



# City of Doncaster Council

## Agenda

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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, 25th April, 2024

**Time:** 10.00 am

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**Damian Allen**  
**Chief Executive**

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Issued on: Wednesday, 17 April 2024

**Governance Services Officer for this meeting:** Amber Torrington  
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City of Doncaster Council

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## **Items for Discussion:**

## **PageNo.**

1. Apologies for Absence
2. To consider the extent, if any, to which the Public and Press are to be excluded from the meeting.
3. Declarations of Interest, if any
4. Minutes of the meeting held on 1st February, 2024 1 - 6

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

5. Audit Committee Action Log. 7 - 10
6. Annual Report of the Monitoring Officer. 11 - 20
7. Breaches and Waivers to the Council's Contract Procedure Rules. 21 - 34
8. Draft Annual Governance Statement 2023/24. 35 - 58
9. Audit Committee Annual Report 2023/24. 59 - 70
10. Annual Report of the Head of Internal Audit 2023/24. 71 - 92
11. Counter Fraud Activity report. 93 - 118
12. Internal Audit Plan 2024/25. 119 - 136
13. External Auditor (Grant Thornton) Audit Plan 2023/24 and Arrangements for the preparation of the 2023/24 Accounts. 137 - 166
14. External Auditor (Grant Thornton) Audit Committee Progress Report and Sector Update. 167 - 182

### **Members of the Audit Committee**

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

Councillor Sue Farmer, John Healy and Dave Shaw

**Co-opted Member:** Dr Stuart Green

## CITY OF DONCASTER COUNCIL

### AUDIT COMMITTEE

**THURSDAY, 1ST FEBRUARY, 2024**

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER, CIVIC OFFICE, WATERDALE, DONCASTER DN1 3BU, on THURSDAY, 1ST FEBRUARY, 2024, at 10.00 am.

#### PRESENT:

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

Councillors Sue Farmer, John Healy and Dave Shaw

#### APOLOGIES:

Apologies for absence were received from Co-opted Member, Dr Stuart Green

#### 112 Declarations of Interest, if any

There were no declarations made at the meeting.

#### 113 Minutes of the meeting held on 23rd November 2023.

RESOLVED that the minutes of the meeting held on 23rd November 2023, be approved as a true record and signed by the Chair.

#### 114 Audit Committee Action Log.

The Committee considered a report which provided an update on actions agreed at previous Committee Meetings and allowed Members chance to measure the progress against these actions.

The report outlined that all actions were now complete, with non-outstanding.

RESOLVED that the Audit Committee note the progress made against the actions.

#### 115 An update on the Hackney Carriage/Private Hire Licensing Service Review/ Rapid Improvement Project.

Members were provided with a report detailing the outcome of the Hackney Carriage / Private Hire Licensing Review and provided information relating to any outstanding actions.

The review undertaken in June 2022, had provided a partial assurance opinion due to a number of weaknesses in the area which were in need of rectifying.

In order to address the root cause of these issues, a Rapid Improvement Plan had been instigated, which identified a number of solutions to the issues contained within the service. The update outlined to the Committee, the work undertaken since this point. The work carried

out had now gone a long way in addressing the issues, with a large number of actions completed. Work still to be undertaken included the following: -

- Develop and go live with Vehicle Process
- Carry out user acceptance testing with the trade on new products.
- Develop and go live with driver process.
- Complete call study and forecast required resources for telephone line opening.
- Secure resources for telephone line opening and open telephone lines.
- Reduce/close the email channel.
- Design and deliver chat bot / AI telephony opportunities.

Kelly Hopkins, and Clare Bignell, were in attendance at the meeting to respond to any questions and concerns voiced by the Committee with Member's main concerns relating to IT Systems and the changes proposed. Officers were confident that all key issues had been addressed and the Team was working in a much more efficient and transparent manner. Members welcomed the report and demonstrated the work undertaken by the Licensing Team alongside the Audit Team in overcoming the issues presented in 2023.

Members generally felt that it was a good news story and a lot of improvements had been made to the service, but the Committee requested that a further update report be provided in a years' time to see what further improvements had been made in the period.

RESOLVED that: -

- 1) The Audit Committee note the contents of the report; and
- 2) An update report be presented to the Audit Committee in January 2025 with further information on the project.

#### 116 CYPF Commissioning Arrangements.

Members considered a report that provided information with regard to the failure to comply with contract procedure rules within the Children Young People and Families Directorate, but also to offer assurance with regard to commissioning plans and activities in the future.

Members noted that the majority of non-compliant spend related to individual placements for children and young people, meaning that expenditure made on contract or agreements did not fully meet the Council's Contract Procedure Rules and breached certain financial thresholds.

Upon consideration of the report, the Committee was invited to raise any concerns to the officers in attendance in order to gauge a full understanding of the issues.

Officers informed the Committee that they were working closely with officers from the Procurement Team to address the issues and reduce spending where it could be avoided.

Out of area placements continued to be a problematic area, and work was being done to ensure these were minimised, which helped not only reduce spending but also provided a better outcome for the child. It was a particularly challenging environment to address as the issues arose largely out of ensuring that statutory responsibilities were met, but it was agreed that keeping children closer to home was positive in all aspects of the arising situation.

A number of key actions had been put into place which would hopefully look to improve the situation further. These included: -

- New Fostering Strategy – a number of new foster carers had been recruited which would widen the number of spaces in the area.

- Ensure the workforce was well trained and encouragement given to ensuring the retention of staff within the borders.
- All care homes had an Ofsted rating of good or above and maintaining these ratings was key.

RESOLVED that:

- 1) the Audit Committee note the significant measures in place for placements / commissioned packages that are recorded as not being compliant with Contract Procedure Rules and to provide details of the controls and mitigations that are in place and future work with the market to attempt to mitigate further non-compliant spend;
- 2) an update be provided to the Audit Committee in October 2024, detailing the current status of the spend on placements and work to date to mitigate the existing issues; and
- 3) The Audit Committee note the work undertaken by the CYPF Directorate and the Commissioning Team, in conjunction with the Strategic Procurement Team (SPT) to ensure compliance and delivery of services.

#### 117 Internal Audit Progress Report for the period: October to December 2023.

Members considered a report which outlined the Annual Audit Report for the period October 2023 to December 2023. The report provided information on the work undertaken by Internal Audit during this period.

The report was split into 4 sections as highlighted below:-

Section 1 – The Audit Plan / Revisions to the Plan

Section 2 – Audit Work undertaken during the period.

Section 3 – Implementation of Management Actions arising from Audit Recommendations

Section 4 – Internal Audit performance.

More detailed information was provided on these areas within the body of report, but Members commented they were pleased to see this was largely a positive report.

In relation to the Internal Audit work carried out, Members raised some queries that were highlighted within the report including the following points: -

- Schools Controls Risk Self-Assessment – this was a useful tool to see how schools were performing.
- Purchase Cards – this was felt to be a good action, and allowed the identification of any breaches of policy and unusual patterns and ensure that purchases were being made in a clear and transparent way.
- Temporary Staff – Officers informed the Committee that they were happy with the number of vacancies within the Audit Team currently and assurance was given that the work was manageable.

In terms of the management actions outstanding from Internal Audit work, Members noted that timescales had been agreed for all of them, and progress was being continually reviewed.

Officers reassured the Committee that that the picture within the report was a very positive outlook, and things were moving satisfactorily.

Members noted that as a whole, the outlook was promising, and Officers from Internal Audit were confident that a clear positive unqualified opinion would be issued.

RESOLVED that the Audit Committee: -

- 1) Note the position of the Internal Audit Plan;
- 2) Note the Internal Audit Work completed within the period;
- 3) The position with regard 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.

#### 118 Grant Thornton Auditor's Annual Report 2022/23.

The Council's External Auditor's Grant Thornton were in attendance at the meeting to present their Annual Report to the Committee for 2022/23.

Perminder Sethi and Gareth Mills presented their findings and responded to Members queries.

The Annual Report had been concluded in early January 2024 with a value for money (VfM) conclusion given which was very positive for the Council and the Committee noted that the Audit Certificate would be issued at the conclusion of the meeting. This was a very positive achievement for the Council and was testament to the work of the staff that this had been completed, particularly as Doncaster was a large local authority, and across the Country there still remained in the region of 1000 Councils still to complete their annual audits.

Within the Executive Summary of the report, it was noted that a key recommendation had been agreed in relation to the Councils Dedicated Schools Grant (DSG) and additionally, two improvement recommendations relating to the monitoring of the Councils financial position and also, its financial sustainability in the current economic climate. Members expressed concern over the worsening position in relation to the Councils Dedicated Schools Grant and received assurances from officers around a high level of activity to manage this area which was a problem nationally too.

Through the course of discussion, the future of the airport was highlighted, and this would be monitored moving forward as well as a number of other points, including the ongoing financial pressures, Ofsted Inspections, Big Picture Learning and the pressures from Childrens and Youngs Peoples Services across the whole of the Council which continued to be an area of concern. Keeping children safe continued to be the overarching factor, but this was having to be balanced against a continually worsening financial position. However, widely speaking the overview was positive and Members welcomed the annual report.

RESOLVED that the Audit Committee note the Annual Report and the recommendations contained within.

119 Grant Thornton - Audit Findings (ISA 260) report 2022/23 - Final Version - Information only.

Members considered the Audit Findings (ISA 260) Report, which was presented by Grant Thornton, the Council's External Auditors. Gareth Mills and Perminder Sethi, were in attendance at the meeting in order to respond to any queries if necessary.

Members noted that the report was for information only and had also been considered previously by the Committee at their November meeting.

RESOLVED that the Audit Findings (ISA 260) Report be noted.

CHAIR: \_\_\_\_\_

DATE: \_\_\_\_\_

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### Report

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**Date: 25<sup>th</sup> April 2024**

**To: The Chair and Members of Audit Committee**

**Report Title: 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. One action is complete and three further actions are scheduled for future dates.

#### **EXEMPT REPORT**

3. The report does not contain exempt information.

#### **RECOMMENDATIONS**

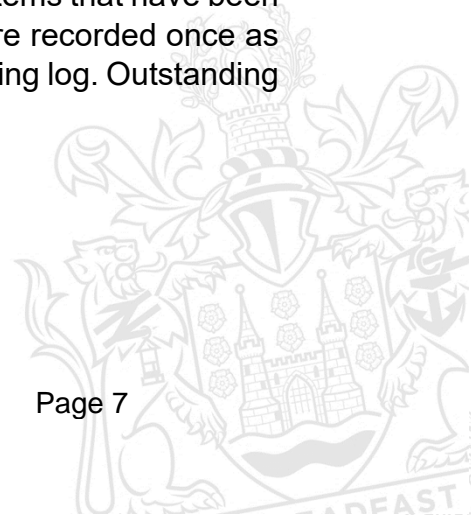
4. The Committee is asked to note the progress being made against the actions agreed at previous committee meetings.

#### **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**

Legal implications were not requested in relation to this report.

### **10. Financial Implications**

Financial implications were not requested in relation to this report.

### **11. Human Resources Implications**

Human Resources implications were not requested in relation to this report.

### **12. Technology Implications**

Technology implications were not requested in relation to 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

## **REPORT AUTHOR & CONTRIBUTORS**

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AUDIT COMMITTEE ACTION LOG – 25<sup>th</sup> April 2024

Follow-up actions from previous meetings:-

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
<b>Meeting 1<sup>st</sup> February 2024</b>			
<p><b>Hackney Carriage/Private Hire Licensing Service Review/ Rapid Improvement Project Update Report</b></p> <p>A further update report on the Taxi Licensing service area was asked to be presented to a future meeting of the Audit Committee and be included on the Committee's Work Plan.</p>	<p>The service will present a report to the January 2025 meeting of the Audit Committee. This will be added to the Committee's Work Plan for 2024/25.</p>	<p>Kellie Hopkins</p>	<p>N – report scheduled for January 2025 Audit Committee.</p>
<p><b>Internal Audit Progress Report – Update report on Climate Change Governance Arrangements</b></p> <p>In light of the limited assurance opinion in this area, an update report was asked to be presented to a future meeting of the Audit Committee and be included on the Committee's Work Plan.</p>	<p>The service will present a report to the July 2024 meeting of the Audit Committee. This will be added to the Committee's Work Plan for 2024/25.</p>	<p>Richard Smith</p>	<p>N – report scheduled for July 2024 Audit Committee.</p>

Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
<p><b>Internal Audit Progress Report – Feedback on Schools’ Control Risk Assessment</b></p> <p>An exercise has recently been undertaken for schools to self-assess their control and governance arrangements to help inform Internal Audit planning and training support. Further detail on the analysis has been requested.</p>	<p>Members were provided with further information at the training and awareness session on 18<sup>th</sup> April.</p>	<p>Peter Jackson</p>	<p>Y – Completed on 18<sup>th</sup> April</p>
<p><b>Grant Thornton Auditor’s Annual Report 2022/23 - Dedicated Schools Grant (DSG) Deficit</b></p> <p>Members requested further information around how the deficit had built up and arrangements in place / to be put in place to manage the position.</p>	<p>A report is being taken to Executive Board on 5<sup>th</sup> June and Member Briefings are being organised as soon as practical thereafter.</p>	<p>Leanne Hornsby / Faye Tyas</p>	<p>N – Member Briefings to be held in June 2024.</p>



## Doncaster Council

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**Date: 25th April 2024**

**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 2023 to 31<sup>st</sup> March 2024;
  - (ii) notes the whistleblowing return for 2023/24.
  - (iii) notes the nil money laundering reports for 2023/24.

#### **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

3. 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.
4. 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 2023 to 31st March 2024**

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. 33 of the 37 Councils in Doncaster have now adopted the

revised code and we continue to work with the remaining Councils to encourage adoption of the modern Code.

### Borough Councillors

8. During the period since my last report, **three** individual complaints have been received in relation to Borough Councillors and these are detailed at Appendix A.
9. Five complaints were received in 2022/23 & eight complaints in 2021/22 so members will note that complaint activity has continued to fall. The complaints received were relatively minor in nature and two stemmed from usage of social media with one matter being outside of the scope of the Code of Conduct as it involved social media being used in a private capacity. The third complaint is still subject to investigation at the time of writing. I am happy to report that most complaints received, or enquiries made 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 three complaints received is a very low number and I am pleased by the position.

### Parish & Town Councillors

10. The Monitoring Officer has received **Seven** complaints against Parish & Town Councillors during the period 1st April 2023 to 31st March 2024. This is a welcome decrease from the Eleven complaints received in 2022/23 and the nine complaints received in 2021/22. One complaint was considered to be a breach of the Code resulting in an agreed apology by the subject member and one further complaint was investigated at length before establishing that there was insufficient evidence to proceed.
11. I remarked in last year's report that many complaints received relate to the use of social media in all its forms and that 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 all of 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. Even though Councillors may not identify themselves as Councillors on their social media profiles and use the account for personal matters, it is clear that complainants very often do not make the same distinction and believe that Councillors should be judged more harshly than other members of society when making comment or sharing their opinions on a wide variety of topics. Several of the complaints detailed at Appendix A stem from this particular issue.
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 2023/24 Municipal Year is set out in **Appendix A** to this report.

### **Whistleblowing Returns for 2023/24**

14. The Monitoring Officer 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 updated last year to reflect the return of the former Doncaster Childrens Services Trust to the Council. The Council's Whistleblowing policy is open to use by members of the public, stakeholders, and contractors as well as employees. Whistle-blowers are asked to report their concerns to named senior officers. This ensures that senior management are made aware of any matters and that the correct processes are 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.

Following suggestions made last year by Audit Committee Members, individual names and telephone numbers of Whistleblowing contacts have been added to the policy in order to make contact easier for potential complainants.

The existence and purpose of the Whistleblowing process was also shared with CDC staff via the Council's intranet site and the Monitoring Officer intends to repeat this on an annual basis.

