audit Committee.

- 4.20 The Head of Internal Audit has undertaken a self-assessment as required by the standards. He has concluded that Internal Audit is compliant with the requirements of the standards, that audit standards have been maintained and that the Service has continued to develop in line with standards and the expectation of Internal Audit enhancing and protecting organisational value. This is consistent with the conclusion of the External Quality Assessment below.

External Quality Assessment

- 4.21 Auditing standards require an external assessment of the Internal Audit service to be conducted at least once every five years. In late 2021, Internal Audit was reviewed by the Head of Internal Audit from Rotherham Council. A separate report was produced following the External Quality Assessment and this was reported to the Audit Committee at its meeting on 26th January 2022.
- 4.22 The assessment confirmed that Doncaster's Internal Audit meets the highest of the three possible ratings within the standards, i.e. that the service "Generally Conforms" with the standards.
- 4.23 This is an important assessment as it enables the Audit Committee and other key stakeholders to have confidence that the annual opinion of the Head of Internal Audit is supported by a professional and competent service and is evidence based. It provides stakeholders with the reassurance that they can place reliance on the quality of the work that Internal Audit delivers. This complemented the internal feedback from

the “Pulse Survey” carried out in summer 2021 demonstrating very high levels of customer satisfaction with the service.

- 4.24 Four minor recommendations were made, one of which was to report upon the improvement plan that was already in place from the Head of Internal Audit’s self-assessments. Actions and progress will be reported in the July 2023 Internal Audit Progress report

Quality Assurance Improvement Programme

- 4.25 This year’s quality assurance improvement programme included:

- A sample of jobs has been reviewed as part of the External Quality Assessment and this showed continuing substantial compliance with the audit standards.
- A review of the sections arrangements to meet the standards was carried out against a checklist in the Local Government Application Note and this confirmed the team was still operating in a compliant manner with the standards.
- A review of the staffing resource within the team is ongoing to ensure the team continue to meet the requirements of the audit standards and the expectations of the Council, and represents good value for money.

5. Summary of Findings from Audit Reviews

- 5.1 Internal Audit provides an ‘opinion’ on the control environment for all systems which are examined. The 4 level assurance model, which has been used for several years, is in line with recommendations made by the CIPFA Internal Audit Special Interest Group and our definitions reflects those recommended. A “limited” or “no assurance” opinion is generally given where one or more high level risks are identified in the area under examination.
- 5.2 Full information on Internal Audit work completed and outcomes is included in our regular progress reports to the Audit Committee. During 2022/23, the large majority of areas audited received positive audit opinions. Summary details are provided below (para 5.4 onwards) for areas where significant weaknesses were found and reported.

Items for Inclusion with the Annual Governance Statement

- 5.3 Our work this year has not highlighted any specific areas or services to be considered for inclusion in the Council’s Annual Governance Statement.

Other Areas of Significant Concern

- 5.4 The following areas of work are where limited / no assurance opinions were given:

North Bridge Stores

- 5.5 This area was given a “no assurance” rating at the end of our review in the 2020/21 year where stock management of PPE had exposed previous weaknesses highlighted by previous internal audits.
- 5.6 Regular update reports have been brought to the Audit Committee throughout 2021/22 and 2022/23. These reports have highlighted the following:-
- Improvement in stock counting arrangements
 - Tidier and better organised stores
 - Clearer Standard Operating Procedures (SOPs)
 - Improved understanding of roles and responsibilities and better housekeeping

- 5.7 Work continues with the programme but has been delayed due to difficulties appointing to the Stores Manager position. At the earliest appropriate opportunity in 2023/24 a full audit review will be undertaken.

Commercial Properties Income

- 5.8 This area was given a “limited assurance” rating early 2023 as it could not be verified that all income due had been billed, and billed accurately. This is a recurring issue which was first identified and reported in 2017 when it was agreed that regular reconciliations of income due to income billed would be undertaken. Audit follow up work in 2019 identified that these reconciliations had not been completed. The first full reconciliation was subsequently completed, although obtaining the correct data for the reconciliation to be completed was found to be problematic. No further reconciliations have been completed since.
- 5.9 In February 2023 it was agreed that a full reconciliation would be completed and work is underway to facilitate this process. Whilst this reconciliation exercise is underway, further work is being undertaken to try to make the reconciliation process less cumbersome for future reconciliations to be carried out.
- 5.10 We are monitoring the situation and will provide an update in the next quarterly report, when the reconciliation should have been completed.

6. Key Audit Work Undertaken During the Year

Main Financial Systems

- 6.1 As part of the annual audit plan, Internal Audit would normally undertake a programme of reviews that covers the main financial systems of the Council. Internal Audit work in these areas is utilised to a much lesser degree than historically by the External Auditor. The decision was made early in the 2022/23 financial year to carry out risk assessments covering all these systems and only undertake audits where the risk assessment identified an audit was required. Further assessments undertaken as part of the 2023/24 planning exercise confirmed a continuing lower level of coverage with the short and medium term intention to continue developing these audits to be more data driven addressing weaknesses and giving assurance on specific processes within the systems themselves on potentially a real time basis.
- 6.2 We have given positive assurances about the control arrangements in the Council's main financial systems and around arrangements managing the risk of fraud and corruption for the work completed to date. There are no areas of concerns identified in any ongoing work.

ICT Work

- 6.3 We engaged the expertise of another local authority's ICT Internal Audit Team in early 2020 who have over forty other public body clients. They carried out a detailed risk assessment over our ICT risks from which an audit needs assessment was generated. In the fast developing arena of ICT we considered it prudent for that assessment to be reviewed again which it was in December 2020. This was carried out again in December 2021 and this positive assessment of our ICT arrangements is an important assurance in this key risk area. Accordingly the assessment will be undertaken again in early 2023/24 and further audit work is expected to be identified

Schools

6.4 School audit coverage in recent years has been low due to higher priority work being undertaken. A fraud investigation took place at a local Primary school in 2020/21 and this resulted in Internal Audit undertaking a small programme of school audits for 2022/23. In order to do so, there was a full revision of the school internal audit programme to ensure it covered all relevant and up to date areas to enable us to add value and provide an assurance over the governance and financial arrangements in operation at the schools. The schools visited this year were selected from our own risk assessments and utilising insight from other Council Teams that work with schools.

6.5 Reviews have been carried out at three schools to assess the adequacy of both governance and financial arrangements. Two schools were given reasonable assurance opinions and the other, limited assurance. School 4 is the Primary school subject to the fraud investigation referred to above. The status of the agreed actions is set out below. The high number of overdue management actions is recognised and escalations have taken place within the schools and Council management.

School	Assurance Opinion	Total Number of Issues Raised			Number of Management Action Overdue as at 16/03/23			Number of Management Actions Not Yet Due		
		High	Medium	Low	High	Medium	Low	High	Medium	Low
School 1 -	Reasonable Assurance	9	13	1	7	10	0	0	0	0
School 2 –	Limited Assurance	10	13	1	1	4	0	0	0	0
School 3 –	Reasonable Assurance	13	5	1	8	1	0	0	0	0
School 4	N/A Investigation	31	14	3	1	3	0	0	0	0
Totals		63	45	6	17	18	0	0	0	0

6.6 Internal Audit work was also carried out involving the identification of the ‘common’ themes and issues embedded and in operation at the schools that have been identified above. This work was issued to all key stakeholders involved, including the Governors, Head teacher and School Finance Staff to make them aware of their responsibilities and to help them improve Governance and Financial Management within their school.

6.7 Internal Audit are also developing a controls risk self-assessment (CRSA) process to be issued to all Local Authority maintained schools. These are to be completed and returned to Internal Audit and for the school to utilise to make all school stakeholders aware of their responsibilities and identify any improvements that may be required. This process should add value by helping to improve the schools day to day controls and to overall strengthen the governance and financial management within the school.

This process should be viewed as a constructive exercise in improving the schools governance and financial management arrangements. This will then be utilised for completion of the School's Statement of Internal Control (SIC) and will aid the School Financial Value Standard (SFVS). It will also be utilised by Internal Audit as one element of the risk assessments for future Internal Audit plans.

- 6.8 Internal Audit also completed the following work in schools in 2022/23
- Provision of advice as requested from schools in relation to financial internal controls.
 - Provision of information, advice and support to the Governors' Support Service to ensure audit and governance issues are consistently dealt with across all schools
 - Provision of advice as requested in relation to the School Financial Value Standard (SFVS) both to schools and Finance
 - Provision of advice and support in relation to updating and reviewing the School's Whistleblowing Process.

Grant Work

Business Support Grants - Counter-Fraud and Assurance Work

- 6.9 A substantial amount of work has been undertaken by the Internal Audit team since the onset of the pandemic which has now been largely completed during the 2022/23 year.
- 6.10 Our decision to undertake checks before payments were made continued to result in low values of fraud with very low levels 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.
- 6.11 It was particularly pleasing to note the outcome of the Business Support Grant fraud checks disclosing only 0.6% of the £112M paid to supporting local businesses had been subject to fraud or error. This was reported in the Annual Preventing and Detecting Fraud and Error report to the January 2023 Audit Committee.
- 6.12 These outcomes reflect very well on all the different teams involved in the processing, payment and checking of these payments.

Other Covid Grants – non Business Rates

- 6.13 A number of Public Health Grants required auditing during the year at short notice due to changing Central Governments requirements. All these grants were able to be positively signed off within the deadlines given.

Other Grants – unrelated to Covid-19

- 6.14 The team undertake reviews of grants covering several areas of the Council every year. These include monthly Troubled Families Grants, three separate Highways grants, a monthly grant return for funding educational provision and transport related grants. All these grants were able to be positively signed off contributing to opinions over control.

- 6.15 We have been required to further review the Local Area Delivery (LAD) Grant (aimed at increasing the energy efficiency of properties). These grants also received positive sign offs.

7. Responsive/Consultancy and Investigative Work

- 7.1 In addition to our planned assurance work, we also investigate allegations of fraud, corruption or other irregularity and/or error, and respond to requests for assistance from services and functions in the Council.
- 7.2 Details of suspected irregularities and other supportive / advisory work are set out in the Annual Preventing and Detecting Fraud and Error Report reporting low levels of fraud and error. This is further supported through extensive analysis in the Counter Fraud Activity Report.
- 7.3 This work contributes to a positive opinion over our control arrangements the arrangements in place for preventing and detecting fraud and corruption are satisfactory and have a positive impact on the overall control environment.

8 Assessment of the Council's Governance, Risk Management and Control

Arrangements for the Year to 31st March 2023 by the Head of Internal Audit

- 8.1 Based upon the audit work undertaken and from other sources of assurance it has been possible to complete an assessment on the overall adequacy and effectiveness of the Council's governance, risk management and control arrangements.
- 8.2 Internal Audit's work is designed to review arrangements around risk, governance and control with the scope of its work covering all the Council's activities. An individual audit can cover any or all of these three aspects and therefore it is not appropriate to fully assign opinions to one specific area of risk governance and control for the plan of work delivered or often even at an individual audit level. Instead a holistic view has to be taken when utilising this work in looking at assurance over the risk governance and control arrangements.
- 8.3 Whilst audit resources have continued to be used in a different way to previous traditional years, we have continued to obtain assurance from all aspects of our work
- 8.4 I have maintained confidence in being able to provide an opinion that would be both positive and without limitation as set out in my progress reports to Audit Committee, although caveats had always been attached to that opinion.
- 8.5 This position has been documented during the Internal Audit progress reports issued during the year.
- 8.6 We set off at the start of the year with a very strong base of assurance from the 2021/22 opinion. As the year progressed other sources of assurance emerged:
- The LGA Peer Review completed in early 2022/3 gave an overall very positive feedback for the Council and cited many examples of good risk, governance and control arrangements working well including the strong financial governance arrangements in place
 - A positive Annual Governance Statement for 2021/22 had been drafted in April 2022 which remained positive upon finalisation of the accounts in October 2022.
 - A very positive Annual Governance Statement for 2022/23 has been drafted at April 2023.

- A positive Annual Preventing and Detecting Fraud and Error report reporting low incidence of fraud in both normal operations and over Covid-19 grants.
- An encouraging compliance with Contract Procedure Rules with sound governance being maintained in this high risk area.
- A positive Annual report of the Audit Committee demonstrates this key committee discharging its responsibilities throughout the year and highlighting the positive contribution it has made or noted.
- The Monitoring Officer report for 2022/23 also reflects low levels of conduct issues and whistleblowing incidents
- There are also embedded and ongoing arrangements within the Council such as the quarterly Finance and Performance reporting processes which form part of our risk governance and control arrangements

- 8.7 On 1st September 2022, all of the service delivered by the former Doncaster Children's Services Trust were transferred back into the Council. This was done under the high level oversight and management of "Transition and Integration" arrangements. The contract for Internal Audit services being delivered to the trust was novated to the Council and their programme of work continues
- 8.8 Additional areas of advice and consultancy work were identified since then alongside further areas of planned audit work either delivered in 2022/23 or to be completed or to commence in 2023/24. A significant theme has been around ensuring value for money, managing the escalating costs and delivering the savings targets, whilst recognising the impact of increasing demand, greater complexities and the national market challenges. This is a significant budgetary pressure for the Council and the future financial strategy relies on gripping the costs, ensuring appropriate governance is in place and appropriate spending decisions are made, also impacting on the services funded through the Dedicated School Grant.
- 8.9 The team have been involved in understanding these arrangements and contributing to ongoing actions to help achieve the required savings. It is clear there is significant work to be done in this area corporately, of which the internal audit contributions are reflected in the plan for 2023/24. The Internal Audit team will provide a flexible response to changing priorities, where required. A more detailed understanding and build-up of assurance will continue through the 2023/24, however I am satisfied with the status of existing arrangements and consequent assurance gained in this area at this time for this to provide no limitation for my overall assurance opinion for the 2023/24 year.
- 8.10 Accordingly, with the assurance from the year to date, the ongoing assessment of risk and reprioritisation of the audit plan, I have concluded that it is appropriate to give a ***positive opinion without limitation***. Further factors supporting this opinion are set out below.

Risk Management

- 8.11 Internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.
- 8.12 The 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. We strive to embed risk management within our planning and business processes and into our organisational culture, creating an environment in which we can successfully meet our objectives and achieve continuous improvement in service delivery.

8.13 The risk, the risk profile and the mitigating action against each activity are recorded collectively in the form of risk registers. All corporate risk registers within The Council are recorded on Pentana, and monitored and reviewed in line with this Risk Management Strategy. Risk Registers are structured as follows:

- **Operational Risk Register:** All risks identified with the delivery of the Service are identified in the Head of Service Operational Risk Register. Operational risks will be reviewed at directorate level as part of the Resource Management process.
- **Strategic Risk Register:** Any risk from the operational risk register that may prevent or delay the delivery of The Council's shared priorities, or that may prevent or delay the delivery of the internal cross-cutting actions needed by The Council to improve performance and underpin the Borough Strategy may be elevated to a Strategic Risk. In addition, new or emerging risks may be added directly to the strategic risk register either through the Resource Management process or from the weekly Directors Meeting. Strategic risks are initially reviewed as part of the Resource Management process by the Corporate Governance Group and then as part of the Resource Management Overview meeting. These risks are then be reported to Executive Board, Cabinet and Audit Committee.
- **Programme & Project Register:** All risks associated with the delivery of high level Programmes and projects and are directly managed within the governance of the programme or project. A specific example of this in both 2020/21 and 2021/22 was the COVID-19 pandemic risk register being used to inform management strategy and response as the pandemic continued to evolve
- **Fraud Risk Register:** The Fraud Risk Register is a specific register dedicated to the assessment, monitoring and treatment of the risks relating to fraud and corruption. It is an integral part of the Risk Management strategy designed to focus attention on minimising the damage caused by fraud and corruption.

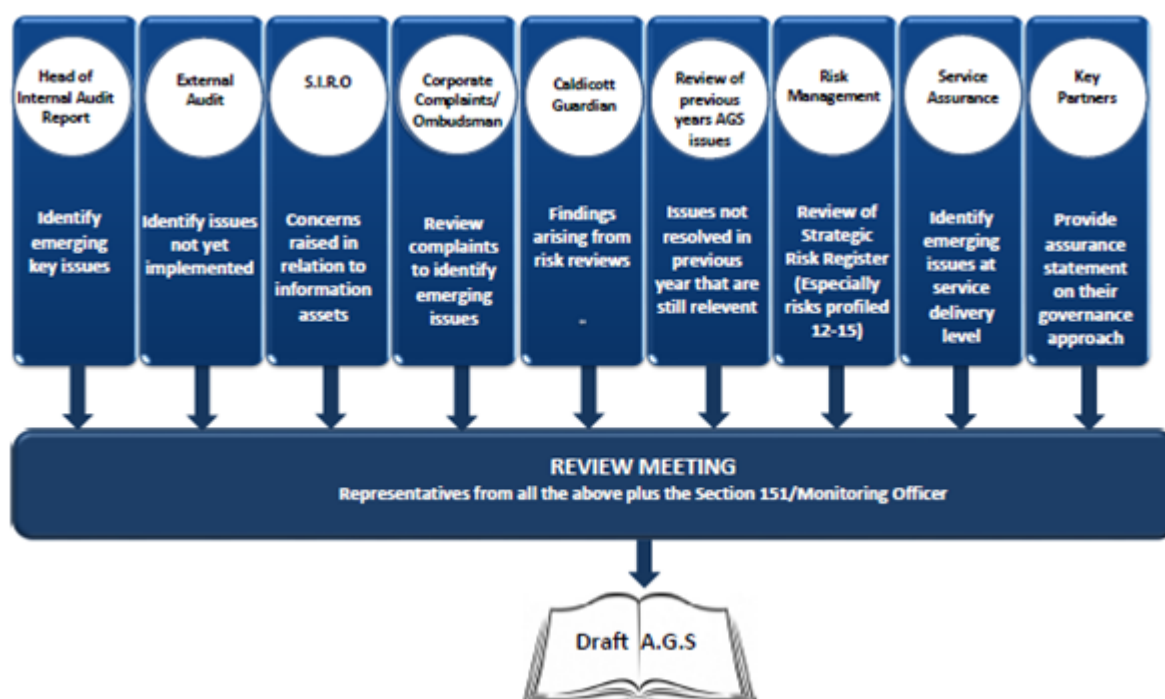
The fraud risk register will be used by both management and Internal Audit Services to focus anti-fraud and corruption resources and training on raising the awareness of fraud and corruption and its associated effects. Fraud Risks are regularly reviewed and reported upon by the Council's Internal Audit function, including this year, in the Counter Fraud Strategy Report as well as referenced in the Annual Fraud Report. The Fraud Risk Register is a key tool in the planning and direction of proactive fraud work set out in the Counter fraud plan forming an integral part of the overall Internal Audit Plan for the 2022/23 Year.

8.14 The Council's Performance Management Framework was reviewed in Quarter 4 of 2021/22 incorporating updates to risk management. The Performance Management Framework was rolled out in Quarter 1 of 2022/23. Alongside the roll out there was a focus on awareness and training of the Performance Management Framework including a report being taken to Audit Committee.

- 8.15 Our risk assessments undertaken for our annual audit planning purposes and ongoing reviews of our audit plan are carried out with services, their service management and other teams, generally within Corporate Resources. For our IT risk assessment, we engage external expertise of another local authority's ICT Internal Audit Team who have over forty other public body clients
- 8.16 A cybersecurity programme risk assessment has also been undertaken in 2021 by the Council's insurers which provided helpful reassurance over this very high risk area.
- 8.17 All the above factors continue to indicate well managed levels of risks which help provide high levels of assurance over the authority's risk management arrangements.
- 8.18 On the basis of these factors I can attain sufficient confidence to be able to provide a positive opinion over the authority's risk management arrangements.

Governance

- 8.19 Internal audit must assess and make appropriate recommendations for the improvement of governance processes including ethics and values within the organisation.
- 8.20 Our overarching documented source of assurance is the Annual Governance Statement and the processes supporting its production. This year's AGS takes into account issues raised by key officers with Governance responsibilities including the Council's Chief Financial Officer, the Monitoring Officer, and the Head of Internal Audit. The current strategic risk register and complaints received are also reviewed as is the input from other key areas as set out below.



- 8.21 The service area perspective is provided by each Head of Service via a series of governance statements in the form of a self-assessment. This year's responses sought information over CIPFA Financial Management Code and as good level of assurance was obtained over our arrangements
- 8.22 The draft Annual Governance Statement does detail an increased number of issues from the previous year, however this is still considered a low number historically. Internal

Audit's work indicated no areas for inclusion in the Statement. The statement is considered to be a very positive document in overall terms.

- 8.23 The positive view presented by the document was consistent with the outcomes of the work Internal Audit has carried out during the year covering the authority's governance arrangements.
- 8.24 The positive view is further confirmed in the Annual Report of the Monitoring officer
- 8.25 In addition, the External Auditor, Grant Thornton completed their much more detailed review of our Value for Money arrangements in January 2023 as required under their Code of Auditors Practice. This is a very positive report for the Council. It did not identify any significant weaknesses and therefore did not raise any of the more serious "key" level recommendations. The report makes many positive observations over our governance arrangements and this is a further helpful contributory assessment of our arrangements.
- 8.26 On the basis of these factors I can attain sufficient confidence to be able to provide a positive opinion over the authority's governance arrangements.

Control

- 8.27 The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.
- 8.28 We have delivered a further range of control related work, some covering the core financial systems which we continue to give high level assurance opinions over albeit with a judgment based lower level of coverage. Our now near complete coverage of Covid-19 grants including post payments assurance checks over the Business Support grants amounting to £112M (issued in 2020/21 and 2021/22) as well as the traditional, non-Covid-19 related grants also continues to positively support my control opinion.
- 8.29 The annual Preventing and Detecting Fraud report provides key assurance also for control work. It stated:

- The fraud landscape continues to change and the period saw the likely end of Covid related business support grants with previously established checks continuing on all payments made. However, as the cost of living crisis continues to bite, fraud risks generally increase as the amount of monies available to individuals and businesses falls.
- The overall level of fraud experienced by the Council remains low for a council of this size with a proactive approach being taken to manage risks as they arise. Our arrangements have continued to operate well throughout the period.
- This was particularly demonstrated in administration of Business Support Grant where performance was considered excellent

Total Grants Paid	£111,762,113	
Fraud / Error detected over full period	£678,977	= 0.6% of grants paid
Recovery Remaining	£363,875	= 0.3% of grant paid

- 8.30 A further report on counter fraud activity highlights additional proactive work to be carried out including strengthening this area through the continued development of data analytics etc. We are hoping to increase our data analytics resource within the team in the near future.
- 8.31 Whilst there are other factors associated with a low level of overdue management actions that address audit recommendations, assurance and confidence can be gained from this position over the control aspect but also in the governance and risk arrangements.
- 8.32 Assurance from Contract Procedure Rules breaches and waivers identified during the year has been encouraging in demonstrating both control and governance have been maintained by services experiencing previously unseen levels of demand and challenges, but still ensuring goods and services were procured and commissioned in an appropriate manner which stood up to public scrutiny.
- 8.33 On the basis of these factors I can attain sufficient confidence to be able to provide a positive opinion over the authority's control arrangements.

Overall Opinion

- 8.34 I have set out in this section the work undertaken and the factors I have had to take into account in arriving at this opinion. I need to take this opportunity as I do each year to highlight that my ability to make this assessment would not have been possible without the work of my team. The team is rich in depth and knowledge of the organisation and in their skill sets which made them so particularly adaptable in the continuing challenging environment they have operated in.
- 8.35 Their insight and judgement has continued to be paramount in all their work and I thank them again for their dedication, application and professionalism in another challenging year.

Accordingly, on the basis of reasons set out above, the Head of Internal Audit considers that the Council's governance, risk management and control arrangements for 2022/23 were adequate and operated effectively during the year.

Peter Jackson FCCA

Head of Internal Audit

27th April 2023



**City of
Doncaster
Council**

Internal Audit Plan 2023/24

To the Chair and Members of the AUDIT COMMITTEE

INTERNAL AUDIT PLAN 2023/24

EXECUTIVE SUMMARY

1. This report presents the Annual Internal Audit Plan for 2023/24 which has been created following a review of risks and controls of Council activities.
2. The plan (attached to this report) conforms to UK Public Sector Internal Audit Standards (UKPSIAS); these are the professional internal audit standards.
3. The level of audit resource for 2023/24 is 9.4 FTE's. The Head of Internal Audit will be maintaining his assessment of the structure of the team against the needs of the Council to ensure the team are appropriately resourced to deliver its services to the Council, St Leger Homes and other partner organisations.
4. Section 7 of the report highlights important factors we have taken into account in compiling this plan which include increased allowances for contingency to enable further flexibility and ensuring ability to discharge our internal audit responsibilities. It also separately sets out our plan of our fraud work which has a significantly lower level of work in it than the last two years as all post payment assurance checks over Covid related Business Support Grants are now complete. We will maintain our well established practice of ensuring the plan remains at all times fluid and responsive to the organisation's needs.
5. The proposed audit plan can be summarised as follows:

2022/23 Audit Plan

2023/24 Audit Plan

Breakdown of the Plan By Type of Work

	Hours	Plan %
Assurance Work	5,757	58.3%
Consultancy Work	533	5.4%
Responsive Work*	1,487	15.0%
Follow-up Work	318	3.2%
Fraud Plan	1,791	18.1%
Total	9,886	100%

	Hours	Plan %
Assurance Work	4,296	43.1%
Consultancy Work	891	8.9%
Responsive Work*	2,963	29.8%
Follow-up Work	581	5.8%
Fraud Plan	1,230	12.4%
Total	9,961	100%

*Responsive work includes time set aside to deal with in year identified issues, an allowance to give proactive advice where needed and an allowance for contingency items which includes investigations some of which will be fraud related. The aim is to direct resources more flexibly, providing updates as part of quarterly updates.

6. Taking into account all the above factors and the strategy adopted to respond to the ongoing challenges for the team and the council as a whole, the Head of Internal Audit considers that sufficient internal audit work will be able to be delivered alongside the other factors that are taken into account when arriving at the annual opinion on the Council's, risk, governance and control arrangements.
7. As stated in previous years, there are many caveats associated with this opinion made at this point in time. Whilst the impacts of the Covid-19 pandemic have heavily diminished for the team, central government funding creates challenges for the services we review and there are always more local issues such as an unmanageable demand for audit support in investigating irregularities. Whilst it is hoped that these factors are a lower risk than previous years, these and other factors will be under constant review and any concerns will be raised with management and reported accordingly to the Audit Committee.

RECOMMENDATIONS

8. The Audit Committee is asked to
 - support the principles and strategy underpinning the 2023/34 Internal Audit Plan set out in section 1 and expanded upon in section 7 of the Internal Audit Plan report and
 - consequently approve the plan as set out in Appendix 1.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

9. Effective oversight of internal audit through the Audit Committee adds value to the Council by ensuring that it manages its risks in support of the key priorities and outcomes it seeks to achieve.

BACKGROUND

10. This report is produced annually for Audit Committee inspection / awareness as required under the UK Public Sector Internal Audit Standards.

OPTIONS CONSIDERED

11. Not applicable - for information only

REASONS FOR RECOMMENDED OPTION

12. Not applicable - for information only

IMPACT ON THE COUNCIL'S KEY OUTCOMES

13. Internal Audit contributes to the effective management of the Council's risks, which in turn contributes to the achievement of the Council's goals and key outcomes for Doncaster as a whole.

14. Legal Implications [Officer Initials: SRF | Date: 03.04.23]

The Council must provide an adequate and effective internal audit in order to comply with the requirements of the Accounts and Audit Regulations 2015

15. Financial Implications [Officer Initials: SJT | Date: 13.04.23]

The revenue budget for Internal Audit is part of the Corporate Resources budget. Outside of pay inflation, the changes to the team's structure and plan have been met from the team's existing resources.

16. Human Resources Implications [Officer Initials: SH | Date: 03.04.23]

There are no specific HR implications contained in this report.

17. Technology Implications [Officer Initials: PW | Date: 12.04.23]

The audit plan was not circulated when requesting implications. However, there are no anticipated technology implications at this stage as these will depend upon the outcomes and findings of the individual audit projects.

RISKS AND ASSUMPTIONS

18. The Council must provide an effective internal audit if it is to meet its statutory obligations.

19. Failure to direct internal audit resources to the most appropriate areas would limit the contribution the team can make to the Council. It would also limit the ability of the Head of Internal Audit to provide an opinion on the governance, risk management and internal control arrangements. These risks are managed through having an appropriate internal audit plan, supported by adequate internal audit resources.

CONSULTATION

20. The Chief Executive and Directors were consulted on Internal Audit's proposals and will be further consulted with regarding the major changes required to the audit plan for the remainder of the year.

BACKGROUND PAPERS

21. Accounts and Audit Regulations 2015
UK Public Sector Internal Audit Standards 2017

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

22. UKPSIAS - UK Public Sector Internal Audit Standards
CIPFA – Chartered Institute of Public Finance and Accountancy

REPORT AUTHOR & CONTRIBUTORS

Peter Jackson, Head of Internal Audit, Tel 01302 862938,
Email: peter.jackson@doncaster.gov.uk

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City of
Doncaster
Council

Internal Audit Plan 2023/24

1. PURPOSE

- 1.1 This document provides details of the Internal Audit annual plan for 2023/24 for The City of Doncaster Council.
- 1.2 Internal Audit's mission statement per UK Public Sector Internal Audit Standards (UKPSIAS) is defined as:

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

The definition of Internal Audit per the above standards is:

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

- 1.3 This plan and the construction of it are in line with the above standards.
- 1.4 This audit plan is important because it sets out the components of the control environment that need to be audited. These needs are identified after an assessment of risks throughout the Council taking into account any known weaknesses or concerns, along with sources of assurance that can be relied upon to give assurance over risks in those areas.
- 1.5 The plan will continue to be reviewed in full and on an ongoing basis as and when it is appropriate to do throughout the 2023/24 year. This has been standard practice for many years now but the initial impact of the pandemic in 2020/21 reinforced the necessity of ongoing and regular review to ensure the work of the service was relevant to the needs of the organisation whilst remaining compliant to its governing standards.
- 1.6 Any significant changes to the plan will be reported to Audit Committee as required by the UK Public Sector Internal Audit Standards.

2. AUDIT REQUIREMENTS

2.1 Internal Audit is a statutory requirement as required under the Accounts and Audit Regulations 2015 which state that:

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

2.2 Internal Audit also has an important role in supporting the Assistant Director of Finance to discharge her statutory responsibilities, which include:

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council's expenditure is lawful.

2.3 Throughout all of our activities, we are bound by the UK Public Sector Internal Audit Standards. These are professional standards that set out the key elements of an effective internal audit team. Further detail is set out in section 9 of this report.

2.4 Further information on these standards and compliance with them (along with the results of a review of the Internal Audit function) are reported to Audit Committee separately.

3. KEY INTERNAL AUDIT AIMS

3.1 Internal Audit intends through its activities to assist the Council in achieving its key priorities, objectives and outcomes. Internal Audit contributes to these aims by helping to promote a suitably secure and robust internal control environment, including the effective management of risks that could prevent the achievement of key priorities.

3.2 In all of the work we undertake, we seek to add value by:

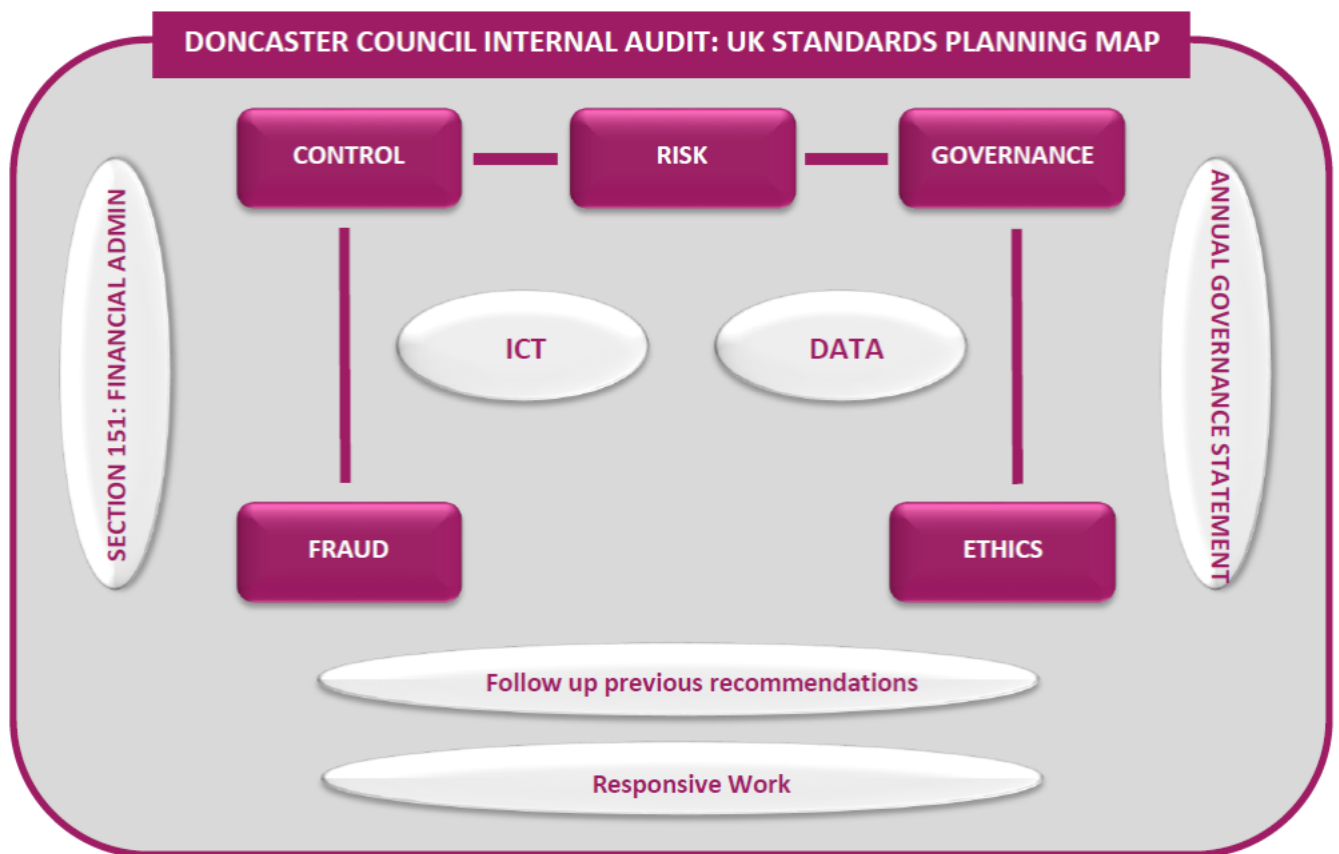
- Providing independent assurance on the quality and effectiveness of internal controls and processes;
- Providing timely reviews of emerging areas of risk, control or governance issues to identify / recommend ways to improve these areas, reduce risks or improve value for money;
- Examining governance processes and ethical standards and compliance with them to improve standards and transparency, and to protect the Council's reputation;

- Preventing, detecting and pursuing fraud through our anti-fraud and data matching initiatives (and by recommending control or governance improvements where there are detected incidents to prevent them reoccurring and minimise any losses as a result);
- Stimulating risk awareness and management throughout the organisation and providing timely advice and support to manage and mitigate risks;
- Providing timely service and best practice advice during the set-up of new systems or processes or during significant changes to existing systems or processes to ensure that internal control environments are appropriate. Internal Audit's mission statement per UK Public Sector Internal Audit Standards (UKPSIAS) is defined as "To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight". It is through the consultancy and advisory work that the team is most visibly seen as being insightful and adding value and is a well-regarded aspect of the teams work.
- Providing oversight of management implementation of the agreed actions arising from audit recommendations, with escalation as appropriate if remain outstanding.. (follow-up work)

4. CONSTRUCTING THE AUDIT PLAN

4.1 This plan has been prepared in line with the UK Public Sector Internal Audit Standards (UKPSIAS). It is a risk based plan that has been compiled through undertaking a comprehensive risk assessment of the Council's functions and services and risk, control and governance arrangements supplemented by discussions with key officers, Assistant Directors and Directors throughout the Council. This risk assessment was then used to compile a list of audit needs.

4.2 Visually, our approach to audit planning is: -



4.3 Our work that we identify as an audit need falls generally into the areas of governance, risk and control. Audits that concentrate on controls generally support our audit work in providing assurance to the Council's S151 Officer (Chief Financial Officer), whilst audits concentrating more on the governance elements support the Council's annual governance statement. It should be noted that our audits can and do cover more than one of these areas (governance, risk and control). Wherever we look at control work, we will consider fraud as a matter of course and will consider ethics during any of our governance work. In all of our work we seek to utilise and examine ICT and data / information management risks wherever they are applicable to our work, as ICT and data underpin all of the Council's activities.

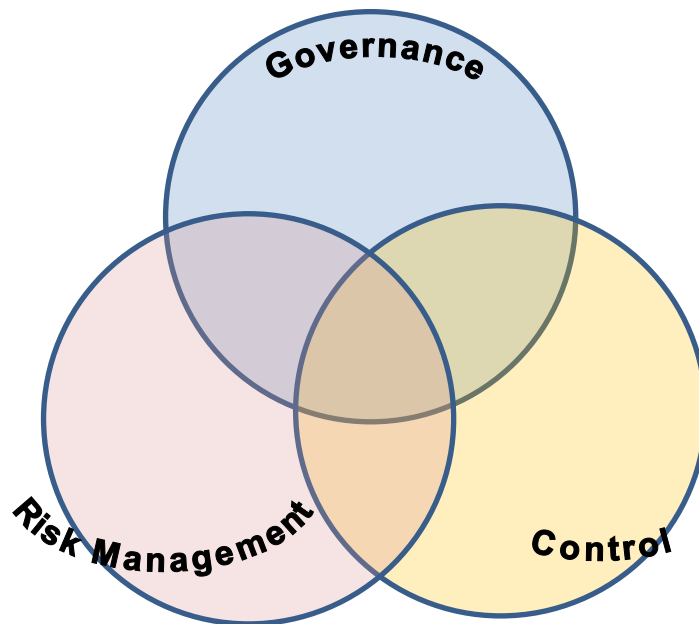
4.4 "Fighting Fraud and Corruption Locally" Guidance issued in 2020 resulted in the audit plan being presented in a different way to previous years. The plan clearly sets out our proactive and reactive fraud work and whilst the Covid-19 grant work is now only a very small part of our work plan, it is still an important element of it. It also details data driven proactive fraud work we intend to deliver. This plan need to be considered alongside the accompanying report for the Counter Fraud plan.