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 wrongdoing 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 wrongdoing, 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
8 <sup>th</sup> August 2023	Acting Director of Public Health – shared with Monitoring Officer/Head of Audit	Concern about use of funding by an external service provider	Allegations were investigated. Contract arrangement was subsequently terminated for different reasons.
9 <sup>th</sup> February 2024	Monitoring Officer/Head of Audit	Concerns over a planning matter	Complaint did not constitute a Whistleblowing matter and was dealt with by the relevant Asst Director under the Councils Corporate Complaints policy.

#### **Anti- Money Laundering Returns for 2023/24**

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 Council’s Chief Financial Officer, and obtain advice and permission to continue the transaction.
18. For the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 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.

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

## 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 05.04.24]**

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...01.04.24.]**

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 2023/24

Date received/ Ref.	Complainant(s)	Council	Details of Allegation(s)	Outcome
DMBC Councillors				
29/6/23	Member of the public	CDC	Failure to treat with respect.	Social media exchanges from a personal account, not acting in role as a Councillor so outside the scope of the Code.
19/1/24 CDC1	Ward Councillor	CDC	Misuse of position of a Councillor regarding social media posts potentially promoting business.	Administrative error which subject member apologised for, advice given regarding future use of social media.
15/3/24 CDC2	Member of the public	CDC	Failure to treat with respect.	Seeking IP views.
Parish & Town Councillors				
17/4/23	Town Councillor	Hatfield TC	Failure to treat with respect during meeting.	Investigation showed insufficient evidence to support the claim. No further action taken.
May 2023	Member of the public	Hatfield TC	Failure to treat with respect.	Social media exchanges from a personal account, not acting in role as a Councillor so outside the scope of the Code.
15/6/23	Member of the public	High Melton PC	Alleged that Council taking decisions not based on the wishes of the parish	Outside the scope of the code – no further action needed.

### Summary of Member Code of Conduct Complaints Received in 2023/24

			residents.	
19/6/23	Town Councillor	Hatfield TC	Failure to treat fellow Town Councillor with respect.	Social media exchanges from a personal account, not acting in role as a Councillor so outside the scope of the Code.
June 2023	Town Councillor & 2 members of the public	Tickhill TC	Failure to treat fellow Town Councillor with respect.	Subject member wrote a letter of apology to complainant Town Councillor.
Nov 2023	Member of the public	Finningley	Failure to treat with respect, bullying	Insufficient evidence to support allegation, some doubt as to capacity they were acting in.
23/1/24	Member of public	Thorne-Moorends TC	Failure to treat with respect re social media posts.	Social media exchanges from a personal account, not acting in role as a Councillor so outside the scope of the Code.



### Report

Date: 25<sup>th</sup> April 2024

To: AUDIT COMMITTEE

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

#### EXECUTIVE SUMMARY

1. This report provides Members with details of all the waivers and breaches to the Contract Procedure Rules (CPRs) for the period **1<sup>st</sup> September 2023** to the **29<sup>th</sup> February 2024**.
2. The table below summarises the number of new waivers and breaches recorded for each Directorate since the last audit report presented in November 2023 and the one before in April 2023. The details of each waiver and breach are summarised in the appendices to this report.

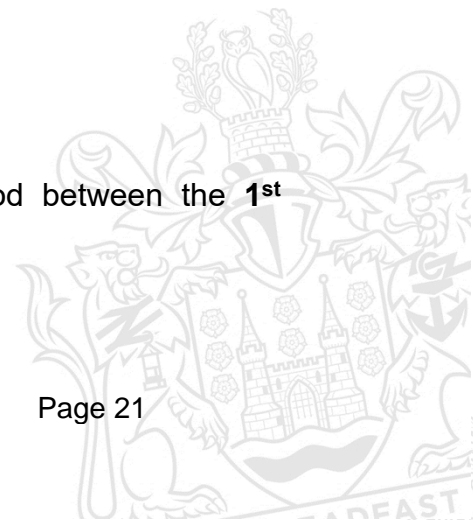
Directorate	1 <sup>st</sup> Sept 23 to 29 <sup>th</sup> Feb 24		1 <sup>st</sup> Mar 23 to 31 <sup>st</sup> Aug 23		1 <sup>st</sup> Sep 22 to 28 <sup>th</sup> Feb 23	
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers
AHW	0	2	1	4	0	5
CYPF	0	0	0	0	0	2
CR/CEX	0	5	0	4	0	5
PLACE (was E&E)	7	9	2	3	4	4
<b>GRAND TOTAL</b>	<b>7</b>	<b>16</b>	<b>3</b>	<b>11</b>	<b>4</b>	<b>16</b>
% Waivers versus No. Contracts Awarded	<b>5.42%</b>		<b>2.57%</b>		<b>4.92%</b>	
% Value of Waivers versus Value Contracts Awarded	<b>3.70%</b>		<b>2.74%</b>		<b>2.16%</b>	

#### EXEMPT REPORT

3. This report is not exempt.

#### RECOMMENDATIONS

4. To note the waivers and breaches recorded for the period between the **1<sup>st</sup> September 2023** to the **29<sup>th</sup> February 2024**.



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 is clearly demonstrated and in accordance with the CPRs.
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, this is being managed closely to ensure the high levels of compliance continue.
11. The number of approved waivers for this period has increased from **11**, as reported in November 2023, to **16**.
12. The number of breaches for this period has increased from **3**, as reported in November 2023, to **7**.
13. There are still high levels of compliance to the CPRs and SPT continue to be proactive and supportive to help alleviate increased pressures with regular reporting and attendance at key stakeholder meetings.
14. The CPRs were approved by Council in September 2023. The changes have been communicated with the Audit Committee. The new rules have been embedded across the Council and will be applicable to the Audit Committee Report in April 2024.
15. The Provider Selection Regime (PSR), this is a regulation under the Health and Social Care Act 2022, to come into force on the 1<sup>st</sup> January 2024. The Department of Health and Social Care (DHSC) intends this will introduce a new set of rules for procuring health care services in England and Local Authorities are captured by this. The CPRs will be amended to reflect these technical changes on the 1<sup>st</sup> January 2024.
16. New procurement thresholds relating to public procurement have been announced and technical changes will be made to the CPRs, these are very small changes. The new threshold for supplies/services is £214,904 (inc. VAT), it remains the same for the Light Touch Regime Services is £663,540 (inc. VAT) and for works it has slightly changed to £5,372,609 (inc. VAT).

## **OPTIONS CONSIDERED**

17. The Council's CPRs state the following thresholds where commensurate competition should be undertaken by officers to ensure value for money, these have been amended in accordance with the changes to the public procurement thresholds on the 1<sup>st</sup> January 2024: -



- **Up to £50,000** - use of an in-house supplier, Council wide contract, third party framework agreement or direct award, where possible, to a Doncaster based organisation. Contract awards between £25,000 and £50,000 must be accompanied by a Best Value Form.
- **Between £50,000 and £214,904 (£179,087 exc. VAT)** – 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 £214,904 (£179,087 exc. VAT) and £663,540 (£552,950 exc. VAT) (Social & Other Specified Services) or £5,372,609 (£4,477,174 exc. VAT) (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 £214,904 (£179,087 exc. VAT) (Goods/Services) or £663,540 (£552,950 exc. VAT) (Social & Other Specified Services) or £5,372,609 (£4,477,174 exc. VAT) (Works)** - use of an in-house supplier, Council wide contract, third party framework agreement or carry out a public contract regulations compliant tender process.

18. **Appendix 1** shows the details of the **new, unresolved, and resolved** breaches for this period.

19. 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.

#### Old Version

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

## New Version – under revised CPRs

Category	Description
<b>a</b>	For works, goods or services which are either patented or unique that it is not possible to obtain competitive prices or are only available from one organisation.
<b>b</b>	For the execution of works or services or the purchase of suppliers involving specialist or unique knowledge or skills
<b>c</b>	An organisation which has won a contract for an earlier phase of work via a competitive process and where further work is required that could not have been identified when the contract was let or to allow safe exit or decommission
<b>d</b>	Reasons of urgency where it is otherwise not reasonably possible to comply with the appropriate CPR requirement (for example an emergency). Even in such circumstances officers must continue to seek and obtain value for money wherever possible
<b>e</b>	The use of time-limited grant funding from an external body, where the time limitations will not allow a competitive process to be completed and where grant conditions allow this.
<b>f</b>	Where relevant UK or EU legislation not otherwise referred to in these CPRs prevent the usual procurement process as cited in the CPRs
<b>g</b>	Is permissible under Regulation 72 of the PCR2015
<b>h</b>	Constitutes a trial purchase.

## Breaches to the CPR's

20. 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.
21. There have been **seven** new breaches and **four** resolved breaches. There are **two** unresolved breaches.
22. There has been an increase in the breaches for this period. Although this is disappointing, this relates to one area of the Council who has let a significant number of contracts in a shortened timeframe due to time limited grant funding but unfortunately did not follow correct process. These breaches are all under the Public Procurement thresholds and four out of the seven were awarded to Doncaster companies. As the breaches are consolidated to one area of the Council, interventions have taken place, there will be targeted training given, more scrutiny on contracting practices and an overall lesson learnt exercise. Senior management have been made aware and commitments to improved practice secured.

## Update to Breaches previously reported

23. In **November 2023**, there were **three** new breaches reported to Audit Committee, **three** unresolved breach and **two** resolved breaches.

## Waivers to CPR's

24. **Sixteen** waivers have been approved for this six-month period, which has increased from the last report in November 2023 where there was **eleven**. The number and contract value of waivers granted against the number of contracts awarded for this period are shown in **Appendix 3**.
25. The number of waivers has increased, this is reflective of the significant amount of contracting currently underway at the Council.
26. 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

27. SPT (Strategic Procurement Team) continue to work closely with all Directorates to improve procurement practices and provide assurance that arrangements are robust and compliant.
28. 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.
29. A monthly CPR Training Programme continues to be delivered across the Council and officers can book this via the HR Portal. An eLearn module is has been finalised and will become mandatory for budget holders and staff involved in Procurement activity.
30. Procurement System developments continue, the main objectives are to improve data quality, sustain and improve compliance and deliver procedural efficiencies. The Procurement Planning module, part of the YorTender (e-tendering system), is now fully operational and used by the team. This also allow for the regulatory requirement to publish Procurement Pipelines every six months.
31. SPT and P2P have started monthly meetings to improve gatekeeping practices and improve systems. One to ensure that the Council can stop orders going out before they become a retrospective breach and secondly to make the processes more efficient for officers and teams.
32. SPT act as a gatekeeper on contracting risks and governance requirements, on issues such as IR35, Data Protection, Modern Slavery etc.

## OPTIONS CONSIDERED






33. 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

34. 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

35.

Great 8 Priority	Positive Overall	Mix of Positive & Negative	Trade-offs to consider – Negative overall	Neutral or No implications
 <b>Tackling Climate Change</b>	✓			
Comments: This is considered when procuring and forms part of the social value deliverables obtained through contracting.				
 <b>Developing the skills to thrive in life and in work</b>	✓			
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.				
 <b>Making Doncaster the best place to do business and create good jobs</b>	✓			
Comments: Social value is included in all public procurement above £100k 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.				
 <b>Building opportunities for healthier, happier and longer lives for all</b>	✓			<b>X</b>
Comments:				
 <b>Creating safer, stronger, greener and cleaner communities where everyone belongs</b>	✓			<b>X</b>
Comments:				

 <b>Nurturing a child and family-friendly borough</b>	✓			<b>X</b>
Comments:				
 <b>Building Transport and digital connections fit for the future</b>	✓			<b>X</b>
Comments:				
 <b>Promoting the borough and its cultural, sporting, and heritage opportunities</b>	✓			<b>X</b>
Comments:				
<b>Fair &amp; Inclusive</b>	✓			
Comments: This is covered as part of the social value delivered through contracting at the Council.				

**36. Legal Implications [Officer Initials: NJD Date: 5/4/24]**

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.

**37. Financial Implications [Officer Initials: PH | Date: 02/04/24]**

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.

**38. Human Resources Implications [Officer Initials: SH | Date: 02/04/24]**

There are no specific HR implications arising from this report.

**39. Technology Implications [Officer Initials: PW | Date: 02/04/24]**

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**

40. Breaches to the CPRs can expose the Council to reputational, financial, legal, and commercial risks. Contracting can be high risk if done incorrectly. Compliance monitoring of the CPRs seek to counter and address these risks.

## **CONSULTATION**

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

## **BACKGROUND PAPERS**

42. None

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

43.

Adults, Health & Wellbeing (AHW)  
CEX – Chief Executive Directorate  
Contract Procedure Rules (CPRs)  
Chief Financial Officer (CFO)  
Corporate Resources (CR)  
Doncaster Children’s Services Trust (DCST)  
Economy & Environment (E&E)  
Information Communications Team (ICT)  
Invitation to Tender (ITT)  
Light Touch Regime (LTR)  
Children, Young People & Families (CYPF)  
Monitoring Officer (MO)  
Strategic Procurement Team (SPT)  
Public Contract Regulations (PCR2015)  
Public Health (PH)  
Purchase to Pay (P2P)  
Place – previously E&E  
Request for Quotation (RFQ)  
Technology Governance Board (TGB)

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## BREACHES

- **New** CPR breaches that have been identified between the **1<sup>st</sup> September 2023 to the 29<sup>th</sup> February 2024**.
- **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	PLACE	Unresolved	Apr 23	Building Materials – Timber	£51,570	Contract expired	<p><b>Apr 24 Note:</b> Procurement still underway, prioritising higher risk contracts are let first. Continue with agreed rates that are closely monitored until re-tender is completed.</p> <p><b>Nov 23 Note:</b> Procurement works underway, redesign of the contract and the way it is delivered has added in additional time to resolve.</p> <p><b>Apr 23 Note:</b> 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>	Jun 2024  Jan 2024  Nov 2023
1.1	PLACE	Resolved	Apr 23	Kitchens	£39,520	No contract	<p><b>Apr 24 Note:</b> Contract awarded.</p> <p><b>Nov 23 Note:</b> Contract in draft, plan to award November 2023. Low value contract, decision taken to prioritise other works.</p> <p><b>Apr 23 Note:</b> 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>	Nov 2023  Jun 2023
1.2	PLACE	Resolved	Apr 23	Building Materials	£87,225	Contract expired	<p><b>Apr 24 Note:</b> Contract awarded.</p> <p><b>Nov 23 Note:</b> ITT currently out to market, subject to the process – award should be made Nov 23.</p> <p><b>Apr 23 Note:</b> As per the Breach 2.0 (above) narrative.</p>	Nov 2023

1.3	PLACE	Resolved	Nov 23	Modular Buildings	£213,000	Not obtained tenders	<p><b>Apr 24 Note:</b> Resolved, training given to the officers involved.</p> <p><b>Nov 23 Note:</b> Shown via off contract spend analysis, service area and applicable officers spoken with – only one quotation obtained in breach of the CPR's. Senior Category Manager worked with applicable officers; training undertaken.</p>	Jul 2023
1.4	PLACE	Resolved	Nov 23	Modular Buildings	£37,486	Quotes not sought	<p><b>Apr 24 Note:</b> Resolved, training given to the officers involved.</p> <p><b>Nov 23 Note:</b> Shown via off contract spend analysis, service area and applicable officers spoken with – only one quotation obtained in breach of the CPR's. Senior Category Manager worked with applicable officers; training undertaken.</p>	Jul 2023
1.5	PLACE	New	Apr 24	Cusworth Hall Build Works	£49,514	Quotes not sought	<p><b>Apr 24 Note:</b> Spend picked up Sept 23, was pre changes to the CPRs where a direct award would have been permissible (£50k threshold) and x3 quotes were required.</p>	Sept 23
1.6	PLACE	New	Apr 24	Fixed Wire Electrical Testing	£34,175	Quotes not sought	<p><b>Apr 24 Note:</b> Spend picked up Sept 23, was pre changes to the CPRs where a direct award would have been permissible (£50k threshold) and x3 quotes were required.</p>	
1.7	PLACE	New	Apr 24	Shop Front Manufacturing & timber Balustrades	£220,000	Tenders not obtained	<p><b>Apr 24 Note:</b> Informal quotes were received but the level of spend as per the CPRs should have meant a tender process was followed.</p>	Apr 24
1.8	PLACE	New	Apr 24	Heritage Building Stone Restoration Works	£170,000	Quotes not sought	<p><b>Apr 24 Note:</b> Quotes should have been obtained. Service area advised that English Heritage has specified the contractor but did not obtain a CPR waiver that would have covered this scenario.</p>	Apr 24
1.9	PLACE	New	Apr 24	Stud Works	£60,000	Obtained 2 quotes, should have got minimum 3	<p><b>Apr 24 Note:</b> 3 quotes should have been obtained, only 2 were obtained. Service area has been advised on this, targeted training on this matter.</p>	
1.10	PLACE	New	Apr 24	Ground Works	£200,000	Tenders not sought	<p><b>Apr 24 Note:</b> 3 tenders should have been sought. No competitive exercise was undertaken. Service area has been advised on this, targeted training on this matter.</p>	
1.11	PLACE	New	Apr 24	Painting & Decorating	£81,000	Obtained 2 quotes, should have got minimum 3	<p><b>Apr 24 Note:</b> 3 quotes should have been obtained, only 2 were obtained. Service area has been advised on this, targeted training on this matter.</p>	
2.0	AHW	Unresolved	Nov 23	Supported Accommodation and Floating Support Services for Young Families & Parents to be	£392,000	CPR Waiver rejected	<p><b>Apr 24 Note:</b> Governance has been agreed for the new model. Procurement has begun, and the contract will commence in September 2024 subject to a successful process. Resolution date moved due to market engagement, redesign and the time required to transition to a new provider if necessary.</p> <p><b>Nov 23 Note:</b> A CPR Waiver was rejected for an additional year on this ongoing contract. Subsequently the timescale was too short to re-procure after rejection of the waiver. To protect the council the breach is being managed, the contract has been formalised albeit not in compliance with the CPR's.</p>	Sept 2024 May 2024



## APPENDIX 2

### WAIVERS

CPR waivers agreed covering the period **1<sup>st</sup> September 2023 to the 29<sup>th</sup> February 2024**, with an explanation of the reasons for the waiver.

No.	Directorate	Title	Waiver Category	Waiver Value (£)	Waiver Start Date	Waiver End Date	Reason for the Waiver (brief description)
1.0	AHW	Carers Wellbeing Service	4. Forms Part of a Strategic Plan/Review	£70,000	04/12/2023	03/12/2024	Variation to the current Carers Wellbeing Service contract to enable the Provider to retain x2 full-time workers and recruit x1 further part-time worker in order to further enhance the commissioned service to meet the Council's revised requirements.
1.1	AHW	Direct Payment and Support Service	g) Permissible under Reg 72 (PCR2015)	£1,250,000	01/02/2024	31/05/2024	Period required to safe exit the contract and ensure a robust procurement procedure is completed and safe exit from the contract.
2.0	CR/CEX	CRM/LAGAN Extension of Support and Maintenance	3. Safe Exit from a contract	£183,944	01/04/2024	31/03/2026	Extension of the current maintenance and support contract for the Councils Customer Relationship Management system (CRM) of 1 + 1 years to the present supplier. To ensure continuation of service and support for this business-critical system pending the completion of the procurement and phased implementation of a replacement CRM solution. The implementation period is much longer than expected due to redesign of the CRM system approach.
2.1	CR/CEX	Corporate Security Contract	3. Safe Exit from a contract	£91,000	01/09/2023	31/03/2024	Extend the existing security contract to allow for significant changes to the scope of the contract due to changing needs of the Council and partners since its inception in 2018.
2.2	CR/CEX	Document Storage	4. Forms Part of a Strategic Plan/Review	£70,000	07/01/2024	06/01/2025	A 12-month extension of the existing contract for the storage of paper records to allow for the rationalisation and internalisation of this service thus delivering value for money to the Council.
2.3	CR/CEX	Resettlement of Refugees - Furniture Contract	4. Forms Part of a Strategic Plan/Review	£65,000	01/10/2023	31/03/2024	The Council is supporting an unprecedented number of Afghan Refugees on Government Resettlement Schemes over a very short period of time. The families were served eviction notices by the Home Office from the Doncaster Hotels where they were staying, and if the Council had not resettled these refugees swiftly, it is likely that they would have presented to the Council as Homeless. None of the families have any furniture, which forms part of the resettlement works, so the Council needed to source these items quickly as part of a wider programme of works. The Council have used a local (Doncaster) not for profit organisation to provide the furniture for these families. There was not enough time to carry out a procurement exercise.

No.	Directorate	Title	Waiver Category	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Reason for the Waiver (brief description)
2.4	CR/CEX	Chamber Voting Conference and Recording System	b) Specialist Knowledge/Skills	£14,999	01/12/2023	30/11/2026	Continuation of the maintenance agreement with the incumbent supplier of the audio-visual conferencing and recording equipment in the Council Chamber due to their specialist knowledge of how the system works. This is specialist knowledge where the supplier could only reasonably be changed if the entire system was. Investigation into replacement costs have resulted in the Council needing to continue with the incumbent system.
3.0	Place	Central Library Demolition & Public Realm	e) Time limited grant funding conditions	£2,500,000	01/02/2024	30/09/2024	To approve the award of a contract to complete the demolition of Doncaster Central Library, reconstruction of two number shop units and the associated Public Realm works. This is time limited grant funding so a competitive exercise would add time into the project and risk clawback. The costs have been benchmarked to ensure value for money.
3.1	Place	Air monitors, Ancillary equipment, Enclosures Supply, Maintenance and Fault Call Out Service	3. Safe Exit from a contract	£16,045	01/04/2024	31/03/2025	Existing contract completion delayed due to electrical supplier installation that is essential to complete the contract, this is outside the control of the Council.
3.2	Place	NEC ASSURE Public Protection	3. Safe Exit from a contract	£71,100	01/04/2024	31/03/2026	The Council are moving to a new system for provision of these services. To allow for data extraction and access to live data which is essential for the Council to deliver essential enforcement services a 2-year extension is required.
3.3	Place	Gritter Spares	1. Sole Provider/Niche Market	£90,000	16/10/2023	15/10/2028	Sole/Niche Makers and Manufacturers inc spare parts for this machinery - no alternative supplier.
3.4	Place	Flooring	2. Emergency Situation	£23,000	01/08/2023	01/03/2024	Award of a flooring contractor to complete flooring works to the Corn Exchange internal refit within the program deadlines set by the third-party funding organisation.
3.5	Place	Mechanical Sweeper Parts	1. Sole Provider/Niche Market	£75,000	31/08/2023	30/08/2028	Sole/Niche Makers and Manufacturers inc spare parts for this machinery - no alternative supplier.
3.6	Place	Gulley Emptier and Jetting Units Spare Parts	1. Sole Provider/Niche Market	£75,000	31/08/2023	30/08/2028	Sole/Niche Makers and Manufacturers inc spare parts for this machinery - no alternative supplier.
3.7	Place	Road Sweepers – Road & Pavement: Spare Parts	1. Sole Provider/Niche Market	£120,000	31/08/2023	30/08/2028	Sole/Niche Makers and Manufacturers inc spare parts for this machinery - no alternative supplier.

No.	Directorate	Title	Waiver Category	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Reason for the Waiver (brief description)
3.8	Place	Hire of Vehicles and Plant Equipment without Driver	c) Earlier Phase won – unforeseen extra works required	£160,000	16/10/2023	15/02/2024	New contract to be procured, extension to incumbent contract with multiple suppliers until full review complete and specification significantly revised including new requirements through joint purchasing with SLHD.

**Total contracts awarded versus the number and value of waivers: 1<sup>st</sup> September 2023 to the 29<sup>th</sup> February 2024.**

Directorate	No. of Waivers	Value of Waivers	Total Contracts Awarded	Value of Contracts Awarded	% No. of Waivers against No. Total Contracts Awarded	% Value of Waivers against Total Contracts Awarded
<b>AHW</b>	2	£1,320,000	9	£1,475,614	22.22%	89.36%
<b>CYPF</b>	0	£0	50	£21,114,795	0%	0%
<b>CR/CEX</b>	5	£424,943	49	£72,405,745	10.2%	0.55%
<b>PLACE (was E&amp;E)</b>	9	£3,130,145	187	£36,660,094	4.81%	8.45%
<b>Total</b>	<b>16</b>	<b>£4,875,088</b>	<b>295</b>	<b>£131,656,248</b>	<b>5.42%</b>	<b>3.70%</b>

The % total number of waivers granted, for this period, against contracts awarded was **5.42%**, which is an increase on the previous period between the **1<sup>st</sup> March 2023 to the 31<sup>st</sup> August 2023** of which was **2.57%**.

The % total value of waivers granted, for this period, against total value of contracts awarded was **3.70%**, which is a slight increase from the previous period between the **1<sup>st</sup> March 2023 to the 31<sup>st</sup> August 2023** of which was **2.74%**.



### Report

Date: 25<sup>th</sup> April 2024

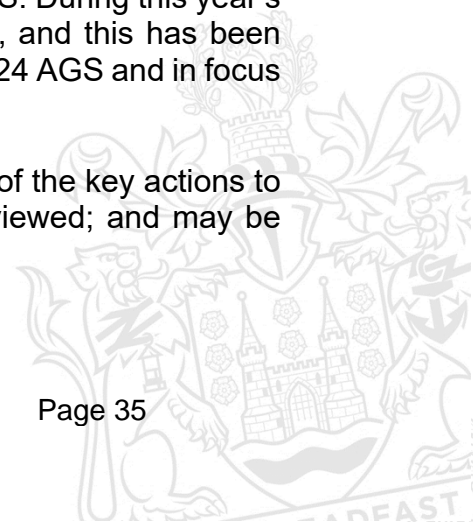
To the Chair and Members of the Audit Committee Board

Production of the 2023-24 Draft Annual Governance Statement

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

#### EXECUTIVE SUMMARY

1. The Council is required to prepare, approve, and publish an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations and professional accounting practice. The Council must ensure that there is good governance and a sound system of internal controls in place.
2. We have undertaken this review of our governance arrangements in place during 2023-24 and an Annual Governance Statement has been drafted which shows our governance compliance.
3. The Council continues to maintain effective governance. The draft AGS for 23-24 is attached as Appendix A and highlights include:
  - **4** key areas of improvement have been completed or have been effectively managed to the extent that they are no longer significant. (Pages 12)
  - **2** new significant issue has arisen from the 2023-24 review of the corporate governance arrangements (Page 6-9)
  - Updates on the **3** key areas identified during previous years suggest that these issues remain in focus for 2024-25 (Page 10).
4. Last year's AGS contained **7** significant issues and **4** of these has been effectively managed and removed them from this year's AGS. During this year's process we have identified **2** new areas of significant risk, and this has been added. This gives us so far, a total of **5** key areas for the 23-24 AGS and in focus for 24-25.
5. Please note that this document is the draft AGS and some of the key actions to mitigate the weaknesses identified for 2023-24 will be reviewed; and may be



improved upon before the production of the final AGS, which is anticipated to be presented in November 2024 to coincide with the Council's Final Accounts. The process also allows for the addition of any new areas of concern that may arise before the final sign off.

## **EXEMPT REPORT**

6. Not Applicable

## **RECOMMENDATIONS**

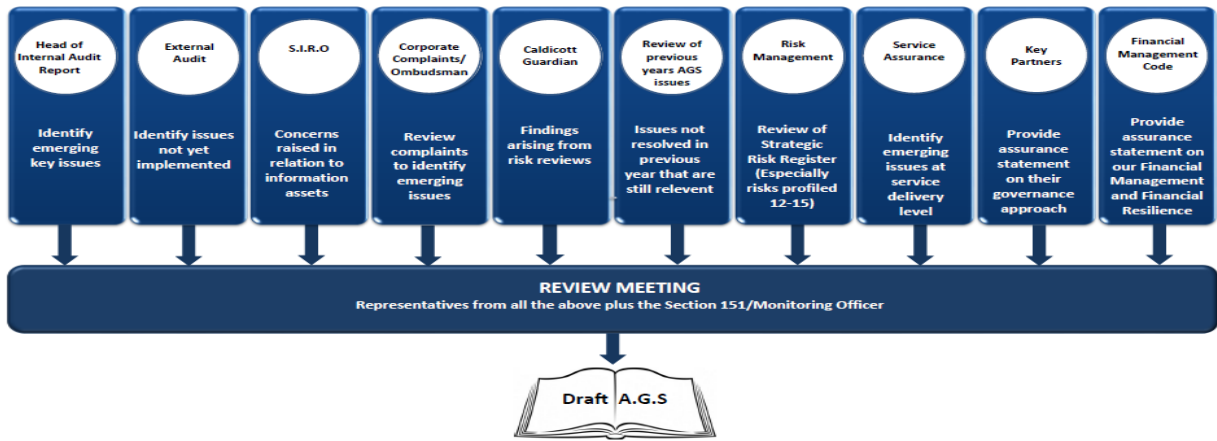
7. The Chair and Members of the Audit Committee are asked to review and endorse the outline of the draft Annual Governance Statement, prior to it being published for consultation as part of the draft 2023-24 City of Doncaster Council Accounts.

## **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. This annual review of the Council's 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.
10. Our review process amalgamates a top down and bottom up approach. 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. The Pentana system 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. Last year we strengthen this approach, by aligning 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 2023-24 Annual Governance Statement from the emerging issues.



13. The production of the AGS has been aligned with the production of the Head of Internal Audit report to allow them both to be considered at the same Audit Committee meeting.

14. 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**





15. Not Applicable





**REASONS FOR RECOMMENDED OPTION**

16. Not Applicable

**IMPACT ON THE COUNCIL'S KEY OUTCOMES**

17.

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

Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
 <b>Creating safer, stronger, greener and cleaner communities where everyone belongs</b>				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
 <b>Nurturing a child and family-friendly borough</b>				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
 <b>Building Transport and digital connections fit for the future</b>				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
 <b>Promoting the borough and its cultural, sporting, and heritage opportunities</b>				✓
Comments: The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place				
<b>Fair &amp; Inclusive</b>				✓
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: SF | Date: 03/04/24]

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: MS | Date: 03/04/24]

There are no specific financial implications arising from this report. There may be financial implications relating to specific actions referred to in the AGS but these will be considered as those actions are progressed. The AGS details financial risks faced by the Council including the Dedicated Schools Grant High Needs Block.

### 19. Human Resources Implications [Officer Initials: KG | Date: 03/04/24]

There are no specific human resources implications resulting from this statement and report. The workforce recruitment and retention challenges are detailed within the body of the reports along with improvement and development actions.



## **20. Technology Implications [Officer Initials: PW Date: 02/04/24]**

There are no specific technology implications arising from this report. As outlined in the draft AGS, relevant Digital and ICT roles have been converted to trainee roles with clear career progression criteria to support workforce recruitment and retention challenges. Implementation of a new Idox EHCP system is nearing completion to enable better interoperability across agencies supporting children and young people with SEND.

## **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  
2022-23 Annual Governance Statement  
Annual Report of the Head of Internal Audit 2022-23

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

24. N/A

## **REPORT AUTHOR & CONTRIBUTORS**

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City of  
Doncaster  
Council

# **DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24**

## **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**

City of Doncaster 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 continue 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](http://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 2023 to 31st March 2024, 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 (November 2024)

## **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 in 2022 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.
- 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 were appointed as External Auditors and issued their Auditor's Annual Report on the findings from their Value for Money arrangements review in January 2024. 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 2023-24, 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 started after the unaudited accounts have been published by 31st May 2023. Grant Thornton concluded their audit of the accounts by the 30th November 2023 and the Auditor's Annual Report on Value for Money arrangements were reported to the 1<sup>st</sup> February 2024 Audit Committee.