- 4.5 Our audit planning applies to all services across the Council. This is known as the audit universe. We are using our new software to be able to better risk assess the audit universe for better reporting to management and supporting plan changes.
- 4.6 Inevitably when we undertake our risk assessments, there are more needs / demands than available resources to review all the areas identified as having a certain level of residual audit risk. As a result, needs were ranked with a priority rating and those audits / projects that added lower overall value to the Council as agreed with the relevant Directors were excluded from the plan as usual.
- 4.7 An increased contingency has been allowed for within the plan to deal with new and emerging risks and issues and an increased separate allowance for the investigation of fraud or irregularities that may be referred to us or uncovered during the year. However, when all new risks emerge, they are compared to those items of need that did not make it into the final plan to ensure that we continue to concentrate on those areas where there is the greatest need and we can add the highest value from our activities. If, towards the end of the financial year, there are unused elements of either contingency, items of need from the list that did not make the final plan will be re-considered for inclusion. This has historically been an unlikely scenario.
- 4.8 The risk assessment process used to identify items for the audit plan has considered:-
- The Borough Strategy and the Corporate Plan and associated outcomes and objectives;
 - The Council's Annual Governance Statement
 - Risks including corporate strategic risks and service specific risks;
 - Key governance and ethical frameworks that govern the Council and its activities;
 - Financial and budgetary information;
 - Procurement activities and items of high procurement / commissioning spend;
 - Service plans and their associated risks;
 - Corporate projects and known / planned technological changes;
 - Information assets and business systems within service areas (or their absence);
 - Data protection risks
 - Legislative changes (where appropriate) and national initiatives such as the NFI;
 - Fraud risks; - these are covered in detail within the Counter Fraud Report
 - Partnership risks and significant partnerships;
 - Savings targets within the Council and specifically within the Children's, Young people and Families directorate;

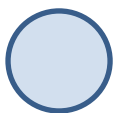
- Involvement in understanding the issues around the incoming services from the former Doncaster Children's Services Trust;
- Concerns or service changes as identified by key officers, Directors or Assistant Directors; and
- Areas highlighted for consideration at a regional or national level.

4.9 Internal audit activity, as defined by UKPSIAS, consists of 2 main distinct forms of activity; assurance activity and consulting activity with the majority of our work being directed at assurance activities. In line with the definition, our assurance activity work focuses on 3 main areas: improving risk management processes, improving governance processes and improving the control environment. As such, our assurance work can be subdivided into these 3 elements.

4.10 Visually this mix can be represented as follows:

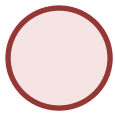


4.11 Crucially, our assurance work can cover more than one of these areas.



Governance

Internal audit must assess and make appropriate recommendations for the improvement of governance processes including ethics and values within the organisation.



Risk Management

Internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.



Control

The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

4.12 When the work set out in the plan is analysed against the 3 elements of risk governance and control, it demonstrates there is coverage against all three elements on a basis reasonably consistent with previous years. This means that sufficient work is focussed against the three areas, allied with other sources of assurance that the Head of Internal Audit will be able to give an annual opinion covering these three areas.

4.13 Similar levels of time have been allowed for consultancy based work where there has been a high demand for these services and also for smaller pieces of advisory work. This is in line with the aspect of the mission statement of internal audit requiring the team to be insightful and adding value.

5. Audit Resources

5.1 The level of audit resource has increased slightly from 8.80 FTEs in 2022/23 to 9.6 in 2023/24. The Head of Internal Audit will be maintaining his assessment of the structure of the team against the needs of the Council in the near future to ensure the team are appropriately resourced to deliver its services to the Council, St Leger Homes and other partner organisations.

5.2 Our resource calculations are broken down as follows:

	2022/23	2023/34
Overall Capacity in Hours	16,953	17,542
Less All Overheads:-	7,067	7,581
Total Time Available for Deliverable Audit Work	9,886	9,961

*Management and Supervision time has been increased for virtual working (e.g. team meetings, 121's and welfare calls) .

6. SUMMARY OF THE DRAFT AUDIT PLAN

6.1 The proposed audit plan can be summarised as follows:

2022/23 Audit Plan

2023/24 Audit Plan

Breakdown of the Plan By Type of Work

	Hours	Plan %
Assurance Work	5,757	58.3%
Consultancy Work	533	5.4%
Responsive Work*	1,487	15.0%
Follow-up Work	318	3.2%
Fraud Plan	1,791	18.1%
Total	9,886	100%

	Hours	Plan %
Assurance Work	4,296	43.1%
Consultancy Work	891	8.9%
Responsive Work*	2,963	29.8%
Follow-up Work	581	5.8%
Fraud Plan	1,230	12.4%
Total	9,961	100%

*Responsive work includes time set aside to deal with in year identified issues, an allowance to give proactive advice where needed and an allowance for contingency items which includes investigations some of which will be fraud related The aim is to direct resources more flexibly, providing updates as part of quarterly updates.

7. FURTHER FACTORS IN PRODUCING THE PLAN

7.1 Key factors taken into consideration include:

- Ongoing work requiring completion from the work in 2022/23.
- Core work required to deliver our basic assurance needs e.g. key financial systems and work to discharge the duties of the team e.g. in reporting to Audit Committee. This

also covers ICT audit work where we use the ICT Audit expertise of another Council Team who provide their services to over forty other local authorities and other public bodies.

- c. A significant allowance for detailed risk and assurance assessment work is included within the resource plan to help keep the work of the team during the year being risk focused through fluid planning and in generating the plan for 23/24 which all incorporates regular liaison with management.
- d. An increased allowance for advice and consultancy work as this add considerable value and is often undertaken with other support functions e.g. Financial Management, Policy Insight and Change Teams etc. It represent the continuing move away from the more traditional “standard” audits but inevitably requires a higher skill set within the team.
- e. An increased allowance for contingency to be able to deal with inevitable risks and issues that will emerge during the year. This allowance is intended to provide us with the ability to deliver sharper, more responsive, work of whatever nature needed.
- f. An increase in follow up time providing assurance that management have delivered actions identified from previous audit work. The increase in time represents specific follow up work agreed e.g. North Bridge Stores and Trading and Food and Animal Standards.
- g. A decrease in the amount of time to carry out Covid related grant checks, most notably in the post payment checks over Business Support Grants but also in other areas as well.
- h. Development time for more efficient auditing in the future. We are currently recruiting to expand data analysis capacity to increase the amount of data driven work in the team as a key focus for the team this year.
- i. An allowance for the time required to further develop and train the team in using its audit management software effectively following a major upgrade in the 2022/23 year.

7.2 The audit planning process includes review of all service areas and key processes across the Council. The risk assessment involved in this review culminates in the production of a long list of risks potentially subject to audit. The list was reduced through discussions with management about items that may be given lower priority. This has resulted in our Audit Plan for 2023/24 set out at Appendix A & B.

7.3 As a result of the Fighting Fraud and Corruption Locally Strategy 2020, counter fraud activity is shown as a separate plan as Appendix C as has been the case in the two previous years. This is designed to meet the requirements of the new strategy and make the counter fraud

plan more transparent. Counter fraud work links to the audit plan and both plans inform each other's risk assessment. All work on counter fraud controls is aimed at preventing, detecting or investigating fraud and is included within the Counter Fraud Plan.

- 7.4 Our audit planning has always involved the regular review of the plan. The plan at this stage is still very subjective dealing with many unknown factors and as such it is important to understand the principles, strategies and constraints associated with the production of the plan.
- 7.5 The plan is an important element for the Head of Internal Audit to arrive at his opinion on the adequacy of the Council's risk, governance and control arrangements.
- 7.6 Taking into account all the above factors and the strategy adopted to respond to the ongoing challenges for the team and the Council as a whole, the Head of Internal Audit considers that sufficient internal audit work will be able to be delivered alongside the other factors that are taken into account when arriving at his annual opinion on the Council's, risk, governance and control arrangements.
- 7.7 As stated in previous years, there are many caveats associated with this opinion made at this point in time. Whilst the impacts of the Covid-19 pandemic have heavily diminished for the team, central government funding creates challenges for the services we review and there always more local issues such as an unmanageable demand for audit support in investigating irregularities. Whilst it is hoped that these factors are a lower risk than previous years, these and other factors will be under constant review and any concerns will be raised with management and reported accordingly to the Audit Committee.

8 Audit Charter and Strategy

- 8.1 Internal Audit maintains a Charter and Strategy which, between them, set out the mission for Internal Audit, its operating arrangements, position within the Council structure, its rights of access to all documentation and all officers and members, the service's objectives and its resources and plans for achieving the objectives. The Charter and Strategy also show how the service complies with key elements of the audit standards.
- 8.2 The Charter and Strategy are reviewed on an ongoing basis and formally considered each year for any revisions / updates required. A full review was carried out in 2019 with the revised Charter and Strategy reported to the Audit Committee in June 2019 following

updated guidance from CIPFA. The review carried out in 2021 reflect changes needed as a result of the Covid-19 pandemic. A light touch review is envisaged in the 2023/24 year

9 Quality Assurance and Improvement Programme (QAIP)

9.1 All public sector internal audit services are required to comply with The UK Public Sector Internal Audit Standards (the Standards / UKPSIAS). The Standards require Heads of Internal Audit to establish and carry out Quality Assurance and Improvement Programmes. Doncaster Internal Audit Service maintains appropriate ongoing quality processes designed to ensure that internal audit work is undertaken in accordance with relevant professional standards.

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

- The Head of Internal Audit maintains a self-assessment against the Standards to confirm conformance with the Standards.
- Audit files are subject to review on a sample basis by the Head of Internal Audit to confirm quality standards are being maintained. The results of the reviews are documented and any key learning points shared with the audit staff concerned. Appropriate action is then planned in response to any findings.
- From time to time Internal Audit will seek feedback from clients on the quality of the overall internal audit service. Feedback will generally be sought through the use of surveys.
- At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Audit Committee.
- This assessment was completed in 2021 and concluded that Internal Audit met the highest standard of assessment "Generally Conformed" with the Audit Standards which is important assurance for Management and the Audit Committee.
- The self-assessment completed by the Head of Internal Audit's for 2022/23 concluded that the service is maintained compliance with the Public Sector Internal Audit Standards

Appendix A – The Annual Internal Audit Plan

Directorate	Project Name	Proposed Scope and Added Value	Risk, Governance and Control Categorisation
Adults Health and Wellbeing	Safeguarding Adults Review	<p>This review will assess the implementation of the safeguarding review. This will involve a review of the processes and arrangements for adult safeguarding to ensure that arrangements are robust, appropriate and well managed.</p> <p>The review will aim to add value by providing assurance that the safeguarding review has been successfully implemented and that vulnerable adults throughout the process (concern to enquiry) are appropriately safeguarded and are in compliance with the requirements of the Care Act</p>	Governance, Risk and Control
Adults Health and Wellbeing	Provider Portal Payments System	<p>This review will assess the implementation of the Provider Portal. This will involve a review of the processes and payments to ensure arrangements are robust, appropriate and well managed and that providers are being paid correctly and on time.</p> <p>This work will add value by ensuring the provider portal delivers efficiencies in the payment of health care providers whilst making payments correctly and on time.</p>	Risk and Control
Adults Health and Wellbeing	Mosaic Care and Case Flows	<p>This piece of work will involve providing an independent assurance that the Mosaic system in terms of social work flows and safeguarding is working as intended by the practice framework and standards.</p> <p>This review aims to add value by providing assurance that the Mosaic systems and processes are operating effectively in compliance with practice standards</p>	Governance, Risk and Control

Adults Health and Wellbeing	Occupational Therapy Service Review	<p>This audit will involve reviewing the Occupational Therapy Service following recent operational changes.</p> <p>The piece of work aims to add value by ensuring that operational changes that have been made are effective whilst still meeting expected service standards</p>	Governance, Risk and Control
Adults Health and Wellbeing	Stronger Families Grant Claims – Q1 to Q4	<p>This review looks at the Stronger Families / Supporting Families Phase 3 Grant claims. These are a monthly claim (reported quarterly) on behalf of City of Doncaster Council and its partners certifying performance and improvements made to the lives of Doncaster families that then enables the release of government funding in line with the funding agreement. This work is required by the grant / payment by results regime and serves to verify performance claims and certify them to the government to enable monies to be received.</p> <p>Auditing claims in this way minimises the risk of reclaims in the event of an inspection and serves to protect the reputation of the Council.</p>	Control
Children, Young People and Families	CYPF Governance Arrangements Review	<p>This piece of work will assess governance arrangements in place throughout the directorate as part of the integration arrangements.</p> <p>This work adds value by ensuring the directorate has sound, proportionate and consistent governance arrangements in place.</p>	Governance
Children, Young People and Families	School 1	<p>This piece of work will involve undertaking an audit review at a school to ensure financial and governance controls and processes are working effectively.</p> <p>This audit will add value by providing an independent assurance to the Local Authority, Governing Body and Headteacher that financial and governance controls are operating effectively.</p>	Control

Children, Young People and Families	School 2	<p>This piece of work will involve undertaking an audit review at a school to ensure financial and governance controls and processes are working effectively.</p> <p>This audit will add value by providing an independent assurance to the Local Authority, Governing Body and Headteacher that financial and governance controls are operating effectively.</p>	Control
Children, Young People and Families	School Governors Thematic Review	<p>This is an allocation of time to review the delivery of roles and responsibilities of governors across the school setting.</p> <p>This piece of work adds value through improving arrangements over key roles governors deliver at schools and ensures lessons are learnt across all applicable schools</p>	Governance and Control
Children, Young People and Families	Schools Financial Value Standard - Self Assessment Frameworks	<p>This will involve undertaking an independent review of the School's SFVS returns to ensure they are adequately completed and that their responses can be supported by appropriate evidence.</p> <p>This review will aim to add value by providing assurance that schools are complying with the SFVS requirements.</p>	Control
Children, Young People and Families	Big Picture Learning Grant Verification	<p>This work will assist with the verification of the outcome evidence validation process in order for funds to be released via claims submitted.</p> <p>The review and verification of the claims helps to ensure that funds are only released as per contracted outcomes.</p>	Control

Children, Young People and Families	Local Child Safeguarding Practice Review	<p>This piece of work will involve reviewing the updated processes and procedures in place for undertaking a Local Child Safeguarding Practice to ensure they are operatively effectively and fully embedded.</p> <p>This audit will add value by ensuring that there are robust processes and procedures in place for undertaking a Local Child Safeguarding Practice review. This work will provide assurance that there is a robust and transparent process for the selection and commissioning of independent reviewers along with effective monitoring processes that achieves both value for money and quality professional reviews</p>	Governance, Risk and Control
Children, Young People and Families	Children Social Care Placements	<p>Management requested audit review this key area for the Council due to the escalating cost of placements.</p> <p>This work aims to add value by ensuring appropriate governance and control arrangements are in place contributing to appropriate best value placements.</p>	Governance, Risk and Control
Children, Young People and Families	Family Hubs and Start For Life Programme Grant	<p>Confirmation that grant conditions have been complied with, is required as part of the grant regime.</p> <p>This work adds value by ensuring that grant monies can be claimed.</p>	Control
Children, Young People and Families	Home to School Transport Review	<p>This piece of work will involve reviewing the arrangements for the approval and commissioning of transport for children and young people.</p> <p>This work aims to add value by providing assurance that arrangements are efficient, economic and effective in this area.</p>	Governance, Risk and Control
Children, Young People and Families	Special Educational Needs Placements - School Placement Review	<p>This piece of work will involve reviewing the arrangements for the approval and commissioning of Special Educational Needs placements for children and young people.</p> <p>This work aims to add value by providing assurance that arrangements are efficient, economic and effective in this area.</p>	Governance, Risk and Control

Children, Young People and Families	Out of Area Provision Review	<p>Issues have recently been identified over an out of area specialist education provider regarding attendance of a number of pupils and remedial action was taken once identified. This review is to capture the lessons learnt from this situation and agree control and governance arrangements to prevent future reoccurrences.</p> <p>This review will add value though ensuring any lessons learnt will be applied going forward, improving educational attainment through increasing the governance and control in relevant areas and ensuring better value for money.</p>	Governance and Control
Corporate Resources	Bereavement Services Audit Review - Sales and Stocks	<p>An audit review of the Council's arrangements and processes in place over income and stocks at Bereavement Services will be undertaken. This will incorporate the review of the system that was put in place during 2019/20 that deals with all aspects of funerals, data recording and financial billing.</p> <p>This review will add value by ensuring that financial systems that have been put in place are robust and free from material error and that there are proper controls over income to protect the public purse from fraud and error.</p>	Risk and Control
Corporate Resources	ITrent Flexi and Leave System Audit	<p>The audit will give assurance that there are appropriate controls and compliance within the new Time and Attendance part of the system.</p> <p>This review aims to add value by ensuring this corporate level system has adequate controls in this area.</p>	Risk and Control
Corporate Resources	Levelling Up Fund Grant Sign Off (Phase 1)	<p>Required review and grant sign off by Internal Audit as per the memorandum of understanding and grant conditions.</p> <p>Without this review, grant monies are at risk of being reclaimed.</p>	Control

Corporate Resources	Risk Management Follow Up Review	<p>The Council has its own Risk Management Framework, Policy, Process Guide and Toolkit. These were independently reviewed by the Council's insurers in 2022/23</p> <p>This review add value through giving assurance that the agreed actions from this review have been appropriately implemented and applied through the Council, consequently providing assurance that Risk Management arrangements within the Council are sound.</p>	Governance
Corporate Resources	Financial Assessments Debt Collection Arrangements	<p>A review of the Financial Assessment processes will be undertaken, giving specifically focus on the debt collection arrangements that are in place.</p> <p>This review aims to add value by ensuring that the financial assessment debt collection arrangements remain robust ensuring that services that have been provided have been paid for.</p>	Governance, Risk and Control
Corporate Resources	Bus Service Operators Grant June	<p>Required grant sign off in order to progress the Bus Service Operators Grant (BSOG) claim. Review and sign off of this grant is required as part of the grant terms and conditions.</p> <p>This work adds value by ensuring the grant monies can be claimed from the Department of Transport.</p>	Control
Corporate Resources	Bus Service Operators Grant December	<p>Required grant sign off in order to progress the Bus Service Operators Grant (BSOG) claim. Review and sign off of this grant is required as part of the grant terms and conditions.</p> <p>This work adds value by ensuring the grant monies can be claimed from the Department of Transport.</p>	Control

Corporate Resources	ICT 3rd Party Suppliers	<p>This audit review will be undertaken by Salford Internal Audit Services after agreement of a scope with ICT.</p> <p>It will add value by giving assurance over the arrangements that are in place with our 3rd party suppliers.</p>	Risk and Control
Corporate Resources	Data Analytics - Accounts Receivable	<p>The accounts receivable data will be used to continue to move our audits towards continual system analysing and monitoring data rather than the traditional control and testing-based audits.</p> <p>This audit aims to add value by providing assurance over a significant income stream for the Council.</p>	Risk and Control
Corporate Resources	HCA Grant	<p>Grant audit and certification of the Homes and Communities Agency grant received on a reciprocal basis with other authorities in the area. This adds value by ensuring that money is spent properly and minimises the risk of a grant reclaim.</p>	Control
Corporate Resources	Data Analytics - Purchase Card Transactions	<p>The piece of work will analyse the purchase card transactions to monitor for compliance with guidance and 'reasonable' spend. There will also be trend monitoring undertaken to detect any fluctuations that may need to be investigated. This will involve joint working between the Procurement Team and Internal Audit.</p> <p>This analytical work gives insights on departments purchase card spend and trends and could detect where it may be deemed to be inappropriate which could be as a result of poor business practices, fraud or error.</p>	Risk and Control
Corporate Resources	Corporate Data and Information Strategy - Performance Reporting	<p>A review will be undertaken of the Corporate Data and Information Strategy arrangements and their application within the Council.</p> <p>This review will add value by ensuring there is robust data quality and business intelligence giving reliability to decisions made based on the Council's data.</p>	Governance, Risk and Control