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

The review of 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 remained 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 economic challenges continued throughout 2023-24, with the 'cost of living' crisis and the inflationary pressures we saw the impacts across the organisation with the increase in energy, fuel, material, and service delivery. Throughout all this 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 to produce the Annual Governance Statement. Again, despite the challenges of the 2023-24 year, the Council believes that it can give a reasonable and soundly based level of assurance over these conclusions.



## Significant governance issues identified in 2023-24

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 2023-24 Annual Governance Statement process:

### ISSUE: Assurance Over Future Financial Sustainability of the Council

As seen nationally, the Councils general fund budget continues to be heavily impacted by cost pressures, including the impact of inflation, both pay and contract price inflation. Service pressures continue to be experienced across the Council, 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. In addition, there are increasing pressures on Adults Social Care budgets during 2023/24 due to a larger number of people being supported in care homes than has been budgeted and higher increases in care home costs for adults of working age than anticipated. Although a break-even position is forecast for 2023/24, there are several ongoing pressures, which are offset by one-off income/savings.

The ongoing pressures have been considered and incorporated into the 2024/25 budget and Medium-term Financial Strategy (MTFS). To achieve a balanced budget for the three-year period, there are savings targets which are challenging for delivery, especially during the cost of living crisis. 20% of the savings have been categorised as being the most difficult to deliver, the majority of which relate to Asset Rationalisation, Regenerative Council, Directorate Savings to be identified and Waste Collection. To mitigate the significant financial risks, greater savings are targeted to be delivered in 2024/25, with the overall aim to achieve a balanced budget over the period of the MTFS and provide sufficient flexibility to respond and meet the financial impact.

In addition, there are increasing concerns in relation to the Dedicated Schools Block - High Needs Block. The in-year financial commitments exceed the annual allocation and the quantum of unfunded expenditure being carried forward is significant. As such, this matter is considered in more detail, in the next item, with appropriate actions.

It is also worth highlighting the difficulties in managing service delivery, with the continuation of one-off specific grant allocations in year from government, in many cases with extremely tight deadlines and additional bureaucracy, for in some cases low values. There are also several mainstream services, including permanent staffing resource, which are funded from one-off grant income, which if the income were to be removed or reduce would adversely impact on the delivery of vital services, presenting a future sustainability risk.

#### Actions:

- We will review the 2023/24 outturn position and consider the potential impact of any adverse variances on the 2024/25 budget, including identifying mitigating actions. **(30th April 2024)**
- During 2024/25 we will continue to closely monitor and manage the impact of the cost pressures, maintaining specific focus on

#### Completion

**Date:**  
**March 2025**

the key areas of risk including Adults and Children’s Social Care and the delivery of specific budget savings.

- We will also continue to focus on the main sources of income e.g. income from council tax and business rates.
- As part of the 2025/26 budget setting process, we will review any additional pressures identified, the impact on the MTFS, including identifying mitigating actions, for approval by Council in February 2025.

**Responsible Officer:**

**Debbie Hogg – Director of Corporate Resources**

**Faye Tyas – Assistant Director of Finance and Technology**

**ISSUE: Special Educational Needs and Disabilities (SEND) and Inclusion, the impact on the Dedicated Schools Grant – High Needs Block & consequential financial risk.**

Doncaster continues to experience challenges around SEND and Inclusion linked to several key issues predominantly driven by national policy. These financial pressures have been created by a number of factors; continued financial pressures within school budgets, rising demand for statutory Education Health Care Plan (EHP) assessments, insufficient funding to meet increased demand, insufficient capacity within Doncaster Council special school estate and the external provider market.

**Nationally**, Education, Health and Care plans (EHP) has increased by 115% since 2014, and by 9% in 2022 alone. One of the consequences of this has been the increasing need of Local Authorities to make placements in Independent Non-Maintained special schools (The national special school population has increased by 53% since 2014, whilst the number in non-maintained special schools has increased by 81%).

By the end of March 2023, the majority of councils carried a cumulative high needs deficit, with a likely national deficit of £3.6 billion by March 2025 (LGA). The amplification of parental choice under the 2015 Act has meant that SEND Tribunals usually consider the primacy of the ‘parents right to choose’ but do not consider efficient and proportionate use of resource. Councils have a 2% success rate in tribunals related to provision.

**In Doncaster** there are significant cost pressures on services which are funded from the Dedicated Schools Grant (DSG) High Needs Block. The forecast outturn position for 2023/24 at quarter 3 is a £7.4m overspend, which results in an overall overspend on DSG forecast of £27.2m by 31<sup>st</sup> March 2024.

Between 01/02/2018 and 01/02/2019 we saw 362 requests to assess additional support, using the same timeframe for 2023/24 this had risen to 758 requests, an increase of 109%. At the end of the 2018/19 financial year, Doncaster maintained a total of 1898 Education Health Care Plans (EHCP’s), and by the beginning of February 2024 this had increased to 2718, a 43% increase. This has placed pressures on local services and has contributed to significant levels of challenge around high needs spending. The main areas of overspend are Out of Authority placements, Specialist Post 16 Institutions, Education Health & Care plan (EHCP’s) top up payments and additional top up payments to special schools and pupil referral units as well as for alternative provision and tuition.

The Department for Education has created two schemes aimed at reducing high needs deficits in local areas; the Safety Valve (targeted at those with the highest spending trajectories), where financial support is provided in response to local improvements in efficiencies and the 'Delivering Better Value' scheme where grant funding supports the strategy for improving local systems. There are currently 37 councils in the Safety Valve scheme and Doncaster is one of 55 in the 'Delivering Better Value' programme. In most areas the factors driving up high needs spending are deep rooted and complex. The Levelling Up, Housing and Communities Select Committee report on Local authorities (March 24), acknowledges that 'While we appreciate that some efficiencies may be achievable, it is not realistic to expect local authorities to manage down deficits of the scale of many billions of pounds over a period of two or three years'.

Doncaster's 'Delivering Better Value' analysis identified how costs are created by iniquities in practice and resource allocation within our mainstream sector. Our plan, therefore, has a clear focus on cost prevention in mainstream schools in order to offset unnecessary use of DSG. Based on modelling the Council have identified potential additional savings of c.£2m per annum from September 2025. However, assuming these savings are delivered, also considering the anticipated funding allocations, the Council is still forecasting an in-year deficit each year, with the overall DSG balance increasing to £48m by the end of 2026/27, (which is significantly below the original projection from Newtons/ CiPFA of £82.5m).

At present there is a statutory override in place regarding the overspend until April 2026. The significant overspend and continued forecast increase is common to other Council positions. In addition, the Council has produced a DSG Management plan which is subject to scrutiny from the DfE and CiPFA and has received positive feedback from the DfE on its saving plans to reduce the deficit. However, this remains a significant financial sustainability risk for the Council. Should the statutory override be removed in April 2026, the Council would be unable to carry forward the balance and would need to fund the remaining deficit. The Council has sufficient reserves to fund the current balance, however, would not be able to meet the forecast balance at the end of March 2026 of £43m. It also recognised that using Council reserves to meet the DSG deficit would reduce the financial resilience of the Council and impact on activities planned.

Our strategic response to this challenge has been developed and delivered through sustained partnership engagement, has been signed off by partners and approved by the DfE. The SEND Board reflects the full range of partnership interests, including school leaders, practitioners, and families. Parent views are collected through twice yearly surveys, our 'Making a Difference' and Co-Production groups and open surgeries with the Director and Assistant Director of Children's services. Our Children and Young People's Shadow Board monitor strategic progress and feed views into the SEND Board. The partnership governance is well established, and appropriate escalations are exercised.

<b>Actions:</b>	<b>Completion Date:</b>
<p><b>Improving value in the school system:</b></p> <ul style="list-style-type: none"> <li>We have developed clear expectations as to how schools and settings identify and meet need at every stage. Funding will be allocated upon a proven level of need, without the need for an EHCP. These new procedures will be in place from September 24 and are anticipated to reduce the level of demand for EHCPs and will prevent unnecessary escalations to DSG resources.</li> <li>We are revising local agreement for 'notional' SEND funding in schools which will require schools to use more of school budgets to meet SEND needs without resort to high Needs Block resources (from 8% of school budgets to 11%).</li> <li>We are retraining SEND outreach services to scrutinise and moderate accuracy and effectiveness of school practices.</li> <li>The council School Improvement team are reviewing how SEND funding is deployed in each school to ensure that schools make better use of school budgets before requesting additional resources from DSG – High Needs Block.</li> <li>Training is being provided for all schools and wider professionals to intervene at the earliest point and use universal resources more effectively.</li> </ul>	<p><b>September 24.</b></p> <p><b>Consultation April 24 Implementation April 25. June 24</b></p> <p><b>April 24</b></p> <p><b>May 24</b></p>
<p><b>Improving Sufficiency:</b></p> <ul style="list-style-type: none"> <li>Our 'Equitable and Inclusive Education' paper (November 23) sets out how we will reduce costs by 20% over 3 years by introducing more local specialist placements through the extension of preventative alternative provisions and Social Emotional Mental Health Hubs (SEMH)</li> <li>The second wave of sufficiency planning will extend our local enhanced resource provision, with associated additional cost prevention of c £4.5m p.a. from April 25.</li> </ul>	<p><b>April 24</b></p> <p><b>Approval June 24, Implementation up to April 25</b></p>
<p><b>Improving efficiency:</b></p> <ul style="list-style-type: none"> <li>We are strengthening decision making to ensure that there is increased scrutiny and challenge around EHCP requests, consultations, and funding requests.</li> <li>Our new online EHCP 'hub' will ensure greater efficiency of internal resource alongside improved accessibility and transparency around plans.</li> <li>A new price review process implemented to reduce the costs of external placements requests for uplifts.</li> <li>We will continue to hone our internal procedures through the Quality Assurance panel and SEND Performance clinics. This is producing clear impacts in terms of offsetting potential out of area placements and maintaining placements within Doncaster.</li> </ul>	<p><b>September 24</b></p> <p><b>April 24</b></p> <p><b>April 24</b></p> <p><b>March 24</b></p>

<ul style="list-style-type: none"> <li>• Our DSG Management Plan is regularly scrutinised by DfE who also require a quarterly impact report around our ‘Delivering Better Value’ plan. Our work in this area is scrutinised by DfE advisors. We participate in national ‘Delivering Better Value’ workshops to share best practice and gather any new learning which could assist the Council position.</li> <li>• We undertake a thorough review of the medium-term forecast position, as part of the outturn reporting, producing a specific report on the DSG covering updates on actions agreed, Delivering Better Value programme (DBV) feedback, capital strategy, sufficiency review, and any other recommendations for consideration.</li> <li>• We will increase the focus on DSG High Needs Block monitoring, including further details on the key variances and updates on actions in the monitoring information provided, also including DSG High Needs Block in the monthly financial monitoring.</li> <li>• We will review all DSG High Needs Block costs and current funding, with a view to reducing the DSG deficit.</li> <li>• We will continue to conduct frequent conversations with DfE around national policy and will highlight the DSG funding challenges nationally, providing key information on the pressures and current funding shortfalls.</li> </ul> <p><b>Responsible Officer:</b>  <b>Riana Nelson – Director of Children, Young People and Families</b>  <b>Leanne Hornsby – Assistant Director Education &amp; Skills</b>  <b>Debbie Hogg – Director of Corporate Resources</b>  <b>Faye Tyas – Assistant Director of Finance and Technology</b></p>	<p><b>March 24</b></p> <p><b>Commencing July 24</b></p> <p><b>April 24</b></p> <p><b>April 24</b></p>
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## An update on Key Improvement Areas previously identified that remained an issue in 2023-24

### ISSUE: Workforce Recruitment and Retention Challenges

The national labour market continues to be reduced and stringent budgets across the sector means Council's across the country and other public sector employers are facing similar recruitment and retention challenges. The Council has a high number of vacancies and hard to fill roles which creates capacity issues and impacts on staff work-life balance and their resilience, and on our ability to sustain the delivery of high-quality services and provide value for money. The organisation must ensure it has plans in place to address the recruitment and retention challenges it faces and reduce the reliance on agency workers and market supplements. The recruitment process must continue to be improved and streamlined in order to get the right people into posts faster. In order to attract higher numbers of applicants, our employer brand must be enhanced so working for Doncaster becomes a more attractive proposition, and promotes our total rewards offer, particularly where we struggle to compete in terms of pay, and our reach must be improved so our vacancies have more exposure so that we can recruit from the widest possible talent pool, ensure inclusivity and seek a diverse workforce. Effective workforce planning is essential if the organisation is to bridge the gap between current capability and future priorities and achieve the Council's vision. Having a flexible workforce within a structural design that includes full utilisation of the apprenticeship levy and career and trainee roles will enable the opportunity to develop our own staff and provide clear career paths for existing and new staff. This will sustain the talent pipeline, improve motivation, commitment and retention, and reduce the need to recruit. There is a need to focus on hotspot areas where there are current difficulties, Adult's and Children's social care, in particular social workers, residential care officers, support workers; Digital and ICT, Legal Officers, Planning Officers, Highways Engineers and Street Scene Operatives, St Leger Homes Doncaster, trades and other construction staff.

#### Actions:

We need to ensure we are reaching the right audience for the role being recruited to and ensure inclusivity that supports a diverse workforce by having the ability to recruit from the widest possible talent pool.

#### RECRUITMENT

- We have established a working group that will be reviewing where roles are currently advertised and exploring options of how, when and where we advertise in future e.g., the use of QR codes, community hubs, through school networks, in local newspapers etc.
- We will review our advert templates, that will enable attractive adverts tailored to the role they are recruiting to.
- The Council's application forms will be reviewed to make it easier for candidates to apply for roles, while still ensuring safe recruitment requirements.
- We will review our Recruitment policy and online information to ensure managers have the tools they need when recruiting.

#### Completion

#### Date:

March 2025

- Our new and improved Recruitment website was launched in February 24. The next stage will be to ensure our careers pages are more attractive and promote the Council as a great place to work.
- Roll out further the recently established onboarding team who support the recruitment process, by carrying out pre-employment checks and maintain contact with appointees prior to their first day of employment.

Our hotspot areas:

- CYPF: A workforce strategy group continue to progress the actions within the recruitment action plan for children’s social care, including working with a recruitment partner to assist with residential recruitment along with advertising via Proud to Care and pushing out via social media channels.
- Digital and ICT roles have been converted to trainee roles with clear career progression criteria.
- Place: The approach in all hard to fill roles such as engineers, surveyors and planners where professional qualifications are required, jobs have been converted to trainee career graded posts. In frontline services incentives for training, development and flexibility are utilised. The majority of service areas have apprenticeship opportunities that have been recruited to.
- Adults Wellbeing & Culture: There has been a real focus on Social Worker (SW) recruitment which has been reasonably successful. This has involved an advertising campaign using social media, industry publications, and Reed permanent solutions. A number of Social Work Apprenticeship opportunities have been created, offering six places to join the Social Work Apprenticeship Degree Programme within Adult Social Care and a guaranteed permanent SW role at the end of it.
- There has also been structural re-design in service areas where there are national skills shortages.

**RETENTION, WORKFORCE PLANNING AND DEVELOPMENT**

- Workforce planning/talent pipeline - we are reviewing the work experience and apprenticeship offer and how we engage with schools and colleges and are committed to ensuring full utilisation of the apprenticeship levy.
- There is an ongoing analysis of training requirements, and skills gaps, so that we can revise our learning and development offer to meet current and future needs. We will also consider the opportunities and challenges technology advancement offers to the council in relation to our future workforce needs.
- Wellbeing - If we are to retain staff, we must continue to enhance the Council’s wellbeing offer which will positively impact employee satisfaction levels and in turn, motivation, and

<p>productivity. We are planning to conduct a staff survey to understand levels of staff engagement and the action that as a Council we need to take to increase engagement across the board.</p> <ul style="list-style-type: none"> <li>• The Council is also creating a framework for staff networks which will further our goal of becoming an employer of choice.</li> </ul> <p><b>Responsible Officer:</b></p> <ul style="list-style-type: none"> <li>• <b>Lee Tillman – Assistant Director of Policy Insight &amp; Change</b></li> <li>• <b>Rebecca Hardwick – Head of Service, Human Resources</b></li> </ul>	
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<p><b>ISSUE: Social Care Data Quality</b></p> <p>Information related to social care contained within the MOSAIC case management system should be improved. Significant changes, particularly in Children’s Social Care in 23-24 have meant major work to ensure continuity of reporting, good information to inform service decisions and reporting of statutory returns.</p> <p>To be clear this has been 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. We are clear that we want to ensure effective reporting of all statutory returns for 2023-24 where the majority of work will take place April – September 2024; once this has taken place and we are confident of improvements we may be able to retire this issue into Business As Usual data quality processes. It is also worthy to note that inspections for Childrens and Adult Social Care nationally are likely over the following 12 months and our data quality process will be part of that process.</p> <p>In addition, the SYNERGY system and a newly implemented IDOX system that records information linked to Education and Special Education Needs, and Disabilities (SEND), along with locally recorded information will be used to ensure that information and reporting is effective in the performance management of systems.</p>	
<p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>• Review the reports required for SEND information that is needed for Statutory Inspections</li> <li>• Deliver all Childrens Statutory Returns and evaluate the progress made compared to last year</li> <li>• Deliver all Adults Statutory Returns and evaluate the progress made compared to last year</li> </ul> <p><b>Responsible Officer:</b>  <b>Lee Tillman – Assistant Director of Policy Insight &amp; Change</b>  <b>Allan Wiltshire – Head of Service, Policy Insight &amp; Change</b></p>	<p><b>Completion Date:</b></p> <p><b>May 2024</b></p> <p><b>Sep/Oct 2024</b></p> <p><b>Sep/Oct 2024</b></p>



**ISSUE: Sufficiency of Doncaster children's placement**

In Doncaster we believe that it is best for children to live with their families. However this is not always possible. In these circumstances the Local Authority will utilise a variety of placement options, including special guardianship orders, adoption, foster care or residential care. Children's placement sufficiency remains a local regional and national challenge which poses a significant financial, regulatory, and reputational risk. In Doncaster there is understanding that without the right investment in local sufficiency children will be at risk of being placed in higher cost placements and complex children may be placed at significant distance and at times in unregulated / unregistered settings. There has positive progress made in 23-24 to reducing the number of out of authority placements through effective permanency planning. In line with the placement strategy, 2 new residential homes were purchased but unfortunately the difficulty in recruitment of residential workers remains an issue. The recruitment of foster carers is a further pressure point with a slight improvement in in-house recruitment, however independent foster care placements remain high. The number of adoptions during 23/24 has increased but more needs to be done to recruit adopters from diverse backgrounds. There has been significant financial investment across the last year spent to ensure all children have the quality support they need, 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, recruitment and retention.

**Actions:**

- Recruitment of adopters and foster carers
- Recruitment and retention action plan for social workers and residential staff
- Review and further development of strategic partnerships with quality providers local to Doncaster to increase sufficiency linked to need
- Forecasting need across the directorate an age range to ensure future developments meet the changing needs of the cohort. (2024 – 2027 sufficiency strategy)

**Responsible Officer:**

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

**Completion****Date:****March 2025**

## **Statement of Commitment**

We have been advised of the implications of the result of the 2023-24 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 City of Doncaster Council:

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**Ros Jones**  
**Mayor of Doncaster**

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**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 2023-24 Annual Governance Statement:

- ❖ **Assurance over Future Financial Sustainability of the Council and its Key Partners –**  
An improvement area was identified in relation to Financial Sustainability as the Council continues to be heavily impacted by cost pressures, including the impact of inflation, both pay and contract price inflation and Service pressures, in particular for Children’s Social Care and increasing pressures on Adults Social Care budgets. The adults and children's social care pressures continue to be monitored closely due to the size of the budgets and volatility. Further work on the savings and pressures has been undertaken and incorporated into the 2024/25 budget approved by Council in February 2024.
- ❖ **Special Educational Needs and Disabilities (SEND) and Inclusion Inspection -** An improvement area was identified in relation to an Ofsted inspection. Doncaster continues to be in the window for a SEND and Inclusion OfSTED inspection. Preparations in terms of compliance and quality assurance continue and the partnership governance is well established.
- ❖ **Doncaster Inspection of Local Authority Children’s Services (ILACS) –** An improvement area was identified following an Ofsted inspection of Local Authority Children’s services in Feb 2022, where the overall outcome judgement was ‘Requires Improvement to be Good’. There were a series of recommendations that were outlined in the judgement letter. This resulted in a rapid quality and improvement plan and the establishment of new governance arrangements, including the Transformation and Improvement Board that was chaired by the Chief Executive, and included an independent Department for Education (DfE) advisor and DfE rep and the Practice Improvement Group, chaired by the Director of Childrens Services. Their respective remits were to oversee the improvement journey. Running alongside this the Council brought Children’s Social Care back into the Council and over the last 18 months has successfully onboarded all services. There has been evidential progress made, which was recognised by Ofsted in a Children’s Services focused visit in May 23, which considered our front door (initial response) arrangements. The report from that visit stated: “Senior leaders have significantly improved strategic planning and partnership working at the front door since the last inspection. Leaders know the service well. Performance management and quality assurance arrangements that support managers in monitoring this practice area have been strengthened. This improvement has taken place at pace, and at a time of significant change while transitioning children’s services from Doncaster Children’s Trust back to City of Doncaster Council control.” This was further reinforced in the recent Annual Conversation with DfE and Ofsted in Jan 24. The Practice

Improvement Board continues to operate, complimented by monthly performance clinics that monitor quality and performance, with a clear focus on practice and culture.

- ❖ **Adult Social Care Market Sustainability** – Market sustainability has significantly improved. The Council has invested in adult social care provision, with between 20 and 25% increase in fee rates for 2023-24 following the completion of fair cost of care exercises alongside local providers. At the time of writing 87% of the 119 local care providers that have been inspected by the Care Quality Commission Consultation have received a rating of either Good or Outstanding, with only one provider currently having the lowest rating of Inadequate. Capacity within the sector has improved significantly over the last year and there are currently no waiting times for people who need a Domiciliary Care provider.



### Report

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Date: 25<sup>th</sup> April 2024

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

#### AUDIT COMMITTEE ANNUAL REPORT 2023/24

##### 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 2023/24, attached to this report.
2. This Annual Report is again encouraging, recognising the positive outcomes achieved in another challenging year, and the positive assurance it has received over the Council's, risk, governance and control arrangements. It also 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 2023/24.

##### 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 2023/24.

## **OPTIONS CONSIDERED**

7. Not applicable, for information only.

## **REASONS FOR RECOMMENDED OPTION**

8. Not applicable, for information only.

### **9. Legal Implications**

Legal Implications were not requested in relation to this report.

### **10. Financial Implications**

Financial Implications were not requested in relation to this report.

### **11. Human Resources Implications**

Human Resources Implications were not requested in relation to this report.

### **12. Technology Implications**

Technology Implications were not requested in relation to 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 2023 to April 2024 Audit Committees.

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

16. LGA – Local Government Association  
DSG - Dedicated Schools Grant.

## **REPORT AUTHOR & CONTRIBUTORS**

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# Annual Report of the Audit Committee 2023/24



**Councillor Austen White**  
**Chair of the Audit Committee, 2023/24**

## **FOREWORD**

I am pleased to present this report which demonstrates the contribution this Committee has made during 2023/24 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 assurances in these ongoing 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 pension funds together with other staffing issues highlighted within the Redmond Review. We were very pleased to receive yet again, an unqualified opinion on the Council's Statement of Accounts and the associated commentary over our Value for Money arrangements which was particularly reassuring, completing all prior to the end of January. We recognise the area of concern highlighted regarding the Dedicated Schools Grant (DSG) increasing deficit due to pressures on the High Needs Block budgets, which is in common with the majority of Local Authorities with responsibility for Education. We will continue to robustly monitor our arrangements to manage and reduce this liability over the coming years.



## 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.
- 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 specific 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" was also positive.

I am also pleased to have been offered and accepted the role of lead authority for the Local Government Authority (LGA), Yorkshire & Humberside Audit Committee Chairs Forum.

“ I conclude this year’s foreword to confirm this committee’s ongoing commitment 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

In late 2022, CIPFA published "Audit Committees: Practical Guidance for Local Authorities and Police" 2022 edition which contained model terms of reference for audit committees, updating the model terms from the previous guidance from 2018.

In the main, the new model terms have been reordered to reflect the core functions of the committee and provide greater clarity on the overarching responsibilities and accountability arrangements.

Where required, the model terms of reference have been expanded to incorporate City of Doncaster Councils specific local arrangements including responsibility for the Hearings Sub-Committee.

One minor change is also reflected in these proposed terms of reference whereby the monitoring of compliance with the Regulation of Investigatory Powers Act 2020 has been reduced from bi-annually to annually, as agreed by the Audit Committee on 26<sup>th</sup> January 2023."

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 2023/24 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 John Healy  
Councillor Barry Johnson  
Councillor David Shaw

Following the committee appointment process in May 2023, Councillor Sue Farmer replaced Councillor Barry Johnson. The following are the current five elected members:



Councillor Austen White (Chair)  
Councillor Glenn Bluff (Vice Chair)  
Councillor Sue Farmer  
Councillor John Healy  
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:



27<sup>th</sup> July 2023  
23<sup>rd</sup> November 2023  
1<sup>st</sup> February 2024  
25<sup>th</sup> April 2024

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 2022/23 Statement of Accounts and the Value for Money Assessment.

These were done at the November 2023 and February 2024 meetings of the Audit Committee respectively making these meetings 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 Annual Governance Statement



The Audit Committee has fulfilled its mandatory obligations during 2023/24.

## COMMITTEE ACHIEVEMENTS

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 2023/24 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 because 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 2023/24.
- 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 report to Those Charged with Governance (ISA 260 Report) 2022/23.
- Received and considered the Auditor's Annual Report 2022/23
- Received and considered report covering the Audit Plan 2023/24
- 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 whilst also reflecting the challenges faced in managing the Dedicated Schools Grant (DSG) deficit.

### 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 the annual report 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:

- Taxi Licencing Service Progress Report
- CYPF Commissioning Arrangements

### Compliance with Best Practice

In March 2024, 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 now fully operating to best practice with no new actions required and actions from the previous year review now fully complete. 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 update 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 have 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.
- Taxi Licencing Progress report
- CYPF Commissioning arrangements.
- Update by the External Auditor on the National Picture on Local Authority Accounts Audit delivery and Annual Audit Report – Key Messages
- Self-assessment against best practice for audit committees

Additionally, there has been regular attendance by the Chair and Head of Internal Audit at Yorkshire & Humberside Audit Committee Chairs Forum. Doncaster have been invited and have accepted to being the lead authority for the next two years with a view to reviewing after one year.



## AUDIT COMMITTEE ACTIVITY – 2023/24

## Appendix A

Agenda Item	July 2023	Nov 2023	Feb 2024	Apr 2024
Audit Committee Actions Log	Received	Received	Received	Received
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update	Received			
Audit Committee Prospectus, Terms of Reference and Work programme 2023/24	Received			
Internal Audit Progress Report	Received	Received	Received	
Unaudited Statement of Accounts 2022/23 incorporating Grant Thornton – Informing the Audit Risk Assessment	Received			
Breaches and Waivers to the Council’s Contract Procedural Rules		Received		Received
Preventing and Detecting Fraud and Error: October 2022 to September 2023		Received		
Statement of Accounts and Annual Governance Statement 2022/23 – Draft ISA 260 Report to Those Charged With Governance		Received		
External Auditor (Grant Thornton) Audit Committee Progress Report and Sector Update		Received		
Taxi Licensing Service Progress Report			Received	
CYPF Commissioning Arrangements			Received	
External Auditor (Grant Thornton) Auditor Annual Report 2022/23			Received	
Final Audit Findings (ISA 260) Report			Received	
Annual Report of the Monitoring Officer 2022/23				Received
Draft Annual Governance Statement 2023/24				Received
Audit Committee Annual Report 2023/24				Received
Annual Report of the Head of Internal Audit 2023/24				Received
Counter Fraud Activity Report				Received
Internal Audit Plan 2024/25				Received
External Auditor (Grant Thornton) Audit Plan 2023/24 and Arrangements for the preparation of the 2023/24 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	Status
1.	<p><b>Terms of Reference Review</b></p> <p>The Audit Committee's Terms of Reference require some slight updates in line with the CIPFA 2022 Guidance on Audit Committees.</p>	<p>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</p>	Completed
2.	<p><b>Evaluation of Knowledge, Skills and Training Needs of Audit Committee Members</b></p> <p>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.</p>	<p>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.</p>	Completed
3.	<p><b>Composition of the Audit Committee</b></p> <p>Attendance at Audit Committee Meetings has been lower than previous years, which has resulted in concerns regarding meetings consistently being quorate.</p>	<p>Options to address this issue will be explored as part of the annual appointments process for Full Annual Council in May 2023.</p>	Completed – no longer considered an issue





### Report

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Date: 25<sup>th</sup> April 2024

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

#### **ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2023/24**

##### **EXECUTIVE SUMMARY**

1. This report provides information on the work of Internal Audit during 2023/24, 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 2023/24 were adequate and operated effectively during the year.**

##### Implementation of Agreed Management Actions arising from Audit Recommendations

4. There has been a noticeable increase in the number of outstanding management actions at year end (27), which is contrary to previous trends in year and compared to previous years. The increase doesn't appear to be caused by any specific reason, other than the cut-off date for the data which has been taken post the 31<sup>st</sup> March, and previously had been taken prior to the year-end, thereby excluding actions due by that date.
5. However, in summary, despite the spike in the number of overdue actions at the year end, arrangements to follow up on agreed management actions are still considered effective and the authority is still in a strong position regarding the relatively low number of overdue actions. Further commentary on the position is included within the report at Appendix 1.

## Areas of Concern

6. Our work this year identified only one specific area or service to be considered for inclusion in the Council's Annual Governance Statement. This issue was the Climate Change Governance Arrangements which received a limited assurance opinion during the year. Upon further review, the area didn't meet the criteria for inclusion and this issue has not been included in the Annual Governance Statement; further details are provided within the Appendix.

## **EXEMPT REPORT**

7. Not applicable, for information only.

## **RECOMMENDATIONS**

8. The Audit Committee is asked:
  - To note the Internal Audit Annual Report for 2023/24, 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?**

9. 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**

10. 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**

11. Not applicable - for information only.

## **REASONS FOR RECOMMENDED OPTION**

12. Not applicable - for information only.
13. **Legal Implications**  
Legal implications were not requested in relation to this report.
14. **Financial Implications**  
Financial implications were not requested in relation to this report.

15. **Human Resources Implications**

Human Resources implications were not requested in relation to this report.

16. **Technology Implications**

Technology implications were not requested in relation to this report.