Corporate Resources	Procurement Arrangements	<p>This audit is being undertaken from a St Leger and City of Doncaster Council perspective. For St Leger Homes, corporate procurement activities (and their associated staff) were transferred to City of Doncaster Council under TUPE arrangements. This allows one team to then undertake procurements on behalf of both partner organisations and allows for more joined up, joint procurements. This review will look at how those arrangements are operating and whether contracting and procurement activities are under control and are working effectively. This is an area of previous interest from the St Leger Audit and Risk Committee.</p> <p>This review aims to add value by ensuring that the new arrangements are functioning well and that contracts and procurements are being managed properly, in a value for money way and in a timely manner minimising breaches and their possible repercussions.</p>	Governance, Risk and Control
Corporate Resources	Housing Rents	<p>This audit is the annual review of the handling of monies collected by St Leger Homes in regards to rents for Doncaster's housing stock. This review adds value by ensuring that landlord responsibilities in terms of rents are being properly discharged by St Leger Homes on the Council's behalf and that income that is paid into the Housing Revenue Account is robustly administered and collected.</p> <p>This audit aims to add value by providing assurance over the transactions and income in the Housing Revenue Account in respect of rents.</p>	Risk and Control
Economy and Environment	Highways Section 31 Grants	<p>This audit will look at the transactions / spending associated with Highways capital grants with a view to certifying the expenditure in line with grant conditions.</p> <p>This audit adds value by ensuring that grant monies are properly spent in line with the grant conditions.</p>	Control

Economy and Environment	Highways Asset Maintenance Spending Review	<p>The maintenance of adopted highways, although attracting specific funding, is a significantly high spend area for the Council. This review will look at how highways maintenance is funded, the strategies and decisions for spend areas ie prioritisation of maintenance works, and how spend is monitored ensuring it is within specific grant conditions.</p> <p>The review adds value by ensuring that finite resources are targeted to the most beneficial areas for the right works.</p>	Risk and Control
Economy and Environment	Trading Standards Follow Up Review	<p>A review of how well the improvements implemented since the previous 'Limited Assurance' opinion of 2019, continue to mitigate risks in this service area.</p> <p>This review ensures that these key regulatory functions are operating in a well-managed way.</p>	Risk and Control
Economy and Environment	Food Control and Animal Health Follow Up Review	<p>A review of how well the improvements implemented since the previous 'Limited Assurance' opinion of 2019, continue to mitigate risks in this service area.</p> <p>This review adds value by ensuring that processes are now efficient and robust.</p>	Governance, Risk and Control
Economy and Environment	Social Housing Decarbonisation Fund Wave 1	<p>This is a full scheme audit (by Phase) confirming that the grant spend is in line with the grant conditions and is required by BEIS.</p> <p>This audit adds value by ensuring that grant monies are properly spent in line with the grant conditions.</p>	Control
Economy and Environment	Social Housing Decarbonisation Fund Wave 2	<p>This is a full scheme audit (by Phase) confirming that the grant spend is in line with the grant conditions and is required by BEIS.</p> <p>This audit adds value by ensuring that grant monies are properly spent in line with the grant conditions.</p>	Control

Economy and Environment	Climate Change Governance Arrangements	<p>This review will assess the Councils' approach to managing climate change risks.</p> <p>This review adds value by helping to ensure that good governance arrangements are in operation, which are sufficiently robust enough to work towards achieving Doncaster's ambition.</p>	Governance, Risk and Control
Economy and Environment	Climate Change Governance Arrangements	<p>This is a high profile area both nationally as well as for the Council</p> <p>This initial review will assess the Councils' approach to managing climate change risks.</p> <p>There will be further work after the initial review taking a more in depth dive into one or more of the key findings from that review to assess whether actions planned or being undertaken are likely to be effective.</p> <p>The audit adds value by critically assessing processes in place which contribute to managing the achievement of one of the Councils key strategic objectives of becoming carbon neutral by 2040.</p>	Governance, Risk and Control
Economy and Environment	Building Control Income Management Review	<p>An examination of the income management processes within the Building Control function to ensure that all income due is accurately billed on a timely basis, appropriately recorded and maximised.</p> <p>This audit aims to add value by making sure that all income is properly collected for all chargeable Building Control functions.</p>	Risk and Control
Economy and Environment	Commercial Property Income Follow Up	<p>This review will assess the effectiveness of the implemented improvement actions arising from the 2022/23 Income Management Audit, which resulted in a Limited Assurance opinion.</p> <p>This review aims to add value by ensuring that robust arrangements are now in place to bill for all income and bill correctly and therefore maximising the income due to the Council.</p>	Control

Economy and Environment	SLHD Contract Management and Partnership Working Arrangements	<p>An independent and critical assessment as to the robustness of the conclusions made from the joint management completion of the Councils with ALMOs Group Excellence Checklist.</p> <p>Ensures that the agreement with SLHD is effectively managed, is value for money and maximises the partnership arrangement, in preparation for the pending Housing Inspection.</p>	Governance
Economy and Environment	North Bridge Stores Audit	<p>A full review of the operating of the Stores function including a review of stock request, issue, recording, replenishing and system usage for costing and stock control purposes. This review will ensure that any recently implemented improvement actions are working effectively. This audit will also include a review of performance management activities in operation.</p> <p>This review aims to add value by ensuring that arrangements for maintaining, issuing and valuing stores are robust, minimise the risk of fraud, and contribute to accurate financial accounts. It aims to ensure that an efficient and robust stock control system is in operation at North Bridge. An organised and efficient stock control function will support the efficient delivery of other inter dependent services such as Highways, Professional Buildings Maintenance and Street Scene.</p>	Risk and Control

Economy and Environment	Licencing Service Follow Up Review	<p>An overview of operations in this area to give assurance that the service is functioning effectively following improvement areas identified in the taxi licencing audit in 2022/23.</p> <p>This review will revisit all previously identified areas of improvement and ensure that any recently implemented managements actions continue to work effectively. It will also take into consideration the results arising from the Management Review of the Licencing Service.</p> <p>This review will add value by ensuring that any further service enhancements have been delivered and good practices are becoming embedded.</p>	Governance, Risk and Control
Public Health	Test and Trace Grant and Contain the Outbreak Funding - Grant Verification	<p>Certification of the grant as required by the grant determination. Certification by Internal Audit of the grant monies received and used is a requirement of the grant conditions.</p> <p>This is a grant audit and is part of the grant terms and conditions. Without this review, grant monies are at risk of being reclaimed.</p>	Control

Appendix B – Advice and Consultancy

Work

Directorate	Audit Project	Proposed Scope and Added Value
Adults Health & Wellbeing	Practice Change Board - Governance Arrangements	<p>This piece of work will be undertaken on a consultancy basis to assess the governance arrangements and structures of the practice change management programme to ensure they are robust to drive the required changes.</p> <p>This consultancy piece of work will add value by ensuring that the practice change management governance arrangements are robust and effective.</p>
Adults Health & Wellbeing	Provider Portal	This work will be undertaken on a consultancy basis and will involve providing support and advice for Phase 2 of the provider portal.
Adults Health & Wellbeing	Changing Reform Board	<p>This piece of work will involve being part of the charging reform board offering independent help and advice where required.</p> <p>This work aims to add value by providing independent advice and support for the delayed charging reforms.</p>
Adults Health & Wellbeing	Debt Management Strategy	<p>This time is to instigate a review of Adult Social Care debt policy and strategy with the relevant parties to ensure we have appropriate arrangements in place.</p> <p>This work adds value as debt in this area needs to be handled sensitively and responsibly</p>
Children, Young People and Families	CYPF Payments System	<p>This time is to provide advice and support to the integration of payment processes across the CYPF directorate.</p> <p>This work aims to add value by ensuring appropriate control arrangements are in place.</p>
Children, Young People and Families	School Governance	<p>This time is to provide information, advice and support to the (School) Governors' Support Service to ensure audit and governance issues are consistently dealt with across all schools.</p> <p>This time is to provide information, advice and support to the (School) Governors' Support Service to ensure audit and governance issues are consistently dealt with across all schools.</p>

Children, Young People and Families	Dedicated School Grant – Financial Sustainability Arrangements	<p>This is an allowance of time to support budget and savings arrangements involving Service Management, Financial Management, Policy Insight and Change and Internal Audit.</p> <p>This work adds value though supporting arrangements to ensure viable arrangements are put in place to address the financial viability of this area</p>
Children, Young People and Families	School Governance and Financial Management Improvement	<p>This is an allowance of time to complete development of Control Risk Self-Assessment work undertaken in 2022/23 and then subsequently roll out with our schools for them to complete in the 2023/24 year.</p> <p>This work add value through improving governance and financial management arrangements within schools and identifying areas where improvements are needed.</p>
Corporate Resources	Income Management	<p>Contributing to the Income Management Project Group through attending meetings and reviewing documentation and project progress.</p> <p>This aims to add value by ensuring that the Council maximises its income from all income sources though ensuring all income due is properly accounted for through sound and timely reconciliation processes.</p>
Corporate Resources	Partnership Governance Arrangements	<p>Contributing to the review of Partnership Governance Arrangements through attending meetings and reviewing documentation and project progress.</p> <p>This aims to add value by ensuring that the Council has sound and proportionate governance arrangements with its partners.</p>
Economy and Environment	Anti-Fraud and Corruption Training - Environmental Services	<p>Training to promote an environment and culture which will help deter and identify fraud.</p> <p>Ensures that fraud risks are understood, identified and are properly managed and that staff are aware of their responsibilities.</p>
Economy and Environment	North Bridge Stores Transformation Programme Support	<p>This is the continuation of the support given to the full management review of stores that has been carried out internally within the Directorate during 2021/22, following a previous Limited Assurance Internal Audit Report and subsequent issues arising with the management of PPE stocks by Stores.</p> <p>This work adds value though ensuring that improvements continue to be delivered.</p>

Public Health	Public Health Governance Arrangements	Attendance at the quarterly Public Health Governance Group and any other supportive work around this group This support adds value by supporting governance arrangements in Public Health and ensures insight into the work of the directorate.
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Appendix C - The Counter Fraud Plan

Main Directorate	Project Name	Audit Committee Brief	GRC Categorisation
Adults Health and Wellbeing	Safeguarding Personal Assets Team (SAPAT) - Counter Fraud Review	<p>SAPAT (the Safeguarding Adults Personal Assets Team) was last subject to a review in 2017. The team manage the finances of vulnerable adults where they are listed as the person's appointee or deputy (in addition to some other duties). This review will look at the management of the finances of personal assets under the team's control from a counter fraud perspective in order to ensure that the finances of vulnerable people are being adequately safeguarded whilst still allowing them to live their lives to the full.</p> <p>This audit aims to add value by ensuring that the monies that we manage on behalf of vulnerable people are used properly and that their interests are being properly safeguarded.</p>	Prevent
Corporate Resources	Counter Fraud - Payroll to Creditor Matching	<p>This is a data matching piece of work undertaken year on year matching payroll and creditor information to detect fraud and manage conflicts of interest.</p> <p>This piece of work aims to add value by ensuring that conflicts of interest are properly managed and that potential frauds are avoided.</p>	Detect

Corporate Resources	Direct Payments and Personal Budgets	<p>This audit aims to review the processes in place to award and monitor Direct Payments and Personal Budgets as used by individuals to pay for their social care requirements. This review will specifically look at the arrangements to identify and report fraud, suspected fraud and misuse of these payments as few reports of any fraudulent activity are received from these payments which are nationally recognised as a problem area.</p> <p>This review aims to add value by making sure that there are robust counter fraud and fraud reporting arrangements in place over these payments and that action is being taken where possible against anyone misusing the schemes</p>	Prevent
Corporate Resources	Procurement Fraud Checks	<p>Procurement fraud is a difficult fraud to detect and investigate owing to the wide variety ways that this fraud can be perpetrated. Our creditor monitoring software however, routinely monitors for some type of procurement and invoicing fraud and for bank mandate fraud. This piece of work reviews those intelligence reports that they system generates to look for fraud and error.</p> <p>This review adds value by detecting possible procurement frauds and by providing assurance over payments made through the Accounts Payable function.</p>	Detect

Corporate Resources	Teachers Pensions Data Matching	<p>This piece of work is a proactive data match that matches deceased person's information to teacher's pensions as paid by City of Doncaster Council. The majority of teacher's pensions are paid by an external party and have no risk to the Council. However, for a relatively small number of older historic pensions, an element of the pension (although not all of it) is paid by the Council. Whilst parties often do inform relevant parties about the death of a person in receipt of a pension, this information is not always passed on to the Council and has resulted in the past in significant overpayments / potential fraud.</p> <p>This piece of work aims to add value by attempting to identify at the earliest possible instance, teachers pensions being paid directly by City of Doncaster Council that need to be stopped or investigated further - thereby minimising any potential losses to the Council.</p>	Prevent
Corporate Resources	Bank Mandate Fraud Arrangements	<p>In 2022, the Council (along with a nursery service provider) fell victim to what is known as a bank mandate fraud (where a fraudster uses technology and social engineering to convince the parties to change the bank details to which payments are made). A full piece of work was undertaken at the time to ensure that there were no further exposures. However, there are other teams that use similar technologies to make payments and who are responsible for their own counter fraud checks. This piece of work will look at these areas to ensure that checking procedures for all areas are robust and minimise the risk of bank mandate frauds occurring.</p> <p>This piece of work aims to add value by ensuring that counter fraud arrangements are as robust as possible in non-central payment areas.</p>	Prevent

Corporate Resources	Declarations of Gifts and Hospitality and Legacy Audit	<p>This audit is looking at the arrangements in place for the submission and monitoring of declarations of gifts, hospitality and legacies and the arrangements in place to manage any potential conflicts of interest that could arise from them.</p> <p>This audit aims to add value by ensuring that key governance policies are being complied with and can be relied on to help manage the risk of fraud and corruption.</p>	Govern
Corporate Resources	National Fraud Initiative - Results Investigation	The piece of work looks at the investigation of results under the compulsory National Fraud Initiative as mandated by the Cabinet Office.	Detect
Corporate Resources	Cash Monitoring Analytics	<p>Whilst the collection of cash from the public remains significantly reduced for the Council, collection remains possible (with schools being the areas with the highest cash collection levels). This piece of work will see the re-development of cash monitoring arrangements so that cash collection trends are monitored to identify potential fraud and error.</p> <p>This piece of work will add value by enabling the constant monitoring of cash collection trends to identify fraud and error.</p>	Detect
Corporate Resources	National Fraud Initiative	The piece of work looks at the investigation of results under the compulsory National Fraud Initiative as mandated by the Cabinet Office.	Detect
Economy and Environment	Doncaster Decarbonisation Grant Management	<p>This audit looks at the robustness of the arrangements for administering the Doncaster Decarbonisation Grant in line with the funding conditions and the effectiveness of the anti-fraud controls in place, so that any learning points can be implemented in future grant scheme arrangements.</p> <p>The audit adds value by identifying improvement areas to be applied in future grant schemes.</p>	Prevent

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City of Doncaster Council

Report

Date: 27th April 2023

To: The Chair and Members of the Audit Committee

Report Title: Counter Fraud Activity Report

EXECUTIVE SUMMARY

1. The attached report covers the Council's Counter Fraud Plan for 2023/24. This plan has been constructed in line with the Council's Anti-Fraud, Bribery and Corruption Framework (as approved by the Audit Committee in April 2021) and in line with the Fighting Fraud and Corruption Strategy 2020 for Local Government.
2. The attached report contains the following elements:
 - Horizon scanning for new fraud risks;
 - The assessment of current fraud risks for the Council;
 - Information on counter fraud resource levels; and
 - Presentation of the new Counter Fraud Plan for City of Doncaster Council and an assurance map mapping coverage of the plan and activities to the risks on the fraud risk register.
3. Risks for the Council remain well controlled and are managed and our proposed schedule of work is designed to ensure that these controls remain relevant and that new risk exposures are well managed.
4. The Counter Fraud Plan comprises activity across both the Council and St Leger Homes to manage the fraud risks for the City of Doncaster Council and includes approximately 1.2 full time equivalent employees worth of counter fraud work.

EXEMPT REPORT

5. This report is not exempt.

RECOMMENDATIONS

6. The Audit Committee is asked to support and approve the Counter Fraud Plan and the assurance map which maps all the proposed activities to fraud risks.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. Fraud and corrupt activity divert scarce resources away from Council and other public 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, maximise recovery and deter fraudulent activity. Typically, the most vulnerable in society bear the cost of most of the fraud as it limits council spending on those users that need our services the most.

BACKGROUND

8. A counter fraud strategy has been in place in the form of an Anti-Fraud, Bribery and Corruption Framework since 1999 and it has been through many iterations as counter fraud strategy across local government changes in response to the changing fraud landscape.
9. Counter fraud work is an expected element of every council's approach to fraud and is required under the Fighting Fraud and Corruption Strategy 2020.

OPTIONS CONSIDERED

10. Not applicable

REASONS FOR RECOMMENDED OPTION

11. Not applicable

12. Legal Implications [Officer Initials: SRF | Date: 11.04.23]

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 transformation will be published on the Council's website.

13. Financial Implications [Officer Initials: SJT | Date: 12.04.23]

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.

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

14. Human Resources Implications [Officer Initials: SH | Date: 11.04.2023]

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

15. Technology Implications [Officer Initials: PW | Date: 12.04.23]

There are no direct technology implications of this report.

RISKS AND ASSUMPTIONS

16. Failure to address fraud and corruption risks cause:-

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

CONSULTATION

17. Not applicable

BACKGROUND PAPERS

18. The Fighting Fraud and Corruption Locally Strategy 2020 is available on the CIPFA website.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

19. 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
- FTE – Full time equivalent employees
- HMRC – HM Revenue and Customs

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Counter Fraud Activity Report

2023/24



PROTECTING ITSELF AND ITS RESIDENTS

*Recognising the harm that fraud can cause in the community.
Protecting itself and its' residents from fraud.*

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1. Introduction

- 1.1. This report outlines the Council's approach to counter fraud activity within Doncaster Council and St Leger Homes for the 2023/24 financial year. The Council's overall approach and strategy is contained within the Anti-Fraud, Bribery and Corruption Framework that is approved by Audit Committee. This framework was refreshed and was last approved by the Audit Committee in April 2021 and is based on the Local Government Fighting Fraud and Corruption Strategy 2020. This remains the most current and most applicable set of guiding principles for counter fraud work in local authorities.
- 1.2. In line with our current strategy, this plan continues to be separately identified within the annual audit plan (as recommended by the Fighting Fraud and Corruption Strategy). This plan and the identified work within it has been assembled on the following basis:
 - A review of our strategy against the requirements of the Local Government Fighting Fraud and Corruption Strategy 2020 and the completion of an annual self-assessment against the requirements of this document (this assessment accompanies this report);
 - A review of the lessons learned and the impact of the work completed under the 2022/23 Counter Fraud Plan (including the results of ongoing work under the National Fraud Initiative) to understand the impact of those findings on the Council's fraud risk landscape;
 - A review of the issues identified in completed internal audit work to inform our work on the state of internal controls that are used to both manage the Council's operations and (where applicable) manage fraud risks;
 - A review of the coverage of other counter fraud governance policies that manage specific fraud risks (such as insider fraud risks that are managed by the various internal HR policies and procedures – insider risks are those fraud risks where an internal employee rather than an external party is responsible for perpetrating the fraud);
 - Horizon scanning looking at likely upcoming changes in technologies, government strategy and policy and the Council's own activities and direction of travel to examine how those changes (or possible changes) affect the fraud landscape in which we operate;
 - Research on fraud trends and new emerging frauds and new areas that may be vulnerable to existing fraud types to inform our understanding of risks and the areas that may be exploited by fraudsters.
 - Updating of the Council's fraud risk register and the fraud assurance maps taking into account the items above to identify areas of risk worthy of review

- 1.3. Annual publication of Counter Fraud Results, for both proactive and reactive work, is published in the annual Preventing and Detecting Fraud and Error report that is reported to the Audit Committee following the end of the reporting period (currently 30th of September). This date is set to coincide with the close down / results phase of the largest piece of fraud work on the Counter Fraud Plan, the National Fraud Initiative.