**RISKS AND ASSUMPTIONS**

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

**CONSULTATION**

18. 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**

19. United Kingdom Public Sector Internal Audit Standards, audit working files and management information, customer satisfaction responses.  
Annual Preventing and Detecting Fraud and Error October 2022 to September 2023  
LGA Peer Review of Doncaster Council 2022  
External Auditor (Grant Thornton) Auditor Annual Report 2022/23  
Counter Fraud Activity Report April 2024  
Draft Annual Governance Statement 2023/24  
Audit Committee Annual Report 2023/24  
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 2023/24

**GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

20. CIPFA – Chartered Institute of Public Finance and Accountancy  
LGA – Local Government Association  
NAO – National Audit Office  
QAIP - Quality Assurance and Improvement Programme  
PSIAS - Public Sector Internal Audit Standards  
GIAS - Global Internal Audit Standards

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**Peter Jackson FCCA  
Head of Internal Audit**

**ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2023/24****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 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 Service****Internal Audit Resources**

- 4.1 Internal Audit had an establishment of 9.1 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.
- 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 2023/24 year to those responsible for governance which includes the Audit Committee, Chief Executive, Management Team and Chief Financial Officer.

Audit Work Undertaken

- 4.4 Overall the service has delivered the assurance work envisaged, albeit there were many changes made to the plan during the year in line with best practice.
- 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:

- The volume of work delivered has been largely maintained and covered a sufficient width and breath 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.
  - A higher volume of data driven development work being carried out.
- 4.8 A review of this area covering the last five years identifies that good progress is being maintained in overall terms although we have experienced a spike in the year-end figures being reported. Whilst there have been historically problematic times, the situation remains generally consistent with in-year reporting and does not currently present any concerns, although progress will continue to be monitored closely. 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 10 Mar 20	At 11 Apr 21	At 11 Apr 22	At 13 Mar 23	At 31 Mar 24	At 10 Mar 20	At 11 Apr 21	At 11 Apr 22	At 13 Mar 23	At 31 Mar 24
Adults, Wellbeing and Culture	1	0	0	0	0	0	3	0	0	8 (5)
Place	3	4	1	0	6(0)	10	31	8	3	8 (6)
Corporate Resources	0	0	0	0	0	7	12	0	3	1(1)

Children, Young People and Families	0	0	0	0	1 (0)	0	0	0	0	3 (0)
Chief Executive's	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>7</b>	<b>17</b>	<b>46</b>	<b>8</b>	<b>6</b>	<b>20</b>

- 4.9 There has been a noticeable increase in the number of outstanding management actions at year end (27), which is contrary to previous trends in year and compared to previous years. The increase doesn't appear to be caused by any specific reason, other than the cut-off date for the data which has been taken post the 31<sup>st</sup> March, and previously had been taken prior to the year-end, thereby excluding actions due by that date.
- 4.10 The largest single area relates to climate Change Governance Arrangements where 6 high risk actions and 1 low risk action has become overdue. However, good progress is being made and management are confident that the agreed revised dates can be met. Committee have previously been given an assurance that an update report will be provided at the July meeting of the committee.
- 4.11 Another area previously reported is taxi licencing where 4 actions remain outstanding, however these are still in line with agreed extensions and will be reported upon in detail at the January 2025 Audit Committee.
- 4.12 There are 7 overdue actions from the Occupational Therapy audit following the departures of both the Service Manager and Head of Service and the remainder are generally individual actions.
- 4.13 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.
- 4.14 In summary, arrangements to follow up on agreed management actions are still considered effective and the authority remains in a strong position regarding the relatively low number of overdue actions.

#### Performance Indicators

- 4.15 The indicators are shown below along with current performance for the year April 2023 to March 2024.

Performance Indicator	Target	April to March	Variance
Draft reports issued within 15 days of field work being completed	90%	100%	10%

Performance Indicator	Target	April to March	Variance
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%	-

- 4.16 The table above identifies the plan changes have been made throughout the year reflecting such new and emerging risks as routinely arise during a year.
- 4.17 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 re-run in 2022/23 or 2023/24, comfort can still be taken from this feedback as we essentially operate in the same way with a very stable workforce. Regional, national and professional networks have continued to be attended and contributed to with any meaningful indicators being considered for future reporting.
- 4.18 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.
- 4.19 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.
- 4.20 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.
- 4.21 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)

- 4.22 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 reflected 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 2023/24 year and a full review of these is scheduled during the 2024/25 year to meet the requirements of the new Global Internal Audit Standards (GIAS) as set out in the forthcoming Public Sector Internal Audit Standards (PSIAS).
- 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.

4.23 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

4.24 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 26<sup>th</sup> January 2022.

4.25 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.

4.26 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.

4.27 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. All these actions are now complete.

#### Quality Assurance Improvement Programme

4.28 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 has been completed following which a realignment has been put in place. This ensures the team continue to meet the requirements of the audit standards, the expectations of the Council, represents good value for money and also help the team develop going forward.

## **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 2023/24, 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 highlighted one area to be considered for inclusion in the Council’s Annual Governance Statement. This is the council’s climate Change Governance Arrangements. Upon further review, the area didn’t meet the criteria for inclusion and is reported in further detail in the next section.

### **Other Areas of Significant Concern**

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

#### **Climate Change Governance Arrangements 23/24**

- 5.5 A review of the governance arrangements in place for managing climate change risks, was undertaken. This resulted in a limited assurance opinion and 15 recommendations being made. Whilst we acknowledged the breadth and depth of work being delivered, governance arrangements need to be developed to ensure there is accurate reporting of progress to an accountable body, that can ensure appropriate resource and activity allocation is in place.
- 5.6 The headline reasons for this opinion, including current improvement status, were:-
- The estimated scale of the anticipated required resource (both cost and capacity) to meet the pledge of being carbon neutral by 2040 (for the council or the borough) is not currently known. In addition, there is no single record of the entirety of all net zero and climate change related potential actions to be considered / taken, together with evaluations / priority ratings and resource requirements. An action plan detailing all climate change related actions, including action prioritisation, resource requirements and estimated cost is currently being produced.

- Monitoring and reporting of the Council's progress towards achieving 85% reductions in carbon emissions by 2030 or net zero by 2040 has not previously happened. Data collection on key aspects under the Council's control is now in place and recorded on the councils risk and performance management system, Pentana, to improve accountability and oversight. Work is currently underway to facilitate this data also being included within the Councils Quarterly Performance Management report, and hence being available for public scrutiny.
- For the rest of Doncaster, at present, the Council is reliant on government data (provided every 2 years) to assess the progress that the city is making towards net zero carbon emissions. Following discussions between CDC and SYMCA, SYMCA are now taking the lead in coordinating regional lobbying of Central Government in respect of this and other required Climate Change related support.
- The current governance structures in place in relation to driving Climate Change progress for the Council and the Borough has not proven to be as effective as it could be. Both are currently being reviewed.
- The scale of climate change risks to the council i.e. the total exposure of the organisation, or to the Borough as a whole, is not currently known. Council climate change related operational risk registers are now in development, with ongoing consideration as to the most effective way to develop a Borough wide risk register.

5.7 A comprehensive set of management actions have been agreed and are being implemented. 7 of the 15 agreed management actions have been implemented to date, with significant progress also having been made on most of the remaining actions. Although there has been minor slippage from some of the originally agreed implementation dates, it should be borne in mind that these are complex matters, often requiring various council officer and section input to progress, and no concern is raised at this current point in time. Progress is being tracked and will be reported to future meetings of the Audit Committee.

### **Taxi Licensing Review 2022/23**

5.8 A partial assurance opinion was given over the Taxi Licensing Service. A limited assurance opinion would have been given, due to weaknesses identified during the audit, but this was not necessary as significant progress was made rectifying matters brought to the attention of management throughout the audit.

5.9 The main issues to note are:-

- Routine Operator inspections, and spot checks on taxi vehicles standing in taxi ranks were not being done, even though the City of Doncaster Council Policy does state that this is an integral part of the enforcement strategy. A programme of periodic spot checks on taxi vehicles has been developed. The 3 main operators have since been inspected (covering approximately 80% of journeys) in person and are about to get their second inspection. The remaining 72 small operators have

had a desk top inspecting with targeted more detailed action in cases of non compliance.

- Some DBS rechecks had not been undertaken when they had become due. Far superior processes of routinely checking of all taxi drivers current DBS status on a fortnightly basis is now in operation.

5.10 Additionally, 10 more recommendations were made of varying significance. To date, 4 remain outstanding, in total, but are all in the process of being implemented, and although they have all passed their original implementation dates, this has been highlighted to the relevant Assistant Director, who is monitoring the situation, as reported to an earlier meeting of the Audit Committee.

## **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.

### **Data Driven Work**

6.3 In this last year, we have substantially developed our work in this area. Developmental work as set out predominantly in the counter fraud plan has been accelerated through joint working with the Financial Systems Development Team.

6.4 Data analytics and the use of data for audit purposes is a development topic on the audit agenda for over the last 3 audit years. The review of systems and processes, especially central ones that are used primarily in departments, does not suit general risk and control based audits which typically use sample based testing to look at a series of invoices or payments (depending on the financial process). Beyond the initial view of whether a system is fit for purpose, they give very little indication as to the health of financial processes or the compliance with those processes by department, often drawing conclusions from testing on a very small percentage of departments and transactions. Analytics work is designed to take all data and compare and contrast it to give insights into the process either giving assurance that everything is "normal" for a process or highlighting areas that need to be looked at on an exception basis because something is outside the bands of what is expected. Analytics allows the wide scale review of financial processes, not just the internal controls within a computer

system itself and directs audit resources to the potential issues rather than directing their attention to sampling that is likely to miss problems due to its limited nature.

Highlights of the work delivered in this area include:-

### **Purchase Cards**

6.5 During this year we have developed (to beta testing stage) an analytical tool in PowerBi looking at purchase card transactions and their associated authorisation and coding within the financial accounts. This dashboard is designed to take information about spending on purchase cards and combine it with other information sources such as payroll information to identify various exceptions that could be an indicator of poor financial controls and even fraud such as:

- Departments that do not appear to be reclaiming VAT (loss of monies for the council)
- Departments that appear to have unusual spikes in activity that are not “normal for them” based on their history that can be an indicator of bypassing normal procure to pay routes and corporate contracts
- Expenditure that is against policy and should not be being incurred such as expenditure on things like flowers, gift cards, subscriptions etc that needs to be looked at
- Departments that do not process their expenditure and receipts on time where financial processes are likely an issue
- Card holders who do not provide receipts for their expenditure
- Cash ATM withdrawals (although this should not be possible for most cards)
- Transactions that have been made after the leaving date of the card holder (or when the card holder is long term absent from the Council or school) that can be an indicator of fraud or the bypassing of proper financial controls
- Cards that are still issued to former employees that have not yet been cancelled.

(This list is not exhaustive but gives an indicator of the types of issue that this work is designed to identify and focus audit attention on).

6.6 The initial beta version of the dashboard has been used to successfully target departments using the purchase cards that are buying unusual purchases, do not appear to be properly claiming VAT or where there are delays in the processing of the transactions (amongst other issues) and has been used to successfully recover VAT that the council had missed and educate those departments involved to prevent future unnecessary VAT losses. Being a beta version, this was our initial attempt in this area and it requires refining and some alterations have been made to the data sources and the way these are delivered to give fuller information and allow a better analysis of the information. However, work on any run time version of this work has now been postponed till October / November 2024.

## **Accounts Receivable**

- 6.7 A second piece of work has just started looking at the Accounts Receivable data with a view to undertaking similar testing that will again indicate issues in departments where income could be being lost or where there are financial processes that are inefficient or in need of review. Further work will be undertaken in future years if time is available.

## **Teachers Pensions Data Matching**

- 6.8 This piece of work is a proactive data match that matches deceased persons information to teachers pensions as paid by City of Doncaster Council. Most teachers pensions are paid by an external party and have no risk to the Council. However, for a 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. For the October 2022 to September 2023 period, notional savings were reported of £41,415. For the 24/25 financial year, this work will be undertaken on PowerBi which should make the process of the match more efficient, effective and more accurate.

## **Payroll to Creditor Matching**

- 6.9 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. The Council runs software daily against invoices paid (or due for payment) to prevent and detect any possible fraudulent (or more likely, duplicated) invoices. These results are worked through by the Council's or St Leger Homes' Accounts Payable teams and payments cancelled or recovered as appropriate. Preventions / recoveries from the Council and St Leger Homes, between the 1st of April 2023 and the 30th of September 2023, were 27 Prevented Payments with a value of £68,854 and 8 Recovered Payments with a value of £49,432.

## **ICT Work**

- 6.10 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 which it has continued to be on an annual basis 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**

- 6.11 School audit coverage in recent years has been low due to higher priority work being undertaken. We have adopted a risk-based approach to which schools we audit. This year we have done minimal school audits but have utilised audit resources by developing a Controls Risk Self-Assessment (CRSA) framework that has identified thematic audit areas for 2024/25, so multiple schools can benefit from one piece of

work. We have undertaken a Headteacher Recruitment Lessons Learnt Review and helped to support schools implement audit actions to improve their financial and governance arrangements.

- 6.12 Accordingly, the following summarised the work undertaken for our LA maintained schools in 2023/24

#### Audits

- 6.13 A review has been carried out at one primary school this year to assess the adequacy of both governance and financial arrangements. The school visited was selected from our own risk assessments and utilising insight from other Council Teams that work with schools. The work is currently being finalised with the school.

#### Control Risk Self Assessment (CRSA)

- 6.14 An advice and consultancy piece of work has been undertaken during 2023/24 that involved the development of a Control Risk Self-Assessment framework (CRSA) that was delivered to all LA maintained schools. The school's Control Risk Self-Assessment (CRSA) framework was launched in December 2023 and required all 28 maintained schools to complete it. Internal Audit had a 100% return rate from the LA maintained schools.
- 6.15 The CRSA framework is viewed as a powerful tool that can be used to support the school in self assessing their risks and controls and to identify any possible areas that may require strengthening. It also provided Internal Audit with valuable oversight and assurance from our LA schools. The outcome of the assessments also formed part of the 2024/25 Internal Audit planning risk assessment for schools and has identified future school thematic pieces of work that will help to improve a school's governance and financial management arrangements and add value.
- 6.16 From the initial analysis of the CRSA's the headline areas that Internal Audit potentially intends to focus on in 2024/25 and to be completed as possible thematic pieces of work are:
- Related party transactions (RPT)
  - Excessive delegated limits
  - IR35 awareness
  - School Development Plan and budget links
  - Procedural guidance
  - Inventory
  - School Fund
  - Finance Committee administration / clerking procedures
  - Finance Policy – Role of the Chair
  - Data Protection Impact Assessments
  - Data Protection Training – staff and governors

#### Headteacher Recruitment Lessons Learned Review 2023/24

- 6.17 A Headteachers Recruitment review was undertaken at a Doncaster School in order to capture and implement lessons to be learnt from the process. As the school is Local Authority maintained there is the requirement for involvement from a Local Authority Advisor, to offer advice and oversee the process. This review focussed on the process improvements for both the Local Authority when they are involved with Headteacher recruitments, that school's governance arrangements including when undertaking any

future Headteacher recruitments and any other learning points to be applied at other schools. A number of improvement points were raised with both the school and the Local Authority and actions have been agreed with both the Local Authority and the school.

- 6.18 As a result of this lessons learnt review there were 22 actions raised. It is pleasing to note that the LA have work hard in ensuring that these actions are implemented and fully embedded going forward. There are just 2 actions outstanding which are not yet due.
- 6.19 Internal Audit have continued to work with both the Local Authority and the Governors of the school involved. Further advice and consultancy work has been undertaken with the School Improvement Team to help them develop and refresh the Headteacher Recruitment Guidance and training for Local Authority Maintained schools. This work has added value to the Headteacher Recruitment process by ensuring that there is a clearly documented robust process in place that is enhanced with specific bias training for governors sitting on interview panels and that all issues identified from the lessons learnt review have been incorporated. The guidance and the training has successfully been rolled out to Local Authority maintained schools and is currently in use.

#### School Follow Up Support

- 6.20 Internal Audit have also worked and supported a school that was subject to an internal audit review last year and had a considerable number of actions to implement. Due to key changes to staffing at the school, this resulted in actions being not implemented and becoming overdue. Regular update meetings are taking place with the school and advice and support being offered to ensure that the school fully implements the outstanding actions in order to improve their financial and governance arrangements.

#### Further Governance and Advice Work

- 6.21 Internal Audit also completed the following work in schools in 2023/24:
- 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

#### Grant Work

- 6.22 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 and several other individual grants. All these grants were able to be positively signed off contributing to opinions over control. It should also be noted that this is the first time since the 2018/19 annual report that there is no commentary on Business Support / Other Covid-19 related grants as this work is now all generally complete with any residual grants being dealt with a business as usual.

## **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. A notable piece of work that was carried out during the was as follows:-

### **S106 Funded Improvement Works Investigation 2023/24**

7.3 A review was carried out on a Section 106 funded works project following several concerns being raised. The review established that there was sufficient evidence available to show that work had been procured on a value for money basis, the works had been monitored and had been completed satisfactorily by the contractors involved and all monies have been accounted for and spent in line with the S106 funding agreement.

7.4 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 2024 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 must 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 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 2022/23 opinion. As the year progressed other sources of assurance were received:

- The LGA Peer Review completed in early 2022/23 gave 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. Their follow up review during this year reinforced the positive opinion.

- A positive Annual Governance Statement for 2022/23 had been drafted in April 2023 which remained positive upon finalisation of the accounts in November 2023.
- A very positive Annual Governance Statement for 2023/24 has been drafted at April 2024.
- A positive Annual Preventing and Detecting Fraud and Error report issued in November 2023 reported low incidence of fraud.
- An encouraging general 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 2023/24 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 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**

- 8.8. Internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.
- 8.9. 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.
- 8.10. 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 that formed an integral part of the overall Internal Audit Plan for the 2023/24 Year.

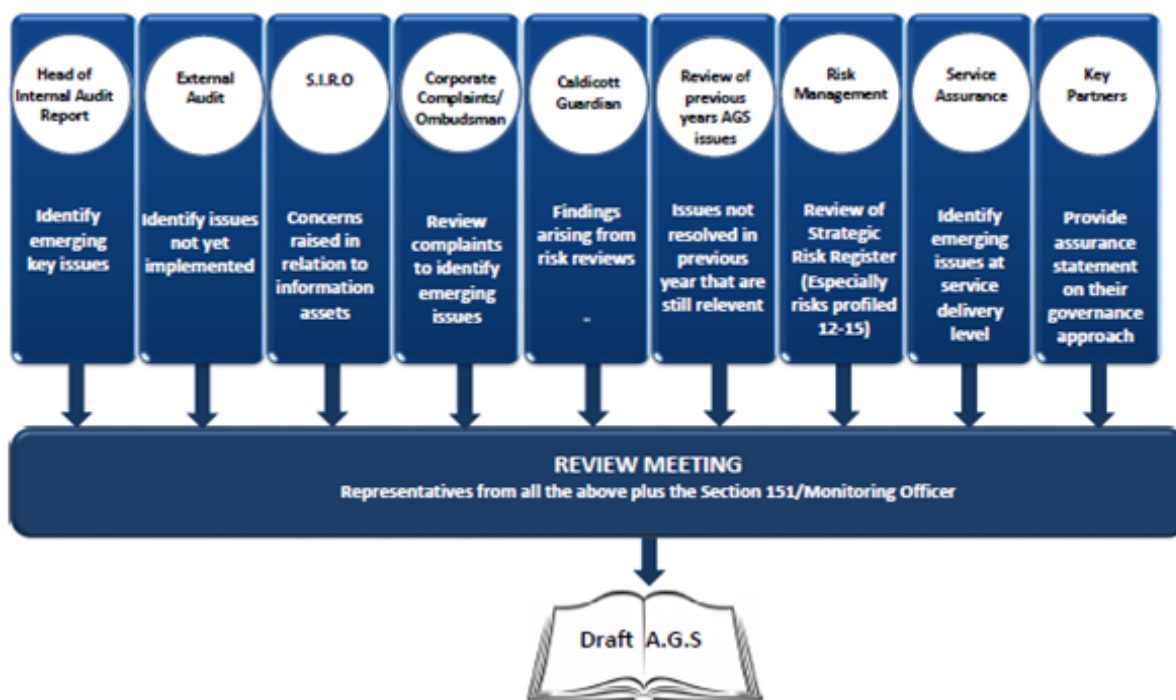
- 8.11. The Council's Performance Management Framework was reviewed in Quarter 4 of 2021/22 incorporating updates to risk management. The Performance Management Framework was rolled out in Quarter 1 of 2022/23. Alongside the roll out there was a focus on awareness and training of the Performance Management Framework including a report being taken to Audit Committee. The Performance Management Framework is subject to regular review to ensure it is fit for purpose and meets best practice. This review is currently underway and revisions will be made during the forthcoming year.
- 8.12. 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. Our ICT audit needs / risk assessment has again been updated in 2023/24.
- 8.13. 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.
- 8.14. 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.

8.15. 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**

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

8.17. 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.



8.18 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 again sought information over CIPFA Financial Management Code and a good level of assurance was obtained over our arrangements

8.19 The draft Annual Governance Statement details a similar number of issues from the previous year, which is still considered a low number historically. Internal Audit's work identified only one area for consideration for inclusion This was the authority's Climate Change Governance Arrangements but it was not felt this area met the criteria for inclusion. Further narrative is within this report.

8.20 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.

8.21 The positive view is further confirmed in the Annual Report of the Monitoring officer

8.22 In addition, the External Auditor, Grant Thornton reported their much more detailed review of our Value for Money arrangements in February 2024 as required under their Code of Auditors Practice. In the main, this was a very positive report for the Council

which makes many positive observations over our governance arrangements, and this is a further helpful contributory assessment of our arrangements.

- 8.23 There was one area of concern in their report around the Dedicated Schools Grant (DSG) High Needs Block where a “key” level recommendation was raised. The significant overspend and continued forecast increase is common to other Councils’ positions. In addition, the Council has received positive feedback from the DfE on its saving plans to reduce the deficit. However, this remains a significant financial sustainability risk for the Council.
- 8.24 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**

- 8.25 The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.
- 8.26 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.
- 8.27 The annual Preventing and Detecting Fraud report provides key assurance also for control work. It stated:
- 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.
  - Cost of living increases continue to bite. Fraud risks generally increase as the amount of monies available to individuals and businesses falls. This increases the likelihood of frauds, particularly Council Tax, Benefits and business-related frauds as it becomes ever more tempting to not report changes that lead to increased costs. This increase is evident in the data on Council Tax fraud and error with an increase in the values of cancelled single person’s discounts as a result of our review initiatives (to be confirmed by the service). The values of discounts cancelled rose by over 30% despite a 27% fall in the number of properties reviewed. In contrast, Council Tax increased during the period by only 4.49%.
- 8.28 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. The alignment exercise within the team has increased our data analytics resource within the team and has been supplemented by additional temporary resources.
- 8.29 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.
- 8.30 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.

- 8.31 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**

- 8.32 I have set out in this section the work undertaken and the factors I have taken 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.

- 8.33 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 2023/24 were adequate and operated effectively during the year.**

**Peter Jackson FCCA**

**Head of Internal Audit**

**25<sup>th</sup> April 2024**

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## Report

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**Date: 25<sup>th</sup> April 2024**

**To: The Chair and Members of the Audit Committee**

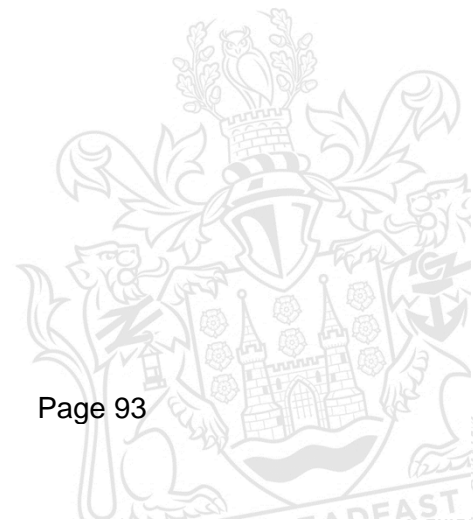
**Report Title: Counter Fraud Activity Report**

### **EXECUTIVE SUMMARY**

1. The attached report covers the Council's Counter Fraud Plan for 2024/25. 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 this year's 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 0.6 full time equivalent employees 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 details 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. The current version was approved in April 2021 and is due for review in the 2024/25 financial year.
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, which are the current and applicable set of guiding principles for counter fraud work in local authorities.

## **OPTIONS CONSIDERED**

10. Not applicable

## **REASONS FOR RECOMMENDED OPTION**

11. Not applicable

### **12. Legal Implications**

Legal implications were not requested in relation to this report.

### **13. Financial Implications**

Financial implications were not requested in relation to this report.

### **14. Human Resources Implications**

Human Resources implications were not requested in relation to this report.

### **15. Technology Implications**

Technology implications were not requested in relation to 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

2024/25



## 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 2024/25 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 last approved by the Audit Committee in April 2021 and is due for review in the 2024/25 financial year. It is based on the Local Government Fighting Fraud and Corruption Strategy 2020. This remains the current and 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 have 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 2023/24 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 upcoming changes in technologies, government strategy and policy and the Council's own activities and direction of travel to examine how those changes (or 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 considering 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 30<sup>th</sup> 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.
- 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 nationally. (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, businesses, 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 increasingly 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 pressures 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 106 applications for Right to Buy in the period March 2023 to February 2024 and this is expected to remain steady.



3.4. The private sector housing rental market, due to inflation and other cost pressures has seen




an increase over the past year (ended January 2024) with prices for rental accommodation up 6.2% nationally (source Office of National Statistics, Index of Private Housing Rental Prices UK, January 2024). The 2023/24 financial year saw an increase in social housing rents of 7% in Doncaster. Per calendar month this equates to approximately £650 for a private sector two-bedroom rental compared to average rents of £355 for a social housing property. (Source Office of National Statistics Private Rental Market Summary September 2023 – England only and the City of Doncaster Council Cabinet Report February 2024 on the Housing Revenue Account Budget). The significant (and increasing) difference between private and social housing rents provides an incentive for tenants to rent out their properties rather than returning them and provides a target for fraudsters. Whilst the tenancy fraud rates are relatively low in the north of England, the limited amount of housing and the potential fraudulent “profit” incentive means that the risk of tenancy fraud continues to increase and is an extremely difficult type of fraud to uncover.

3.5. 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.

- 3.6. 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 now, 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.

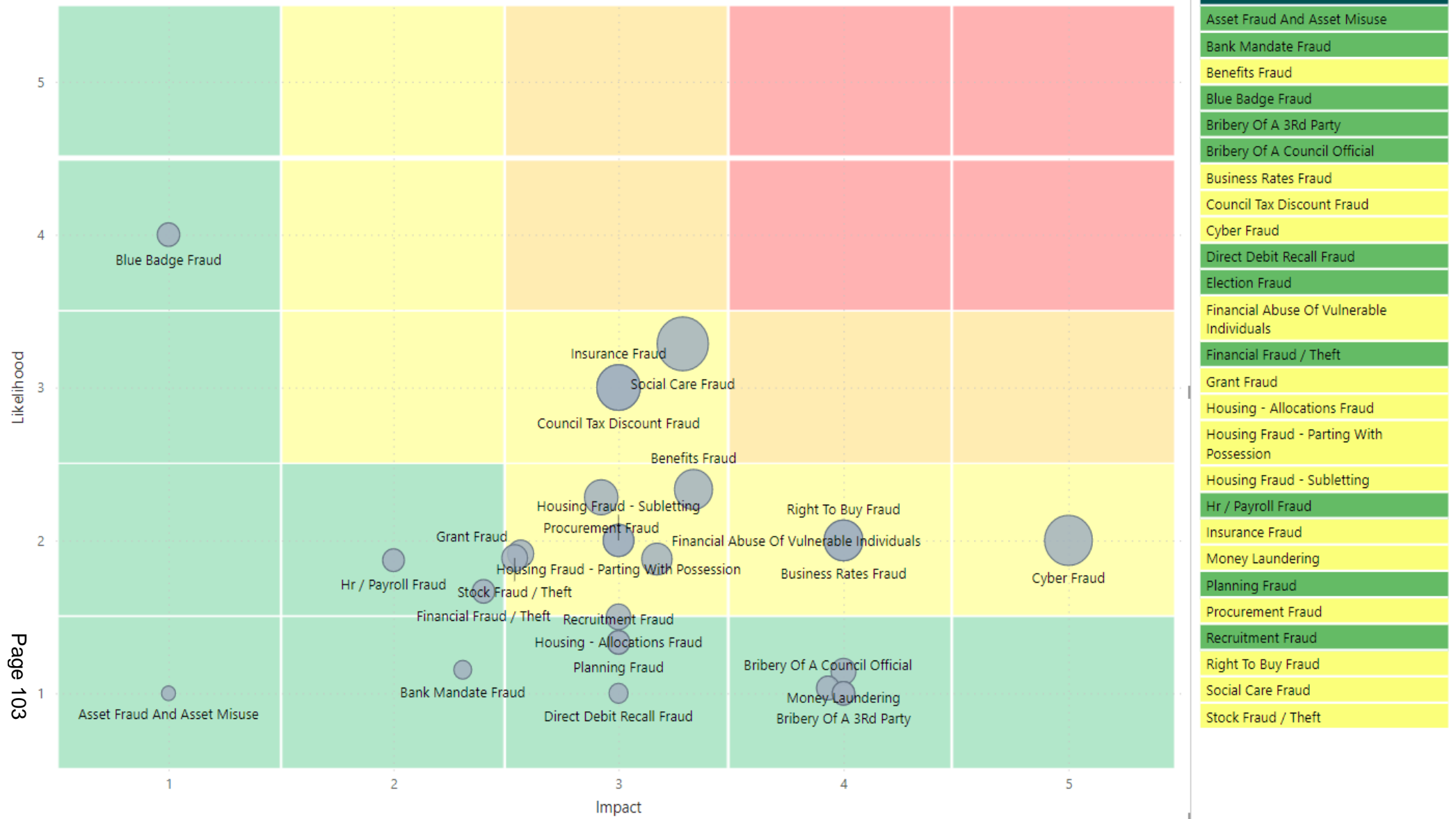
#### **4. Fraud Risks**

- 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.



## 5. Fraud Risk Heat Map

Fraud Risk Heatmap



5.1. The risks shown on the heat map show residual risk exposures as they were assessed in March 2024. 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 0.6 Full Time Equivalent employees (FTEs) based on 74 working days to complete the plan. This includes proactive and detective time on the Counter Fraud Plan using direct dedicated Internal Audit resource within the team. Other work delivered by the team contains elements of counter fraud work and there is also considerable work undertaken by other services as set out in this report, which isn't included in this amount. The Head of Internal Audit will ensure adequate resources are in place to deliver counter fraud work as needed. Reactive work and investigation resource will be allocated when and should the need arise.

## **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 2024/25) 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 three jobs from the previous year's plan have been carried forward for completion in this financial year. These were in progress at year end and will be reported in 2024/25.

7.3. The National Fraud Initiative cycle runs from October to September (the NFI reporting cycle). Where indicated on the plan this covers both the cycle in progress and the upcoming NFI cycle including data collection and submission phases. For ease and clarity of reporting, this is listed simply as the National Fraud Initiative.