2. The Council's Anti-Fraud, Bribery and Corruption Framework

- 2.1. The Council's Anti-Fraud, Bribery and Corruption Framework, contains the Council's policy and strategy for dealing with fraud, both within the Council and against it. This framework was last approved by the Audit Committee in April 2021.
- 2.2. This report and the assessment of risks it contains, have been rated in line with the Council's Risk Management Policy and Procedure.

3. Horizon Scanning

- 3.1. The fraud landscape changes constantly, with fraudsters constantly developing their techniques and exploiting new areas of weakness. Councils and other public bodies are constantly playing catch up with limited resources. Fraud in the public sector is estimated by the Government to cost up to £52bn annually (Institute of Government and Public Policy 2023). Detected fraud, however, represents only a small proportion of the overall size of the problem. Like the proverbial iceberg, it's the undetected element that no one can see that remains the biggest risk.



- 3.2. Cyber enabled crime continues to rise. (This is any crime or fraud committed using technology). It is still one of the most difficult fraud types to stop as fraudsters continue to find and exploit technology vulnerabilities and exploit human weaknesses and human behaviour. It is highly unlikely that this fraud risk will ever decrease, and it affects individuals, business and the council itself. Current fraud trends relating to ransomware and extortion after exploiting computer system vulnerabilities remain. The latest trends include the rise of so called "synthetic identities" – computer generated "people" with Facebook accounts and full back stories. These fake people are being used to befriend and scam individuals and businesses alike. Identity verification work on things like grants and insurance claims is, therefore, becoming more and more important.



- 3.3. Right to Buy fraud continues to be a significant fraud risk for the Council with discounts of up to 70% of the value of the property available to the tenant. The cost-of-living rises have had a breaking effect on the UK property market; however, this is unlikely to significantly affect the fraudsters trying to get hold of these properties. There were 76 applications for Right to Buy in 2023/24 and this is expected to remain steady.



- 3.4. Synthetic identity fraud is the latest fast growing fraud trend and is very hard to spot and combat. Traditional identity fraud involves cloning



a person's identity using their financial and other personal information. Synthetic identify fraud however, often combines legitimate identify facts with fabricated ones or ones stolen from multiple different identities to create often called "Frankenstein" credentials. Synthetic identities (which can even be created by web based

artificial intelligence products) are more dangerous than traditional stolen identities. In the traditional forms, the customer at some point notices the issue (usually as the result of credit refusals or debt collection activities for debt for which they have no knowledge). With synthetic Frankenstein identities, there is no individual to report the problem which allows fraudsters to use the identity for long periods and build up a history. Synthetic identities are a serious problem for online retailers and any industry that gives out lines of credit. The Council however, does not engage in these activities but this kind of fraud may affect Right to Buy applications and even potentially Business Rates collections going forwards as synthetic identities could be used to defraud business rates or be used to create people with succession rights to tenancies to enable fraudsters to gain access to properties. These frauds are new and evolving and will be watched closely to determine any other potential impacts.

- 3.5. Austerity measures, continue to influence fraud risks, particularly financial fraud risks



that involve cash or the misappropriation of income. Whilst most areas of the Council have little involvement with cash, schools remain at risk. Austerity measures have seen back office and administrative based activities cut hardest over the last five years. Most schools, particularly smaller primary schools, having only two or three office staff supporting their income and banking activities. These cuts minimise the

opportunity for traditional segregation of duty based financial controls, with many schools having just one person regularly involved in cash handling and banking with little opportunity for other involvement. This weakening of the controls places the cash collection processes in these schools at heightened risk of fraud. Additional schools have been added to



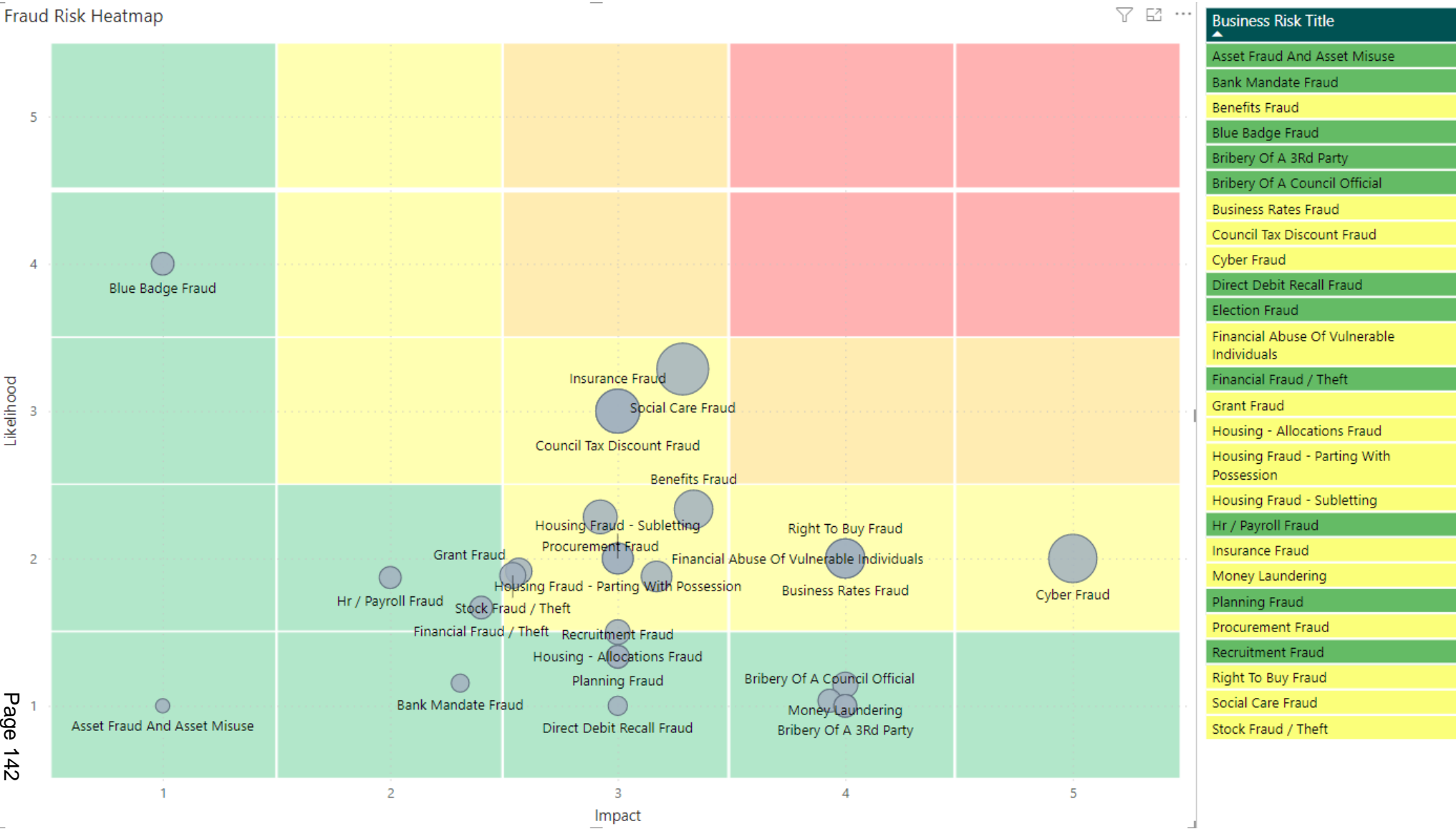
the Internal Audit Plan to address individual school weaknesses and agree actions for improvement. Lessons learnt from previous years' school audits have also been provided to schools and further work is being delivered to help govern schools and support their financial management arrangements.

- 3.6. The Social Care Cap was due to be introduced from October 2023 but has now been delayed until 2025. Under current proposals, individuals (whether they arrange and pay for their own care or have their care arranged by their local council) will start accruing costs towards their care cap and their care needs and care cap eligible expenditure will need to be tracked. This gives rise to a new form of social care fraud risk. There has always been a risk that, for social care users, income and assets may be hidden, misappropriated or misused to minimise costs or otherwise extract monies from the system. Whilst details of the scheme are not available to evaluate at the moment, these arrangements are likely to provide a new incentive to manipulate care costs to avoid care fees and therefore a new fraud risk from those arranging their own care that the Council has not been previously exposed to. As our understanding of this scheme and its associated risks develop, we will update our register and plan to provide the right counter fraud advice at the right time to minimise any potential implications for fraud.
- 3.7. Whilst there are other risks on the horizon, the above remain the dominant risks for the year ahead.

4. Fraud Risks

- 4.1. Fraud risks are routinely mapped and their assessments updated in line with the ever-changing face of fraud, both nationally and locally. Fraud risks are mapped against every department and activity within the Council with a collective aggregated score for each risk type on the register. This aggregated score, makes up the Strategic Fraud Risk Register.
- 4.2. Fraud risks are rated using the standard Doncaster Council Risk Management Framework with financial, legislative and reputational impacts all used to rate the overall level of risk exposure. The colouring of the heat map, however, does differ from the standard Doncaster model. This is because very high impact frauds that are rated as very unlikely to occur would show as AMBER on the Doncaster register, requiring further mitigation. However, in terms of fraud risks, very unlikely is the maximum level to which they can be controlled.
- 4.3. The fraud risk register has been amended this year to reflect the latest risks and some risks where the risk is not against the Council or where the risk is no longer relevant, have been removed from the assessment in this report. They are still logged and watched but this report has been re-focused to the current risks facing the organisation only. The main risks dropped from this report are those relating to COVID fraud risks which are no longer relevant to this assessment.

5. Fraud Risk Heat Map



- 5.1. The risks shown on the heat map show residual risk exposures as they were assessed in March 2023. For ease of display, the accompanying list has been colour coded to show the risk level shown on the map. Explanations of these risks along with the expected direction of travel are shown in section 10.

6. Counter Fraud Resource Levels

- 6.1. The Counter Fraud Plan, shown later in this document, currently includes the equivalent of 1.2 Full Time Equivalent employees (FTEs) based on 160 working days per FTE per year after leave and overheads. This includes proactive, detective and reactive time (contingency elements for investigations) of the Counter Fraud Plan. It provides for minimal coverage only, however, the Head of Internal Audit will ensure adequate resources are in place to deliver counter fraud work as needed.

7. Assurance Mapping and the Counter Fraud Plan

- 7.1. The Counter Fraud Plan has been constructed from the Fraud Risk Register and horizon scanning and can be mapped directly to risks as required in the Fighting Fraud and Corruption Strategy. An assurance map has been created that has mapped all risks to our coverage of them (including audits as included on the proposed Counter Fraud Plan for 2023/24) giving clear visibility of proposed coverage and gaps. Full explanations of the risks can be found in the Fraud Risk Register at section 10.
- 7.2. The Counter Fraud Plan appears in the next section for scrutiny and approval. It should be noted that two jobs from the previous year's plan have been brought forward for completion in this financial year. The National Fraud Initiative, however, runs from October to September (the NFI reporting cycle) and so this work always crosses each financial year.
- 7.3. Following the plan, is an assurance map that maps all of the proposed activity to fraud risks, clearly showing the mapping of activity to the relevant risks. Where there is assurance provided by someone other than Internal Audit, these have been shown on the map. Looking at fraud risks in this way gives clear visibility over the level of coverage against the identified risks and assess its adequacy.
- 7.4. The Audit Committee is asked to support and approve the Counter Fraud Plan.

8. The Counter Fraud Plan

Project Name	Audit Committee Brief	Fraud Strategy Alignment
Declarations of Gifts and Hospitality and Legacy Audit	<p>This audit is looking at the arrangements in place for the submission and monitoring of declarations of gifts, hospitality and legacies and the arrangements in place to manage any potential conflicts of interest that could arise from them.</p> <p>This audit aims to add value by ensuring that key governance policies are being followed and can be relied on to help manage the risk of fraud and corruption.</p>	Govern
Bank Mandate Fraud Arrangements	<p>In 2022, the Council (along with a nursery service provider) fell victim to what is known as a bank mandate fraud (where a fraudster uses technology and social engineering to convince the parties to change the bank details to which payments are made). A full piece of work was undertaken at the time to ensure that there were no further exposures and this work did confirm this had been an isolated incident. However, there are other teams that use similar technologies to make payments and who handle their own counter fraud checks. This piece of work will look at these areas to ensure that checking procedures for all areas are robust and minimise the risk of bank mandate frauds occurring.</p> <p>This piece of work aims to add value by ensuring that counter fraud arrangements are as robust as possible in non-central payment areas.</p>	Prevent
Safeguarding of Personal Assets Team (SAPAT) - Counter Fraud Review	<p>SAPAT (the Safeguarding Adults Personal Assets Team) was last subject to a review in 2017. The team manage the finances of vulnerable adults where they are listed as the persons appointee or deputy (in addition to some other duties). This review will look at the management of the finances of personal assets under the team's control from a counter fraud perspective to ensure that the finances of vulnerable people are being adequately safeguarded whilst still allowing them to live their lives to the full.</p> <p>This audit aims to add value by ensuring that the monies that we manage on behalf of vulnerable people are used properly and that their interests are being properly safeguarded.</p>	Prevent

Project Name	Audit Committee Brief	Fraud Strategy Alignment
St Leger Homes - Right to Buy Management	This piece of work will look at the arrangements in place to follow Right to Buy legislation and will include a review of the processes and controls in place to ensure that it is done accurately and that assets are safeguarded from fraud as much as is possible. This review aims to add value by ensuring that fraud is minimised and that proper procedures are in place to mitigate fraud risks.	Prevent
Teachers Pensions Data Matching	<p>This piece of work is a proactive data match that matches deceased persons information to teachers pensions as paid by City of Doncaster Council. The majority of teachers pensions are paid by an external party and have no risk to the Council. However, for a relatively small number of older historic pensions, an element of the pension (although not all of it) is paid by the Council. Whilst parties often do inform relevant parties about the death of a person in receipt of a pension, this information is not always passed on to the Council and has resulted in the past in significant overpayments / potential fraud.</p> <p>This piece of work aims to add value by trying to find at the earliest possible instance, teachers' pensions being paid directly by City of Doncaster Council that need to be stopped or investigated further - thereby minimising any potential losses to the Council.</p>	Prevent
Direct Payments and Personal Budgets	<p>This audit aims to review the processes in place to award and monitor Direct Payments and Personal Budgets as used by individuals to pay for their social care requirements. This review will specifically look at the arrangements to find and report fraud, suspected fraud and misuse of these payments as few reports of any fraudulent activity are received from these payments which are nationally recognised as a problem area.</p> <p>This review aims to add value by making sure that there are robust counter fraud and fraud reporting arrangements in place over these payments and that action is being taken where possible against anyone misusing the schemes.</p>	Prevent

Project Name	Audit Committee Brief	Fraud Strategy Alignment
Doncaster Decarbonisation Grant Management	<p>This audit looks at the robustness of the arrangements for administering the Doncaster Decarbonisation Grant in line with the funding conditions and the effectiveness of the anti-fraud controls in place, so that any learning points can be implemented in future grant scheme arrangements.</p> <p>The audit adds value by identifying improvement areas to be applied in future grant schemes.</p>	Prevent
Cash Monitoring Analytics	<p>Whilst the collection of cash from the public remains significantly reduced for the Council, collection is still possible (with schools being the areas with the highest cash collection levels). This piece of work will see the re-development of cash monitoring arrangements so that cash collection trends are monitored to find potential fraud and error.</p> <p>This piece of work will add value by enabling the constant monitoring of cash collection trends to find fraud and error.</p>	Detect
National Fraud Initiative - Results Investigation	The piece of work looks at the investigation of results under the compulsory National Fraud Initiative as mandated by the Cabinet Office.	Detect
Counter Fraud - Payroll to Creditor Matching	<p>This is a data matching piece of work undertaken year on year matching payroll and creditor information to detect fraud and manage conflicts of interest.</p> <p>This piece of work aims to add value by ensuring that conflicts of interest are properly managed and that potential frauds are avoided.</p>	Detect
National Fraud Initiative 2023/24 Cycle	The piece of work looks at the investigation of results under the compulsory National Fraud Initiative as mandated by the Cabinet Office.	Detect



Project Name	Audit Committee Brief	Fraud Strategy Alignment
Procurement Fraud Checks	Procurement fraud is a difficult fraud to detect and investigate owing to the wide variety ways that this fraud can be perpetrated. Our creditor monitoring software, however, routinely checks for some type of procurement and invoicing fraud and for bank mandate fraud. This piece of work reviews those intelligence reports that they system generates to look for fraud and error. This review adds value by detecting possible procurement frauds and by providing assurance over payments made through the Accounts Payable function.	Detect




9. Counter Fraud Risk Assurance Map




Assurance Source	Asset Misuse	Bank Mandate Fraud	Benefits Fraud	Blue Badge Fraud	Bribery of a 3rd Party	Bribery of a Council Official	Business Rates Fraud	Council Tax Discount Fraud	Cyber Fraud	Direct Debit Recall Fraud	Election Fraud	Financial Abuse of Vulnerable Individuals	Financial Fraud / Theft	Grant Fraud	Housing Allocations Fraud	Housing Fraud - Parting with Possession	Housing Fraud - Subletting	HR / Payroll Fraud	Insurance Fraud	Money Laundering	Procurement Fraud	Recruitment Fraud	Right to Buy Fraud	S106 Fraud	Social Care Fraud	Stock Fraud / Theft
<u>Audits to be completed in 2023/24</u>																										
Bank Mandate Fraud Arrangements 2023/24		✓							✓																	
Cash Monitoring Analytics 2022/23													✓													
Counter Fraud - Payroll to Creditor Matching 2023/24																		✓								
Declarations of Gifts and Hospitality and Legacy Audit 2022/23					✓	✓							✓	✓	✓						✓					
Direct Payments and Personal Budgets 2022/23		✓																							✓	
Doncaster Decarbonisation Grant Management 2023/24														✓												
National Fraud Initiative - Results Investigation 2022/23			✓	✓				✓							✓	✓	✓	✓			✓		✓			
National Fraud Initiative 2023/24 Cycle			✓					✓			✓															
Procurement Fraud Checks 2023/24		✓																			✓					
Safeguarding Personal Assets Team (SAPAT) - Counter Fraud Review 2023/24									✓			✓	✓													
St Leger Homes - Right to Buy Management 2023/24																							✓			
Teachers Pensions Data Matching 2023/24																		✓								
<u>Earlier Audit Year Coverage</u>																										
2022/23					✓	✓				✓							✓				✓	✓				✓
<u>Other Assurance Sources</u>																										
External Insurance Inspection																			✓							
External sourced ICT Audits									✓																	
Car parking warden blue badge checks				✓																						
DWP and HMRC Realtime Matching Services			✓					✓																		
Public Services Network (PSN) Certification Checks									✓																	
Electoral Commission Inspections / Checks											✓															




10. Fraud Risk Register




The direction of travel shown by the arrow shows whether the risk is expected to increase, decrease or stay the same over the coming year. All risk ratings are based on the assessment at the time it was undertaken (March 2023) and represent the risks assessed position according to the Risk Management Framework as agreed by the Council and the Audit Committee. Whilst risks may be increasing as shown in the narrative, it does not necessarily mean that it has / will change risk rating (e.g. High, Medium low etc) as this is based on the wide criteria that is set in the Risk Management Framework.




Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Asset Fraud and Asset Misuse		<p>Asset frauds occur where assets owned by the Council are used or sold without the council's permission or knowledge leaving the Council to pick up the cost of the asset and its maintenance but depriving the Council of the use of it. Whilst any kind of asset can be misused, the risks mainly relate to bigger more expensive assets such as buildings / premises, vehicles and plant and computer equipment.</p> <p>Risks in this area are stable with generally good levels of internal controls over large assets. Vehicles are subject to tracking and monitoring and stock systems are in use over ICT assets.</p>
Bank Mandate Fraud		<p>Bank Mandate Fraud occurs where fraudsters try to change the stored bank details we have on file for our customers or suppliers with a view to trying to re-direct the monies fraudulently to themselves. This usually occurs through some form of telephone call, email or even by letter. Some attempts are made by spoofing contact details, others can be because of cyber-attack on the customer / supplier.</p> <p>This is a long-standing type of fraud and controls in this area are generally good. However, one such fraud did slip through in 2022/23 due to human error. Whilst this was an isolated incident, an audit has been set up for 2023/24 to recheck the arrangements in other areas of the Council. Generally, this is a stable risk, but frauds are attempted every day.</p>




Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Benefits Fraud		<p>Benefits frauds for the Council mean Housing Benefit frauds rather than any of the other Department of Work and Pension based claimable social benefits. The number of people entitled to legacy benefits like Housing Benefit continues to fall and this is expected to continue, hence the predicted continual falling of the level of risk in this area. Real time matching initiatives by the Department of Work and Pensions are well established to highlight possible frauds. The investigation of frauds in this area, however, is the responsibility of the Single Fraud Investigation Service and not the Council who only administer the benefit on their behalf.</p> <p>Work in this area is always included on the National Fraud Initiative as mandated by the Government.</p>
Blue Badge Fraud		<p>Blue badge fraud occurs where someone applies for a disabled persons parking badge but isn't entitled to it, or where a legitimate blue badge is misused by a party or is used in circumstances in which they are not entitled to use it. Blue Badge Fraud is relatively low value fraud, essentially costing the Council the amount of money lost in parking revenue (where the parking for badge holders is free rather than charged). However, it has wider implications in terms of preventing legitimate users from accessing the wider, and often nearer, parking spaces.</p> <p>Parking remains at lower levels than pre-pandemic levels but is slowly rising. It is expected that this risk will remain relatively consistent in the short term.</p>
Bribery Of A 3rd Party		<p>Bribery risks, where someone is bribed to deliberately do something that they know is wrong, carry a prison sentence and there are implications for the Council itself should it fail to take adequate steps to prevent bribery (these can include fines or jail sentences for senior officers). The crime can be committed by either an official bribing a 3rd party or by accepting a bribe. These two variations are relatively low risk for the Council and the only potential exposure here lies with attracting inward investment to the area. Controls are in place to mitigate these risks and are currently expected to remain at similar levels going forward.</p>





Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Bribery of a Council Official		Bribery risks, where someone is bribed to deliberately do something that they know is wrong, carry a prison sentence and there are implications for the Council itself should it fail to take adequate steps to prevent bribery (these can include fines or jail sentences for senior officers). The crime can be committed by either an official bribing a 3rd party or by accepting a bribe. Risks for the Council here relate to property sales, right to buy housing sales, fines and income streams. Again, these are low risk and are anticipated to remain stable going forward.
Business Rates Fraud		Business rates frauds occur where business evade their business rates (a form of tax) by claiming properties are not in use, claiming fake charity statuses or try to transfer their liabilities to parties that are fake / do not exist etc. Times remain difficult for businesses, and this can increase the likelihood of a fraud occurring in this area. However, the number of businesses subject to business rates remains lower than pre-pandemic levels and potential business rate help for businesses remains a possibility whilst the Government attempts to boost the economy. As a result, these will probably remain stable risks in the short term.
Council Tax Discount Fraud		Council Tax Discount Fraud occurs where a person liable for Council Tax claims discounts or reductions to their liability where they have no legitimate claim to. This can be deliberately done or by not informing us of a change in their circumstances. Council tax frauds are quite common but are relatively small due to the limited size of Council Tax bills. Continuing pressure on personal finances caused by the current cost of living crisis, increases the temptation for individuals to not pass on information that can increase their tax liability. It is for this reason that the level of fraud in this area is expected to increase over the next 12 months. However, good controls and on-going rolling checks of discounts and reductions are in place (along with other fraud initiatives) to detect and deal with these frauds.



Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Cyber Fraud		<p>Cyber fraud is any cyber enabled crime, but in this case is used to refer to the extortion of funds from Doncaster Council via malware or Trojans, denial of service attacks (where council systems are repeatedly bombarded with traffic to crash them or stall them), phishing, and criminal access to internal systems by 3rd parties for electronic data theft or harvesting.</p> <p>Remote working globally has increased the reach of hackers and cyber criminals with increased targeting of individuals because of this global trend. Individuals are still the biggest weakness in arrangements to combat these types of attacks / crimes with ever more elaborate ways to phish for data and access. Whilst controls are in place and are constantly being developed and enhanced to combat this type of fraud, organisations are always playing catch-up to the fraudsters in this respect, and it is for this reason that cyber fraud is shown as an ever-increasing risk.</p>
Direct Debit Recall Fraud		<p>Direct Debit Recall Fraud is a relatively rare type of fraud, in which fraudsters buy or obtain access to a bank account and use the Direct Debit guarantee to challenge and recover monies paid by Direct Debit. This type of fraud is more common in the Greater London area and for authorities that use signatureless direct debit set up methods. Incidents here at Doncaster, however, remain very low with minimal claims being made under the Direct Debit Guarantee Scheme.</p>
Election Fraud		<p>The illegal interference with general or local elections is a crime. Whilst it has a very high impact, it is very unlikely with controls over voter registration, vote casting and at all stages in the process. This risk is currently assessed as stable.</p>

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Financial Abuse of Vulnerable Individuals		The financial abuse of vulnerable individuals is a risk for all councils. Long term care arrangements and guardianship orders (any arrangements where an individual is reliant on any individual), may be exploited by individuals for their own purposes. The Council manages care for some vulnerable residents and for a small number of clients administers their financial affairs. Whilst it is unlikely that any Council employee working in these areas would exploit their clients, it remains a risk to be managed and monitored through appropriate internal controls and reporting. This risk is considered a static / stable risk.
Financial Fraud / Theft		Financial fraud / thefts essentially relate to the risks associated with cash and the processing of cash and cash equivalents. Whilst the cash handling activities are now minimised across the Council (with electronic payment methods the preferred choice). Schools are still the biggest risk in this respect although the number for which the authority is responsible (due to schools converting to academies), continues to gradually fall.
Grant Fraud		The Council administers many grants, some temporary as a result of changes in the political landscape, and others that are more regular grants. Grants used by the Council are considered low risk but grants that are passed by the Council to members of the public are at risk of fraud and the level of risk is dependent on the nature of the grant and grant conditions. COVID grants and other expired grants have been removed from our risk assessments, but further grants are possible due to the current economic climate and environmental change agendas and these, in our opinion, are likely to attract further grant fraud risks going forward.

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Housing - Allocations Fraud		Housing allocations fraud occurs where someone occupies a council property through deception and takes a property away from other users. This can happen through inappropriate claims to succeed the previous tenant at a property or where individuals lie to increase their chances of getting a property or a larger property than they need. Housing allocations frauds are an issue for any council for which the demand of low-cost social housing exceeds the availability of such properties. The cost is often measured in terms of the cost of bed and breakfast accommodation that needs to be used to house homeless families in legitimate need. Many factors influence the risk here, including the level of difference between private and public sector rental costs, the cost of living, living standards and the state of the economy. Increases in private sector rents and the squeeze on the economy and individual's finances are increasing the risk here and this is likely to continue to increase (however, it still is lower than most city areas or those areas in Greater London). Robust checking of allocations and successions along with national data matching exercises help to mitigate this kind of fraud.
Housing Fraud - Parting with Possession		Parting with possession is often termed "key selling" fraud. This is where a council tenant sells the keys to a property to a 3rd party to take over their tenancy. It is like subletting, with the exception that there is no long-term financial arrangement in place between the parties. This is a relatively rare fraud type, especially outside of the Greater London area. It has been judged as stable as there are no increases in risk associated with the current economic environment (this kind of fraud is more likely in more affluent economic times).
Housing Fraud - Subletting		Subletting fraud happens where a Council tenant who no longer needs their property for some reason, chooses to let it out to a 3rd party for weekly / monthly income rather than return it to the council for re-letting. This is illegal and not only deprives a family in need of accommodation from using the property but creates unlawful profit for the council tenant letting it out. This kind of fraud increases as the difference between social and private rents increases (because the greater the difference, the greater profit there is in it for the tenant and, therefore, the higher the temptation factor). Differences between private and public sector rents in the current climate are on the increase thereby increasing the likelihood that this kind of fraud will occur.

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
HR / Payroll Fraud		<p>HR Payroll frauds are essentially time, pay or expenses frauds. They are by far the most common of all frauds and are faced by any business. They are almost impossible to properly prevent with the cost of control usually outweighing the cost of the fraud.</p> <p>Risks in terms of time frauds and pay frauds (such as false overtime claims or misuse of company time) remain higher than pre-pandemic levels due to the continued significant amounts of remote working. However, they remain stable.</p>
Insurance Fraud		<p>Insurance fraud occurs where individuals try to falsely claim monies from the Council for accidents or damage. Insurance claims are dealt with in house but are subject to review by the Council's external insurers. Fraudulent and exaggerated claims unfortunately have been around for a long time and are likely to be more tempting for low level fraudsters in the current economic climate.</p>
Money laundering		<p>Money laundering risks occur where monies from criminal activities are cleaned by using them to buy legitimate assets or pass through a business so that the funds look like legitimate transactions. The Council has a very low money laundering risk as it no longer operates large scale cash collection activities. However, in the sale of council houses under the Right to Buy Scheme, tenants are allowed to fund their purchase through cash. This single source is the Council's highest money laundering risk. Despite the economic slowdown, mid to late 2022/23 saw a rise in the number of attempts to buy properties with a significant amount of cash. This therefore presents a growing risk despite the economic climate. Full checks are undertaken before any sales are allowed and sales are refused where the source of the money cannot be traced to a legitimate source.</p>

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Planning Fraud		Planning fraud occurs where developers, individuals or officials seek to further their own agendas by submitting false information, manipulating decisions or apply undue influence to the planning process. Planning rules and decisions are subject to scrutiny and challenge and information is put in the public domain for interested parties to view themselves. For this reason, this is judged as a low risk but stable to the Council.
Procurement Fraud		Procurement fraud occurs in many ways. It can range from deliberately duplicated invoices or inflated invoices to deliberate price fixing between rival suppliers. Duplicated invoices and inflated invoices can be controlled and detected by good internal controls over procurement related activities, but some other forms are much harder to spot. Procurement frauds are again a long-standing fraud type and are currently judged as being stable.
Recruitment Fraud		Recruitment fraud occurs when individuals recruited falsify their history or qualifications on seeking employment or where undue bias is used in selection processes to favour a specific applicant. Recruitment fraud risks are relatively low and good long standing internal controls can be applied to the checking / recruitment processes. This risk is judged to be stable.
Right To Buy Fraud		Right to Buy fraud occurs where individuals that are NOT entitled to buy a property under the scheme do so or where the tenant obtains more discount on their property sale than they are entitled to. Full checks are undertaken in this respect and are long established. Despite the increase in cash applications, the overall applications (76) remains comparable to the previous year and so this risk has been rated as stable.

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Social Care Fraud		Social care fraud occurs where individuals (or their families) either use monies that they are paid under schemes like direct payment schemes for illegitimate expenditure OR where they make false statements and try to conceal their funds to prevent the use of them to fund their/ their family member's care costs. This is an emotive topic. There are relatively high levels of direct payments / personal budgets in place for care across Doncaster. The current economic downturn and pressure on household funds increases the temptation to misuse these types of funds and for this reason, the risks have been judged as increasing in this area.
Stock Fraud / Theft		Stock fraud / thefts are one of the easiest types of fraud to understand. The Council minimises its stocks to meet its operational needs. However, whilst there are stocks there will always be a risk that these are stolen or are the target for thieves and criminal gangs. Physical security and internal controls are strong and for this reason this risk is judged as stable.

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City of Doncaster Council Audit Plan 2022-23

Year ending 31 March 2023

19 April 2023

Contents



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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.

1. Key matters



National context

For the general population, rising inflation rates, in particular for critical commodities such as energy, food and fuel, is proving challenging for many households, including those in employment. At a national government level, recent political changes have seen an emphasis on controls on spending, which in turn is placing pressure on public services to manage within limited budgets.

Local Government funding continues to be stretched with increasing cost pressures due to the cost of living crisis, including higher energy costs, increasing pay demands, higher agency costs and increases in supplies and services. Local authority front-line services play a vital role in protecting residents from rising costs; preventing the most vulnerable from falling into destitution and helping to build households long-term financial resilience. At a local level, councils are also essential in driving strong and inclusive local economies, through their economic development functions and measures like integrating skills and employment provision and prioritising vulnerable households to benefit from energy saving initiatives. Access to these services remains a key priority across the country, but there are also pressures on the quality of services. These could include further unplanned reductions to services and the cancellation or delays to major construction projects such as new roads, amenities and infrastructure upgrades to schools, as well as pothole filling.

The Council's financial position

Despite the pressures noted above, the Council delivered an outturn underspend of £8.9m in 2021-22. For 2022-23, the Council set a balanced budget with gross expenditure of £526.1m. Council Tax increased by 4.49% (1.99% for Council Tax and a further 2.5% for Adult Social Care). To deliver this balanced budget, the Council needed to deliver savings of £12.1m during 2022-23. However, since the approval of the budget for 2022-23, the financial outlook has worsened. The impact of rising energy, fuel and other prices has impacted on both the Council's revenue and capital budgets for 2022-23. The Quarter 3 Finance and Performance Improvement Report for 2022-23, presented to cabinet on 1 March 2023, noted a £7.8m forecast overspend. The report also noted that whilst the Council will continue to take all actions to reduce the overspend position, earmarked reserves will be used to fund the overspend position if required.

Children's Services

Doncaster Children's Services Trust, an arm's length management organisation (ALMO) which had been operational since 2013 formally transferred back all Children's services to the Council on 1 September 2022. This follows the lifting by Central Government of all directions in respect of the delivery of children's social care in January 2021. Discussions with management indicate bringing Children's services back into the Council will allow the integration and realignment of services and greater efficiencies allowing more spending on front line service delivery and improving the quality of services provided. This follows the Ofsted Report in April 2022, which downgraded children's services from 'Good' to 'Requires improvement to be good'. The Council is currently implementing its action plan to address the issues identified by the Ofsted report.

Key matters

Doncaster Sheffield Airport

Doncaster Sheffield Airport closed to flights on 5 November 2022 despite intense efforts by the Council to secure its future. The recent report presented to Cabinet on 12 April 2023, South Yorkshire Airport City (SYAC), noted that SYAC is the project to reopen Doncaster Sheffield Airport and develop a cluster of high value economic activity which complements traditional aerospace functions, including logistics.



The City of Doncaster Council is continuing to explore a number of options for acquisition including negotiating with Peel Group for the purchase of the facility; negotiating the use of a long term lease with Peel Group for the site; and as a last resort, considering a compulsory purchase order if negotiations with Peel Group are unsuccessful.

Our discussions with senior Council officers including the Chief Executive indicate Council officers continue to obtain independent professional advice to support their decision making.

City status

Doncaster Metropolitan Borough Council was granted city status as part of the Queen's Platinum Jubilee in 2022. City status was granted from 1 January 2023 and Doncaster is now known as the City of Doncaster Council. His Majesty King Charles III and the Queen Consort visited Doncaster on 9 November 2022 to bestow city status.

Audit reporting delays

In a report published in January 2023 the NAO highlighted that since 2017-18 there has been a significant decline in the number of local government body accounts including an audit opinion published by the deadlines set by government. The NAO outline a number of reasons for this and proposed actions.

In March 2023, Grant Thornton published 'About time?', which explored the reasons for the delay in publication of audited local authority accounts. The report explores several of the causes of delay and the steps which might be taken to reduce the incidence of delays. These steps relate to systems leadership, holding both authorities and auditors to account for their performance, a continued focus on the quality of accounts preparation and audit, and the effective engagement between auditors and audited bodies. The Grant Thornton report made a number of recommendations for improving timeliness in publishing audited accounts. Copies of the Grant Thornton report have been shared with senior management and the Audit Committee.

In our view, it is critical to early sign off that draft local authority accounts are prepared to a high standard and supported by strong working papers.

Key matters

Our Responses



- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out further in our Audit Plan, has been agreed with the Chief Financial Officer and Assistant Director of Finance.
- We will continue to review the Council's financial position through our regular discussions with the Chief Financial Officer and Assistant Director of Finance, including the use of general fund reserves.
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work.
- Our value for money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will follow up progress in implementing the actions agreed in respect of matters identified in prior year audit work relating to the financial statements audit as well as recommendations made as part of our review of your value for money arrangements.
- We will consider the integration of Doncaster Children's Services Trust back into the Council through our regular meetings with senior management along with the appropriateness of the accounting entries. As part of our VFM work, we will also consider the actions being taken by the Council to address the issues identified in the Ofsted inspection report and the progress in implementing the action plan.
- We will continue to monitor progress through our regular liaison meetings with senior management around the future of Doncaster Sheffield Airport.
- We will continue to provide you and your Audit Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have identified a significant risk in regards to the management override of controls (see page 9).

2. Introduction and headlines

Purpose

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

Respective responsibilities

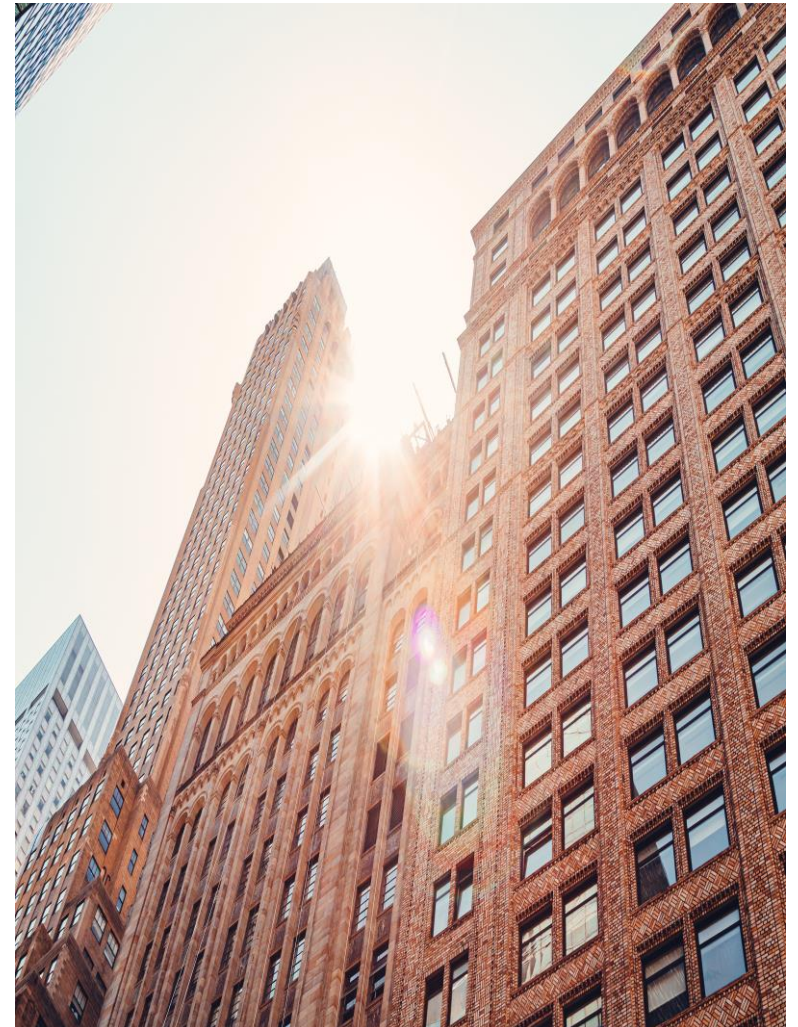
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement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

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

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

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



Introduction and headlines

Significant risks

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

- Management over-ride of controls
- Valuation of land and buildings
- Valuation of the net pension fund liability
- Accounting for the transition of Doncaster Children's Service Trust back into the Council on 1 September 2022.

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

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of St Leger Homes of Doncaster Limited (SLH). Note: Doncaster Children's Service Trust (DCST) was brought back in-house on 1 September 2022.

Materiality

We have determined planning materiality to be £10,648k (PY £10,648k) for the group and £10,433k (PY £10,433k) for the Council, which equates to 1.5% of your prior year gross operating costs for the year.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors.

Clearly trivial has been set at £532k (PY £532k) for the group and £521k (PY £521k) for the Council.

We will reassess our materiality calculation upon receipt of your 2022-23 draft accounts.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any risks of significant weakness.

We will continue to update our risk assessment until we issue our Auditor's Annual Report.

New Auditing Standards

There are two auditing standards which have been significantly updated this year. These are ISA 315 (Identifying and assessing the risks of material misstatement) and ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements). We provide more detail on the work required later in this Plan.

Audit logistics

Our planning and interim audit work will take place during April and July, and our final audit visit will take place during late July to early October.

Our key deliverables are this Audit Plan, our Audit Findings (ISA260) Report (expected in October) and our Auditor's Annual Report on our VFM work (expected by December 2023).

Our proposed fee for the audit will be £212,180 (PY: £212,680) for the Council, subject to the Council delivering a good set of financial statements and working papers.

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

3. Significant risks identified

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

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

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.' (ISA (UK) 315)

Significant risks identified

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

Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Closing valuation of land and buildings	Council	<p>The Council re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £1.49bn) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified the closing valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engage our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation • test revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end • consider, where the valuation date is not 31 March 2023 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2023.

'In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.' (ISA (UK) 315)

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£316m in the Council's balance sheet {Group £390m}) and the sensitivity of the estimate to changes in key assumptions.</p> <p>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.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtain assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Accounting for the transition of Doncaster Children's Service Trust back into the Council on 1 September 2022	Council and Group	<p>Doncaster Children's Services Trust, an arm's length management organisation (ALMO) which had been operational since 2013 formally transferred back all Children's services to the Council on 1 September 2022.</p> <p>There is a risk that the accounting entries, accounting treatment adopted and the valuation of assets and liabilities used to bring Doncaster Children's Services Trust back into the Council's accounts may be inappropriate or erroneous potentially resulting in a material error.</p> <p>We therefore identified the accounting for the transition of Doncaster Children's Service Trust back into the Council on 1 September 2022 as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review management's approach to account for the transfer of Doncaster Children's Service Trust back into the Council on 1 September 2022 and management's supporting assessment of the proposed approach • consider the approach taken by management to ensure that all assets and liabilities are brought into the Council's accounts at an appropriate valuation and in compliance with the CIPFA Code • review the Council's approach to account for estimates and the accounting treatment for other areas of income and expenditure to ensure this is appropriate and in line with the Council's existing accounting policies and the CIPFA Code • obtain third party corroboration where available to support the accounting entries and estimates made by the Council • consult with our technical and financial reporting teams where appropriate to ensure appropriate accounting treatment and disclosure.

4. Group audit scope and risk assessment

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

Key changes within the group

The Council has previously prepared group financial statements which consolidate the financial information of:

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

Doncaster Children's Services Trust, an arm's length management organisation (ALMO) which had previously been consolidated in the group financial statements formally transferred back all Children's services to the Council on 1 September 2022. From 1 September 2022, all transactions relating to DCST form part of the City of Doncaster Council.

For 2022-23, the group financial statements will continue to consolidate the financial information of St Leger Homes of Doncaster Ltd for the year to 31 March 2023.

We understand management is currently determining the approach to accounting for the change in DCST's arrangements after the Council took back full control of Children's services from 1 September 2022.

We will consider management's proposed approach and consult with our technical and financial reporting teams where appropriate to ensure the accounting treatment and disclosure is appropriate.

Given the unusual one off nature of this transaction and the potential for significant judgements, we have identified this as a separate significant risk for our 2022-23 audit as set out on the previous page.



Group audit scope and risk assessment

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
City of Doncaster Council	Yes	Audit of the financial information of the component using component materiality	<ul style="list-style-type: none"> Please refer to the significant risks identified in this Plan on pages 8 to 12. 	Full scope audit performed by Grant Thornton UK LLP.
St Leger Homes of Doncaster Ltd (SLH) – full year to 31 March 2023	No	Specified audit procedures relating to risks of material misstatement of the group financial statements	<ul style="list-style-type: none"> The SLH net pension fund liability (£43m at 31 March 2022) is not considered a significant risk at group level because we do not consider there is a material estimation uncertainty in the pension fund liability. However, we set out our audit approach in the next column. 	<p>We will adopt a targeted approach to the statutory audit performed by Beever and Struthers focussing on material classes of transactions, account balances or disclosures at group level. Where appropriate, we will undertake targeted testing of material balances and transactions outside of the group boundary.</p> <p>Our work will focus on the net pension liability, total income and cost of sales which are the more significant account balances and transactions at SLH.</p>
Doncaster Children’s Service Trust (DCST) – part year to 31 August 2022	No	Specified audit procedures relating to risks of material misstatement of the group financial statements	<ul style="list-style-type: none"> As stated in the previous two pages, the accounting treatment to deal with the return of Children’s services to full Council control on 1 September 2022 is highlighted as a significant risk for our 2022-23 audit. A further risk assessment will be considered upon receipt of management’s proposed accounting approach. 	<p>We will consider management’s proposed approach to account for DCST and consult with our technical and financial reporting teams where appropriate to ensure the accounting treatment and disclosure is appropriate.</p> <p>Subject to receipt of management’s proposed approach, we are currently expecting to adopt a targeted approach focussing on material classes of transactions, account balances or disclosures at group level. Where appropriate, we will undertake targeted testing of material balances and transactions outside of the group boundary.</p>

Audit scope

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

5. Other matters

Other work

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

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2022-23 financial statements, consider and decide upon any objections received in relation to the 2022-23 financial statements
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act)
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'.

All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

6. Progress against prior year audit recommendations

We identified two issues in our 2021-22 audit of the Council's financial statements, which resulted in the recommendations being reported in our 2021-22 Audit Findings Report. We also followed up on the one outstanding recommendation from our 2020-21 audit.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Vehicles, Plant and Equipment (2021-22)</p> <p>In reviewing the Council's asset register for vehicles, plant and equipment, we noted a large number of assets which had been fully depreciated showing a Net Book Value (NBV) of zero, but still remaining in the asset register. Following discussions with management, we became aware that these assets were no longer held by the Council as they had been fully depreciated and disposed of and should have been removed.</p> <p>In total, there were 320 assets with a gross book value of £11.2m. Management has now removed these assets from the asset register and updated Note 12 to the financial statements.</p> <p>There is a need for the Council to ensure that when assets reach the end of their useful life, they are removed from the asset register, or provided with an extended useful life and possible valuation if the asset still remains in use.</p> <p>A periodic review of all vehicles, plant and equipment each year will help ensure fully depreciated assets and those which are no longer used are removed from the asset register.</p>	<p>Management response</p> <p>Agreed. An additional exercise will run alongside Plant, Vehicle and Equipment (PVE) verification where the relevant officers will review any item of PVE with a £0 net book value or in the last year of its useful economic life to confirm if still in use, assets will be removed unless a positive response is received or will be given an extended useful economic life based on the information provided by the officer.</p> <p>Audit update – April 2023</p> <p>Complete. PVE exercise completed on all nil value assets and assets in final year of their lives.</p>
✓	<p>Infrastructure assets (2021-22)</p> <p>The Department for Levelling Up, Housing and Communities issued a Statutory Instrument (SI) relating to Infrastructure assets on 25 December 2022. This enabled the Council to assume disposals at nil values when replacing infrastructure asset components. The Council's current records do not enable the IAS16 principles to be fully followed in 2021-22 and whilst we have placed reliance on the SI for 2021-22, there is a need for the Council to put robust plans in place to clearly demonstrate the different types of infrastructure assets that they hold, their Useful Economic Lives (UEs) and their depreciation charges, in advance of the expected CIPFA Code update on this issue in 2025-26.</p> <p>There is a need for the Council to put in place robust plans to clearly demonstrate the different types of infrastructure assets that they hold, their Useful Economic Lives (UEs) and their depreciation charges, in advance of the expected CIPFA Code update on this issue in 2025-26.</p>	<p>Management response</p> <p>Agreed. The Council's arrangements will be considered and revised during 2022-23.</p> <p>Audit update – April 2023</p> <p>Complete. Different economic lives have been used for 2022-23 accounts for different Infrastructure Asset Types.</p>

Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated in 2020-21:	Update on actions taken to address the issue
TBC	<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.</p> <p>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. 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>There is a need to strengthen the password settings for Northgate database administrators.</p>	<p>Management response</p> <p>Agreed.</p> <p>Audit update – December 2022</p> <p>We understand implementation of this recommendation has been delayed due to staffing capacity issues within the Revenues and Benefits Section. Management should agree a clear timescale to implement this recommendation. We will continue to follow up this recommendation as part of our planned programme of work in 2022-23.</p> <p>Audit update – April 2022</p> <p>System has been upgraded. Management to confirm that testing has proved successful to close recommendation.</p>

7. 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.

Matter	Description	Planned audit procedures
1	Determination We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. We have determined planning materiality to be £10,648k (PY £10,648k) for the group and £10,433k (PY £10,433k) for the Council, which equates to 1.5% of your prior year gross operating costs for the year.	We determine planning materiality in order to: <ul style="list-style-type: none">– establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements– assist in establishing the scope of our audit engagement and audit tests– determine sample sizes and– assist in evaluating the effect of known and likely misstatements in the financial statements.
2	Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements.	An item may be considered to be material by nature where it may affect instances when greater precision is required. <ul style="list-style-type: none">– We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £15,000 (PY £15,000).

Our approach to materiality

Matter	Description	Planned audit procedures
3	Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process.	We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality. We will review our materiality calculation upon receipt of your 2022-23 draft accounts.
4	Other communications relating to materiality we will report to the Audit Committee Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. In the context of the Group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £532k (PY £532k) for the group and £521k (PY £521k) for the Council. If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

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 area	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	10,648k	10,433k	We have determined materiality at 1.5% of gross operating expenditure based on the prior year. We consider this as the most appropriate criteria given stakeholders interest in the Council delivering its budget.
Performance materiality	7,453k	7,303k	Assessed to be 70% of financial statement materiality.
Trivial matters	532k	521k	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	15k	15k	The senior officer remuneration disclosures in the Financial Statements have been identified as an area requiring specific materiality due to its sensitive nature.



8. IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Estimated value	Planned level IT audit assessment
E5 ERP Finance system	Financial reporting	£750m (estimated 2022-23)	<ul style="list-style-type: none">Detailed ITGC assessment (design and operating effectiveness)Application controls assessment (Revenue, Procurement, Payroll)
Northgate (Revenues & Benefits system)	Council Tax, Business Rates, Benefits	£300m (estimated 2022-23)	<ul style="list-style-type: none">Detailed ITGC assessment (design and operating effectiveness)Application controls assessment (Interface to finance system)
Payroll: Doncaster Council Payroll is processed by Rotherham MBC	Payroll	£250m (estimated 2022-23)	<ul style="list-style-type: none">We will liaise with our GT audit colleagues as part of their assessment of the payroll system at Rotherham MBC to consider the ITGCs and application controls in place.
Open Housing (Housing rents system)	Housing rents	£80m (estimated 2022-23)	<ul style="list-style-type: none">Detailed ITGC assessment (design and operating effectiveness)Application controls assessment (Interface to finance system)

9. Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2023

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



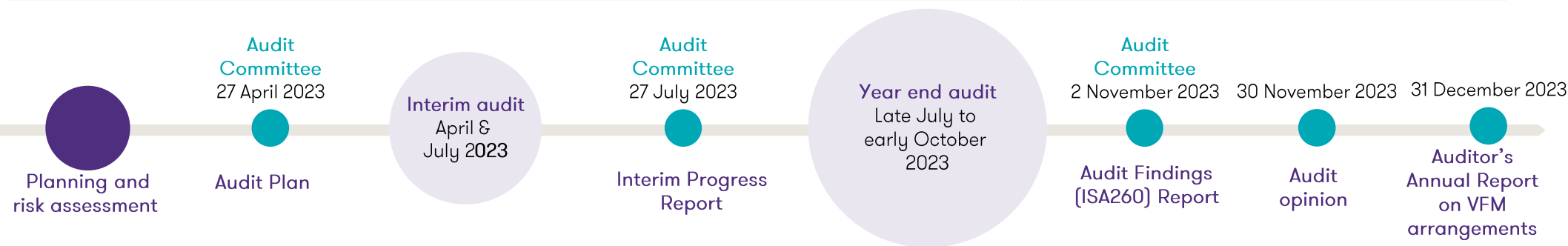
Governance

How the body ensures that it makes informed decisions and properly manages its risks.

We have not identified any risks of significant weaknesses from our initial planning work. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's annual report. Whilst we have not identified any possible significant weaknesses in arrangements at this stage, we will as part of our VFM audit work consider:

- the actions being taken by the Council to manage its financial position in the short to medium term given the increasing financial pressures faced and its use of reserves
- progress made by the Council to address the issues identified in the Ofsted inspection report of Children's Services and the implementation of the action plan
- progress in actioning the DSG deficit recovery plan.

10. Audit logistics and team



Gareth Mills, Key Audit Partner & Engagement Lead

Gareth leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, ensuring the highest professional standards are maintained and a commitment to add value to the Council.

Perminder Sethi, Engagement Senior Manager

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

Angus Crampton, Engagement Supervisor

Angus assists in planning, managing and delivering the audit fieldwork, ensuring that the audit is delivered effectively and efficiently. Angus supervises and co-ordinates the audit team.

Audited Entity responsibilities

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

Our requirements

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

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

11. Audit fees and updated Auditing Standards including ISA 315 Revised

In 2017, PSAA awarded a contract of audit for the Council to begin with effect from 2018-19. The fee agreed in the contract was £126,930. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2022-23 audit. For details of the changes which impacted on years up to 2021-22 please see our prior year Audit Plans.

The major change impacting on our audit for 2022-23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes include:

- Enhanced requirements around understanding the Council's IT Infrastructure and IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.
- Additional documentation of our understanding of the Council's business model, which may result in us needing to perform additional inquiries to understand the Council's end-to-end processes over more classes of transactions, balances and disclosures.
- We are required to identify controls within a business process and identify which of those controls are controls relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These are significant changes which will require us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. We will be unable to determine the full fee impact until we have undertaken further work in respect of the above areas. However, for an authority of your size, we estimate an initial increase of £6,000. We will let you know if our work in respect of business processes and IT controls identifies any issues requiring further audit testing.

The other major change to Auditing Standards in 2022-23 is in respect of ISA 240 which deals with the auditor's responsibilities relating to fraud in an audit of financial statements. This Standard gives more prominence to the risk of fraud in the audit planning process. We will let you know during the course of the audit should we be required to undertake any additional work in this area which will impact on your fee.

Taking into account the above, our proposed work and fee for 2022-23, is detailed overleaf and has been agreed with the Chief Financial Officer and Assistant Director of Finance.

Audit fees

	Actual Fee 2020-21 £	Actual Fee 2021-22 £	Proposed fee 2022-23 £
City of Doncaster Council	£212,430	£212,680	£212,180
Total audit fees (excluding VAT)	£212,430	£212,680	£212,180

Assumptions

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

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

Relevant professional standards

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

Audit fees – detailed analysis:

PSAA Scale fee for 2022-23	£150,680
Increased challenge and depth of audit work and testing in order to meet the audit quality challenge of the regulator	£3,750
Enhanced audit procedures for Property, Plant and Equipment, including the use of an Auditor's Expert	£5,000
The revised Value for Money (VfM) approach, introduced under the new NAO Code in 2020-21 (after the 2017 PSAA tender)	£20,000
Increased audit requirements relating to ISA 540 Revised - Auditing Accounting Estimates and Related Disclosures	£6,000
Enhanced audit procedures for journals and grants testing, given the risk of management override of controls	£5,000
Enhanced audit procedures for Payroll – Change of circumstances	£500
Enhanced audit procedures for Collection Fund – reliefs testing	£750
Increased audit requirements of ISA 315 Revised - identifying and assessing the Risks of Material Misstatement	£6,000
Technical 'hot review' of the draft 2022-23 accounts given the audit sits within the FRC population of a 'major' audit	£1,500
Enhanced audit procedures for Infrastructure assets	£2,500
Additional testing within the Housing Revenue Account	£500
Accounting for the significant risk of the transition of Doncaster Children's Service Trust into the Council on 1 September	£10,000
Total proposed audit fees 2022-23 (excluding VAT)	£212,180

Note: All variations to the scale fee will need to be approved by PSAA

12. Independence and non-audit services

Auditor independence

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

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

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

Other services

No other services provided by Grant Thornton were identified.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

13. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud[deliberate manipulation] involving management and/or which results in material misstatement of the financial statements [not typically council tax fraud]		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), 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.



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City of Doncaster Council Audit Progress Report and Sector Update

18 April 2023



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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 Authority 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. Introduction

Your key Grant Thornton team members are:

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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Gareth or Perminder.

2. Progress at 18 April 2023

Financial Statements Audit 2021-22

We have completed our work on your financial statements for 2021-22 and issued our audit opinion on 30 January 2023. Members may recall that our work was essentially completed in early November as planned, with the exception of the national accounting issue relating to infrastructure assets. Once the statutory instrument override on infrastructure assets was approved on 25 December, we completed our work on this issue in January. We issued a 'clean' unqualified audit opinion on 30 January 2023.

Financial Statements Audit 2022-23

As the Redmond Review set out in 2020, and from our presentations and training sessions to Members over the past 18 months, the public sector external audit market is under significant pressure for a variety of reasons. These challenges have culminated in the timeliness of issuing audit opinions across the local authority sector.

In addition, the decision for NHS Clinical Commissioning Groups to be extended to 30 June 2022, prior to forming NHS Integrated Care Boards on 1 July, has created a significant number of part-year accounts audits to be delivered in 2023, largely by the same auditors and audit firms who deliver local authority audits.

Given this situation, we believe it is appropriate to highlight to you that achieving a signed opinion on your 2022-23 accounts by the current national statutory date of 30 September 2023 is unlikely. We believe targeting our sign off of the 2022-23 accounts for November is a more realistic and achievable date. A November completion date would be consistent with our 2019-20 and 2020-21 opinions, and with our 2021-22 audit work (with the exception of the national infrastructure issue).

We wish to note that this proposed timetable is in no way a reflection of the finance team or the wider Council, it is entirely as a result of the level of public sector audit work to be delivered by our team across our NHS and local authority client base.

We have commenced some of our initial planning work for your 2022-23 financial statement audit. It is important to note that we have a consistent and experienced audit team in place to deliver the Council's 2022-23 accounts audit and one that has been subject to positive regulatory inspection in recent years – giving Members the assurance over the level of audit documentation and audit quality of our work. This also aides the efficiency of the audit given our cumulative audit knowledge and experience of the Council.

As part of our 2022-23 audit planning to date we have held a number of meetings with key team members of the finance department to discuss accounting issues and logistics. We will continue to have regular dialogue and engagement with the Council throughout the 2022-23 audit process.

Our detailed Audit Plan will set out our proposed approach to the audit of the Authority's 2022-23 financial statements. We will report our work in the Audit Findings (ISA260) Report and aim to give our opinion on the Statement of Accounts by 30 November 2023.

Value for Money arrangements review

For 2021-22, we completed and issued our Auditor's Annual Report on your arrangements for securing economy, efficiency and effectiveness in the use of your resources on 20 December 2022. No significant issues were identified from our work.

The ongoing delays in local audit continue to significantly impact audited bodies and the financial reporting and auditing process, and may therefore affect the timing of when the work on VFM arrangements set out in AGN03 is performed and reported.

The guidance states that the auditor should perform the procedures required as part of their work on VFM arrangements under AGN3 and issue their Auditor's Annual Report when their work is complete.

The Auditor's Annual Report should be issued no more than three months after the date of the opinion on the financial statements for all local government bodies. However, we are targeting completing our 2022-23 VFM work and issuing our Auditor's Annual Report by the end of this calendar year.

Progress at 18 April 2023 (cont.)

Other areas

Meetings

We continue to meet with senior officers including the Chief Executive, the Monitoring Officer, the Chief Financial Officer and Assistant Director of Finance and the Director of Corporate Resources as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. Our last meeting with the Chief Executive, the Monitoring Officer and the Chief Financial Officer and Assistant Director of Finance was on 22 March 2023.

Events

We provide a range of workshops, along with network events and publications to support the Council. Your officers attended our Financial Reporting Workshop earlier in the year, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2022-23 is the fifth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018-19 to 2021-22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the “good file with few improvements needed” (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Our proposed fee for the 2022-23 audit is £212,180, this compares to £212,680 in 2021-22, which in an era of 10% inflation, represents a real terms cut in the audit fee.

Audit Deliverables

2022-23 Deliverables

Audit Plan

We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2022-23 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report.

Planned Date

April 2023

Status

Completed.
Included on the
Audit Committee
agenda.

Audit Findings (ISA260) Report

The Audit Findings Report will be reported to the 2 November Audit Committee.

November 2023

Not yet due

Auditors Report

This includes the opinion on your financial statements.

November 2023

Not yet due

Auditor's Annual Report

This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.

December 2023

Not yet due

Infrastructure Assets Update

Background

Most local government (LG) entities, excluding police bodies, will own infrastructure assets. The balances for highways authorities will be particularly significant and are likely to be material. For LG entities with material infrastructure assets there is therefore a potential risk of material misstatement related to this balance.

The inherent risks which we identified this year in relation to infrastructure assets were:

- An elevated risk of the overstatement of gross book value and accumulated depreciation figures, due to lack of derecognition of replaced components
- A normal risk of understatement of accumulated depreciation and impairment as a result of failure to identify and account for impairments of infrastructure assets, and an over or understatement of cumulative depreciation as a result of the use of inappropriate useful economic lives (UEls) in calculating depreciation charges.

How these issues have been addressed?

Since these issues were first identified we have been working with CIPFA and the English and Scottish Governments to find both long-term and short-term solutions which recognise the information deficits and permit full compliance with the CIPFA Code. It has been recognised that longer-term solutions, by way of a Code update, will take several years to put into place and so short-term solutions have been put in place in the interim. These short-term solutions include the issue of Statutory Instruments (SIs) by government and an update to the CIPFA Code.

The CIPFA Code update was issued on 29 November 2022. The English SI was laid before Parliament on 30 November 2022 and came into force on 25 December 2022 – see [The Local Authorities \(Capital Finance and Accounting\) \(England\) \(Amendment\) Regulations 2022 \(legislation.gov.uk\)](#). CIPFA issued [CIPFA Bulletin 12 Accounting for Infrastructure Assets Temporary Solution](#) on 11 January 2023, which includes further guidance and illustrative examples on the depreciation of infrastructure assets and the associated useful economic lives (UEls).

Where the infrastructure asset balances are material to your financial statements, we are currently considering how the SI and Code update have been considered by the Authority, e.g. how derecognised components have been accounted for and how the financial statement disclosures have been updated. We will carry out further audit procedures to assess the material accuracy of in year movements for 2022-23, including infrastructure asset additions, impairments and depreciation charges.



Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the Authority and with Audit Committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Delayed publication of audited local authority accounts

In December 2022 there were over 600 local audit opinions outstanding. This means that many stakeholders can't rely on audited accounts to inform decision making – a significant risk for governance and control.

Local authority accounts are becoming increasingly complex as accounting standards evolve and local authorities enter more and more innovative financing arrangements and income generation projects. A significant challenge in managing local audits is the differing needs of various stakeholders. The local government sector, central government and regulators need to agree on the purpose of local audit and find a consensus on improving efficiency in publishing accounts. Grant Thornton has produced a report that explore the reasons for delayed publication of audited local authority accounts.

Table 1 below illustrates the declining performance against the target date for publication of audited accounts in recent years.

Table 1 Audited accounts published by target date over the last six years

Financial year	Deadline for publication of unaudited accounts	Target date for publication of audited accounts	% audited accounts published by target date (all firms average)	% audited accounts published by target date (Grant Thornton audits)
2016/17	30 June 2017	30 September 2017	95	97
2017/18	31 May 2018	31 July 2018	87	91
2018/19	31 May 2019	31 July 2019	58	65
2019/20	1 September 2020	30 November 2020	45	54
2020/21	1 August 2021	30 September 2021	9	12
2021/22	1 August 2022	30 November 2022	12	20

About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



Delayed publication of audited local authority accounts

What more can be done?

All key stakeholders in the local audit system will need to continue their efforts to secure improvement and a return to high levels of compliance with timely publication of audited accounts. The report explores several of the causes of delay and steps which might be taken to reduce the incidence of delays.

These steps relate to systems leadership, holding both authorities and auditors to account for their performance, a continued focus on the quality of accounts preparation and audit, and the effective engagement between auditors and audited bodies.

The report makes 20 recommendations for improving timeliness in publishing audited accounts.

The report also sets out a checklist which management and the audit committee should consider. The report recommends DLUHC, CIPFA or the FRC set out expectations for the system as a whole.

[Click here for full report](#)

About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



Local government procurement and contract management

Background

Local authorities in England spend around £82.4 billion a year on goods and services. More than a third of all UK government spending on goods and services is spent in the local government sector¹. Allowing for capital spending as well, the UK public sector procures around £300 billion a year overall.

We reviewed a large number of reports, inspections and interventions issued by a number of firms, including 53 Annual Auditor Reports issued by Grant Thornton UK LLP. To help build on existing good practice, in this report we highlight some common themes for members and officers to consider:

This report considers a selection of issues we identified under each theme and makes recommendations both to local authorities and, in one case, to central government. The report presents a good practice checklist for local authority members and officers to reflect on.

The analysis sets out five key themes for ensuring good practice:

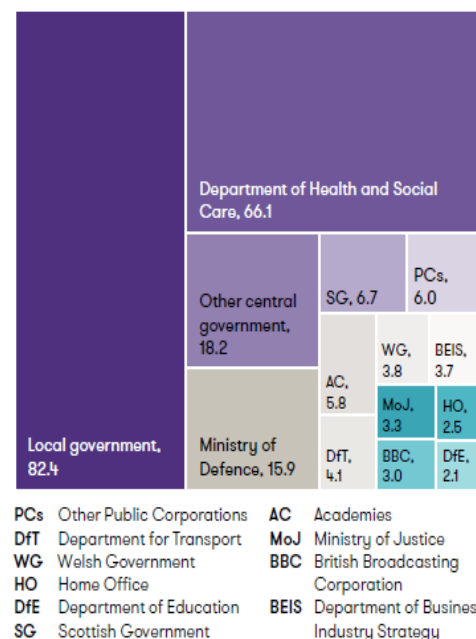
- Strategic planning
- Internal control
- Time, technical expertise, and people
- Commercial awareness
- Contract management

[full report here](#)

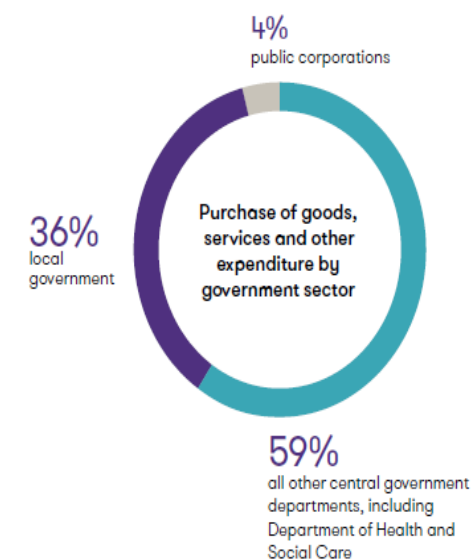
More than a third of all UK government spending on goods and services is spent by local government, so it's important councils have effective arrangements for procurement and contract management

UK public spending

Public spending on goods and services, £ billions – analysis by segment and department²



Goods, services and other expenditure by segment⁴



¹ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022
² Cabinet Office, Transforming Public Procurement: Government response to consultation, December 2021
³ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022
⁴ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022

SEND deficits kept off budgets for another three years

The government has allowed councils to keep deficits on spending for children with special educational needs and disabilities off their balance sheets for a further three years.

The government's local government finance policy statement published on 12th December 2022 says that the statutory override for the Dedicated Schools Grant (DSG) will be extended for the next three years, from 2023-24 to 2025-26.

Councils use the high needs funding block of the DSG to fund Send provision. But for many authorities, the cost of this has been outstripping the amounts provided by tens of millions of pounds, leading to a total deficit estimated at more than £2bn.

The statutory override means that any DSG deficits are not included in council's main revenue budgets. Before today's announcement, it had been due to expire in 2023. Last year, Matt Dunkley, chair of the Association of Directors of Children's Services' resources and sustainability policy committee, said: "We think the cumulative high needs block deficits of local authorities are approximately £2.3bn."

In June, the government launched the £85m Delivering Better Value in Send programme, that involves specialist advisors probing 55 councils' financial data to try and cut their DSG deficits. The Chartered Institute of Public Finance and Accountancy, a partner in the programme, said the scheme would provide "project management, change management and financial modelling capacity".

The programme is running alongside the Department for Education's 'safety valve' support scheme that offers bailouts for the councils with the largest Send spending deficits, in return for them implementing stringent reforms.

About 40 councils are expected to receive safety valve funding, meaning that the two programmes together will include about two thirds of councils with responsibility for Send. Also in June, the then children's minister Will Quince wrote a letter to council chief executives warning that a "significant number of councils are "running services that are not sustainable, and instead jeopardise the longevity of that crucial support".

Sustainability: Finance at the heart of decision making

In November 2022 CIPFA published an article on public sector specific response to climate change. Below is an extract from CIPFA's website:

"Role of the finance profession

Finance and accounting professionals need to move beyond simply measuring and reporting the impact of climate change, environmental regulation, supply chain pressure and rising energy costs. They must focus on understanding those implications and integrating them into financial management and business planning. The ability to integrate climate risks into overall operational risks is a major challenge. The finance profession will need to be able to collect data from different professions (scientists, valuation experts, biologists, meteorologists etc) and be able to understand but also challenge assumptions and projections. The importance of effective communication to both internal and external stakeholders must not be underestimated. Climate reporting should result in decision makers having all the information necessary to be effective, to measure progress and to hold those responsible to account. Opportunities and risks must be identified and stress tested using various scenarios, including temperature rises of 2C and more. The impact of collapsed ecosystems must not be ignored – from rising sea levels to food scarcity and the mass migration of people whose land is no longer inhabitable. We need honesty, transparency and above all leadership to tackle the climate issues that exist and lie ahead.

Conclusion

The current focus on net zero emissions by 2050 misses the point that climate change is already happening. There is an urgent need for adaptation measures to be introduced that allow the UK to live with higher temperatures, wetter winters and warmer, drier summers. At the moment we are severely under prepared. This is a call for urgent action from government, both at central and local level. The IPCC recommended threshold of limiting temperature rises to 1.5C is set to be broken. Temperature rises above 2.5C will mean ecosystems will collapse which will have severe repercussions on our society as a whole. CIPFA and ICAEW share the view that the finance function has an important role to play in combating climate change. We would like to see the finance profession taking the lead for the public sector in its efforts to tackle climate change".

Page 201 [Click here for link to the article](#)

Audit Market Developments

Financial Reporting Council Report On The Quality Of Local Audit

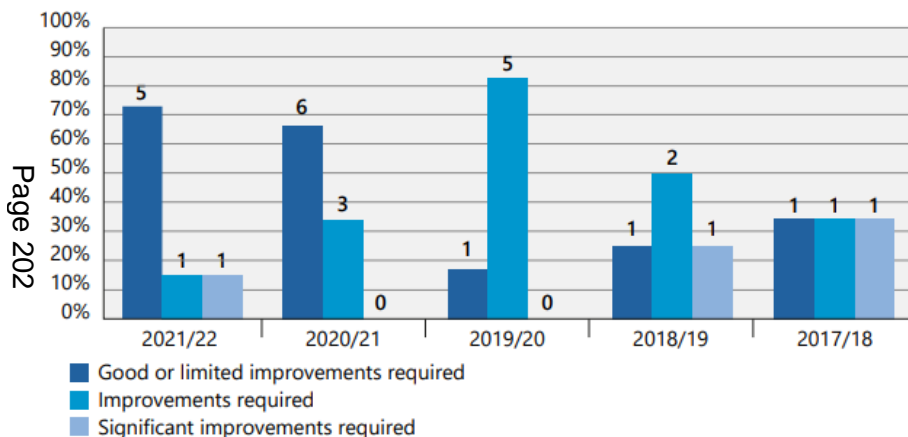
In late October 2022 the Financial Reporting Council (FRC) published its inspection findings into the quality of major local body audits in England, which includes large health and local government bodies.

The Quality Assurance Department (QAD) of the Institute of Chartered Accountants in England and Wales (ICAEW) inspects a sample of local audits that do not meet the definition of a 'major' local audit and the FRC's report also includes a summary of their findings.

The FRC reported that 71% of Grant Thornton audits inspected (7 in total) were assessed as either good or good with limited improvements required.

This is a pleasing result and reflects on our significant investment in audit quality over recent years. The positive direction of travel over the past five years is illustrated below:

Our assessment of the quality of financial statement audits reviewed



The FRC also inspected our work on VfM arrangements at four bodies.

It is pleasing to note that all of these inspections were assessed as requiring no more than limited improvements (which is the same as the previous year).

As far as the ICAEW are concerned, overall, the audit work reviewed was found to be of a good standard.

Seven of the eight files reviewed (88%) were either 'good' or 'generally acceptable', but one file 'required improvement'.

The ICAEW identified one of our files as requiring 'Improvement' – but it should be noted that this was a 2019-20 file and therefore the learnings from prior years' review could not have been taken into account, an issue recognised by the ICAEW in their report to us.

The ICAEW found that our VfM work was good on each of the files reviewed, and they did not identify any issues with this aspect of the audit teams' work.

Whilst are pleased with our continuing improvement journey, we continue to invest in audit quality to ensure that the required standards are met.

The full report can be found [here](#).



Financial Reporting Council



Audit Market Developments (continued)

Local Government External Audit Procurement

Public Sector Audit Appointments Ltd (PSAA) has recently announced the outcome of its national procurement of audit services across the Local Government sector.

This exercise covers the audits from 2023/24 to 2027/28 and covers the 470 local government, police and fire bodies (99% of eligible local bodies) that opted into the national scheme.

We are delighted to have been reappointed as the largest supplier of local government audit. The public sector has played a significant role within the firm for over 30 years and we remain committed to the success of the sector.

Our UK Public Sector Assurance (PSA) team employs 440 people, including 29 Key Audit Partners and specialists in financial reporting, audit quality, and value for money.

The team is dedicated to public audit work in local government and the NHS, with contracts with PSAA, Audit Scotland and over 100 health bodies. The Public Sector Assurance team is a regular commentator on issues facing the sector and oversees the firm's thought leadership, such as its series of publications on grants and public interest reports.

Mark Stocks, lead Partner for PSA at Grant Thornton, said 'This is a very welcome outcome and reflects our previous delivery as well as our ongoing commitment to invest in the public sector.'

Further information can be found [here](#)



Grant Thornton – Nearly 60 councils at risk of ‘running out of money’ next year

Grant Thornton has warned that the soaring cost of living combined with a decade of austerity could see up to a sixth of English councils fully deplete their reserves in 2023-24 without substantial spending cuts.

Research found that, as a result of higher inflation, councils are expected to have a cumulative budget deficit of £7.3bn by 2025-26 – an increase of £4.6bn since forecasts made at the beginning of this year.

Grant Thornton said that although reserves were bolstered by more than £5bn in 2020-21 due to higher government funding, these balances will “continue to unwind through the long tail of Covid-19” with close to 60 councils forecast to use all earmarked and unallocated reserves next year.

Without additional income, authorities would need to make savings of over £125 per person by 2025-26, equal to the average yearly spend on homelessness, sports and leisure, parks and open spaces, libraries and waste services.

Phillip Woolley, Head of Public Services Consulting at Grant Thornton, said: “Local government has faced unprecedented demands and pressures over the last decade and without action from both central government and councils, in the face of these inflationary pressures, the list of authorities in need of exceptional support looks set to grow quickly.

“Our research shows the additional Covid-19 funding, while critical to support immediate challenges, has not addressed underlying systemic issues or the precariousness of councils’ financial sustainability in the face of economic instability.

“Local authorities are also now facing the risk of interest rate rises, increasing debt financing costs and the real risk of reduced funding from central government, in response to the current economic turmoil facing the country. Without committed intervention from all sides, there is a risk that the sector levels down instead of up.”

Grant Thornton estimated unitary authorities would have the largest budget gap (£1.8bn) by 2025-26, but district councils would have the largest gap compared to net spending at 10.2%.

The firm added that austerity and changing policy demands have left councils struggling to innovate in their services and prevented investment in finance and procurement, diminishing the sector’s ability to tackle medium-term challenges.

Grant Thornton said additional government funding alone will not lead to improvements, and that councils should focus on improving governance and developing financial stability plans.

Joanne Pitt, local government policy manager at CIPFA, said: “With no spending review and no fair funding review, CIPFA shares Grant Thornton’s concerns about the financial sustainability of some in the sector.

“While there are actions local authorities can take to strengthen their own financial resilience, they are facing significant inflationary pressures and rising demand which makes this hugely challenging for the sector.”



Grant Thornton



Audit Committees: Practical Guidance For Local Authorities And Police – CIPFA

In October CIPFA published this guide, stating “This fully revised and updated edition takes into account recent legislative changes and professional developments and supports the 2022 CIPFA Position Statement. It includes additional guidance and resources to support audit committee members, and those working with and supporting the committee’s development.”

CIPFA go on to state “Audit committees are a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. They play an important role in supporting leadership teams, elected representatives, police and crime commissioners and chief constables.

This edition updates CIPFA’s 2018 publication to complement the 2022 edition of the CIPFA Position Statement on audit committees.

The suite of publications has separate guidance resources for audit committee members in authorities, members of police audit committees, and a supplement for those responsible for guiding the committee.

New aspects include legislation changes in Wales and new expectations in England following the Redmond Review. All authorities and police bodies are encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.

The appendices include suggested terms of reference, a knowledge and skills framework and effectiveness improvement tools.”

The guide covers a number of key areas for Audit Committees, including:

- Purpose
- Core functions:
 - Governance, Risk and Control
 - Accountability and Public Reporting
 - Assurance and Audit arrangements
 - Ensuring focus
- Independence and accountability
- Membership and effectiveness

The guide can be purchased via the CIPFA website:

[Audit Committee Guidance: 2022 update | CIPFA](#)