7.4. Following the plan, is an assurance map that maps all 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.

7.5. 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
<b>Outstanding Work from the previous year that is in progress and will be reported in 2024/25</b>		
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 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> <p>Please note that this work item is from the 2023/24 Counter Fraud Plan and work commenced on this audit in March 2024, but the audit will be reported in 2024/25.</p>	Prevent
St Leger Homes - Right to Buy Management	<p>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.</p> <p>Please note that this work item is from the 2023/24 Counter Fraud Plan and work commenced on this audit in December 2024, but the audit will be reported in 2024/25.</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>	Prevent

Project Name	Audit Committee Brief	Fraud Strategy Alignment
	<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> <p>Please note that this work item is from the 2023/24 Counter Fraud Plan and work commenced on this audit in December 2024, but the audit will be reported in 2024/25.</p>	
<b>Work Items for 2024/25</b>		
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. Most teachers' pensions are paid by an external party and have no risk to the Council. However, for a 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
Voluntary / Community Sector Grant Regimes	Grant fraud remains an issue for all councils across the country. This piece of work will review community and voluntary sector grant regimes that we administer and will aim to add value by ensuring that there are robust and effective controls in place to administer them and prevent fraud.	Prevent
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
Counter Fraud - Payroll to Creditor Matching	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.	Detect



Project Name	Audit Committee Brief	Fraud Strategy Alignment
	<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>	
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 checks for some type of procurement and invoicing fraud and for bank mandate fraud. This piece of work reviews those intelligence reports that the 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.</p>	Detect
Changes to the law affecting the Anti-Fraud Bribery and Corruption Frameworks	<p>The Economic Crime and Corporate Transparency Act came into law in late October 2023. It creates a new offence, in law, of "Failure to Prevent Fraud" that requires relevant organisations to have reasonable fraud prevention procedures and controls in place to prevent an organisation, one of its employees or agents committing fraud for the benefit of the company. It applies to all limited companies (public or private) meeting the criteria. St Leger Homes LTD will be caught by these criteria. This review will look at policies, risk assessments and relevant controls to ensure that the company has reasonable procedures in place and recommend changes needed (the same principles were adopted with the inclusion of Money Laundering controls within council policies)</p> <p>This piece of work will also look at and review the City of Doncaster Anti - Fraud, Bribery and Corruption arrangements to refresh them in the light of the above, as whilst the Council is not caught by the legislation, St Leger Homes are our wholly owned subsidiary. In addition, the incorporation of these requirements into Doncaster arrangements is considered best practice and ensures that the Council remains in step with the wider Government Counter Fraud agenda.</p>	Govern




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	No Recourse to Public Funds	Procurement Fraud	Recruitment Fraud	Right to Buy Fraud	S106 Fraud	Social Care Fraud	Stock Fraud / Theft	Whale Fraud
<b>Audits from the previous year in progress at the start of the plan</b>																												
Direct Payments and Personal Budgets		✓																										✓
Safeguarding Personal Assets Team (SAPAT) - Counter Fraud Review												✓	✓															
St Leger Homes - Right to Buy Management																				✓			✓					
<b>Audits to be completed in 2024/25</b>																												
Counter Fraud - Payroll to Creditor Matching																												
National Fraud Initiative 2024/25 Cycle			✓	✓				✓							✓	✓	✓	✓			✓	✓		✓				
National Fraud Initiative 2023/24 Cycle			✓					✓																				
Procurement Fraud Checks																							✓					
Voluntary and Community Sector Grants														✓														
Teachers Pensions Data Matching																		✓										
<b>Previous Audit Year Coverage</b>																												
2022/23					✓	✓				✓							✓			✓		✓					✓	
2023/24		✓	✓	✓	✓	✓		✓	✓				✓	✓	✓	✓	✓	✓		✓	✓	✓		✓				
<b>Other Assurance Sources</b>																												
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 2024) 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>
Page 109 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 2023 due to human error. A series of audits were then undertaken in 2023/24 to look at each of the service areas / departments that handle bank account changes for payees. This work was undertaken to ensure that processes in these areas were as robust as possible.</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 a 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 re-pandemic levels but is slowly rising. It is expected that this risk will remain 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 third 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		<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 third 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.</p>
Business Rates Fraud		<p>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.</p>
Council Tax Discount Fraud		<p>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 small due to the limited size of Council Tax bills. Continuing pressure on personal finances caused by rising prices and falling real terms incomes, 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.</p>



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>
Page 112 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 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 alongside the use of cashless payment systems.
Grant Fraud		The Council administers many grants, some temporary because 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. The amount of grants let to the public and business has decreased since the end of the pandemic. For this reason, this risk has been judged as stable.
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 exceed the availability of such properties. The cost is often measured in terms of the cost of bed and

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
		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 third 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. This risk is expected to remain at the same level going forward.
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 third 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 great 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 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. This is currently judged as a stable risk (being a long-established fraud type).</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, significant amounts of cash are still being put forward as part of Right to Buy Applications. 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		<p>Planning fraud occurs where developers, individuals or officials seek to further their own agendas by submitting false information, manipulating decisions or apply undue influence on 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.</p>
Procurement Fraud		<p>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.</p>
Recruitment Fraud		<p>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.</p>
Page 11 Right To Buy Fraud		<p>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. 106 applications for Right to Buy were received between March 2023 and February 2024, up on the 79 from the previous year with cash amounts still being put forward as part of the process. For this reason, the risk is judged as currently increasing.</p>

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Social Care Fraud		<p>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.</p>
Stock Fraud / Theft		<p>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.</p>

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### Report

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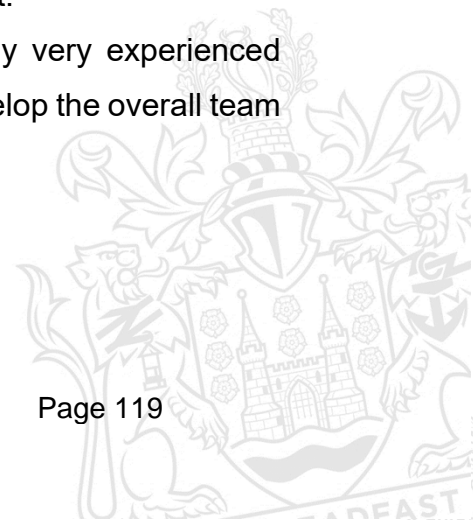
**Date: 25<sup>th</sup> April 2024**

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

**Report Title: INTERNAL AUDIT PLAN 2024/25**

#### **EXECUTIVE SUMMARY**

1. This report presents the Annual Internal Audit Plan for 2024/25 which has been produced 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 internal audit resource planned in 2024/25 is 9.60 FTE's representing both base resource and additional temporary resources to target the data driven work. The Head of Internal Audit has completed his assessment of the structure of the team against the needs of the Council and relevant structural changes have been made. The changes have generated:-
  - more targeted resource to deliver data driven work.
  - additional capacity for management of the team and delivery of more complex work which is becoming an increasing reflection of need for the team.
  - additional capacity at the lower level of the team through "Growing our Own" via an apprenticeship for a trainee auditor; in addition, the role has been structured to offer progression and anticipated retention through a career graded appointment.
  - increasing skills and knowledge of an already very experienced team though targeted training designed to develop the overall team skills set, for current and future years.



4. Section 7 of the report highlights important factors we have taken into account in compiling this plan which include increased allowances for advice and consultancy work as this adds considerable value and is often undertaken collaboratively working with other support functions e.g., Financial Management, Policy Insight and Change teams etc. It represents the continuing move away from the more traditional “standard” audits but inevitably requires a higher skill set within the team. The allowance also includes this year a significant amount of development time to drive our data driven audit work.
5. We will maintain our well-established practice of ensuring the plan remains at all times fluid and responsive to the organisation’s needs.
6. The proposed audit plan can be summarised as follows:

## 2023/24 Audit Plan

## 2024/25 Audit Plan

### Breakdown of the Plan By Type of Work

	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%
<b>Total</b>	<b>9,961</b>	<b>100%</b>

	Hours	Plan %
Assurance Work	4,725	46.5%
Consultancy Work	1,347	13.3%
Responsive Work*	2,323	22.9%
Follow-up Work	406	4.0%
Fraud Plan	1,363	13.4%
<b>Total</b>	<b>10,164</b>	<b>100%</b>

\*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. 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.
8. 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.

## **EXEMPT REPORT**

9. This report is not exempt.

## **RECOMMENDATIONS**

10. The Audit Committee is asked to support the principles and strategy underpinning the 2024/25 Internal Audit Plan set out in section 1 and expanded upon in section 7 of the Internal Audit Plan report, and approve the plan as set out in Appendices, A, B and C.

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

11. 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**

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

## **OPTIONS CONSIDERED**

13. Not applicable - for information only

## **REASONS FOR RECOMMENDED OPTION**

14. Not applicable - for information only

## **IMPACT ON THE COUNCIL'S KEY OUTCOMES**

15. 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.

### **16. Legal Implications**

Legal implications were not requested in relation to this report.

### **17. Financial Implications**

Financial implications were not requested in relation to this report.

### **18. Human Resources Implications**

Human Resources implications were not requested in relation to this report.

### **19. Technology Implications**

Technology implications were not requested in relation to this report.

## **RISKS AND ASSUMPTIONS**

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

21. 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**

22. 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**

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

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

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

## **REPORT AUTHOR & CONTRIBUTORS**

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City of  
Doncaster  
Council

# Internal Audit Plan 2024/25

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# 1. PURPOSE

- 1.1 This document provides details of the Internal Audit annual plan for 2024/25 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 2024/25 year. This has been standard practice for many years 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 Service Director of Finance and Technology 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 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;

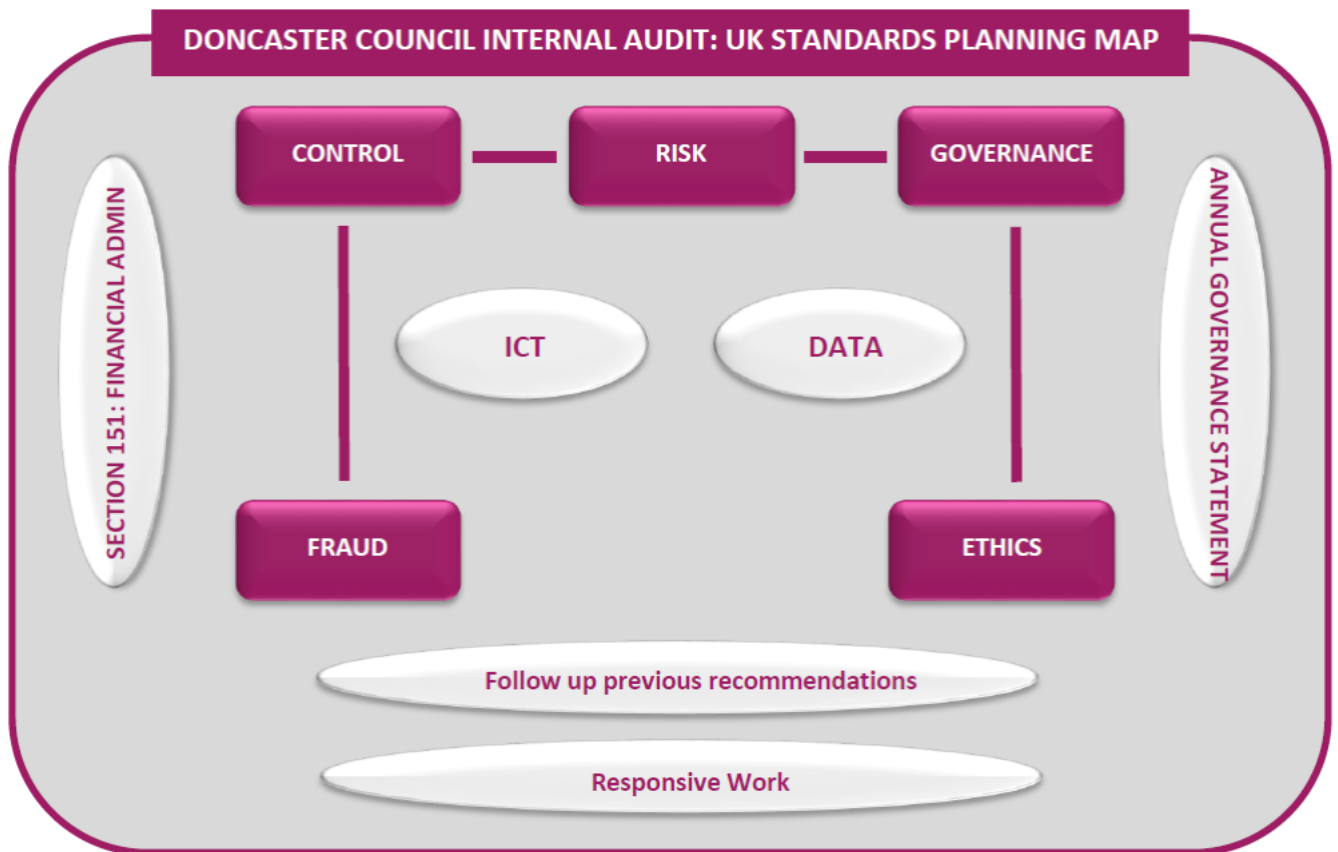
- Preventing, detecting and pursuing fraud through our anti-fraud and data matching initiatives (and by recommending control or governance improvements where there are detected incidents to prevent them reoccurring and minimise any losses as a result);
- Stimulating risk awareness and management throughout 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 team's 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, Service Directors and Executive 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: -



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 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.

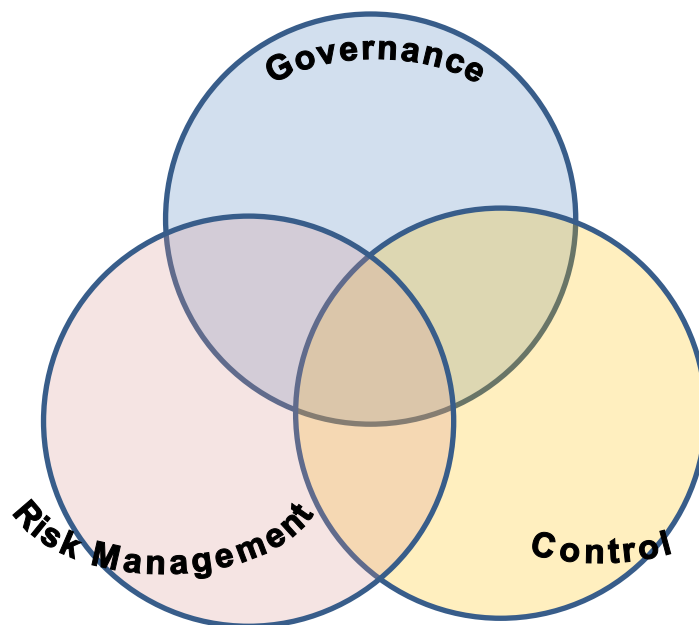
“Fighting Fraud and Corruption Locally” Guidance issued in 2020 resulted in the audit plan being presented in a different way to previous years. The plan clearly sets out our proactive and reactive fraud work which is set out in the Counter Fraud Plan and has been produced from more detailed assessment etc set out in the Counter Fraud Activity Report which this plan needs to be considered against. The plan also set out the data driven work which we intend to deliver. A realignment exercise within the team alongside a secondment and the utilisation of other highly skilled data staff within the organisation has increased resources and anticipated outputs in this area.

- 4.3 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.
- 4.4 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.
- 4.5 A contingency has been allowed for within the plan to deal with new and emerging risks and issues and a 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.
- 4.6 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;

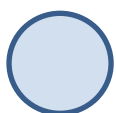
- Concerns or service changes as identified by key officers, Executive Directors or Service Directors; and
- Areas highlighted for consideration at a regional or national level.

4.7 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.

4.8 Visually this mix can be represented as follows:

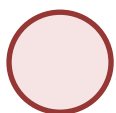


4.9 Crucially, our assurance work can cover more than one of these areas.



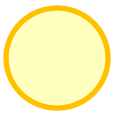
**Governance**

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.

4.10 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.

4.11 A greater level of time has 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. The reason for the increase is the development work planned for our data driven work. The time to then audit the outputs of this work is included as either assurance work or within the counter fraud plan.

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## **5. Audit Resources**

5.1 The level of internal audit resource planned in 2024/25 is 9.60 FTE's representing both base resource and additional temporary resources to target the data driven work. The Head of Internal Audit has completed his assessment of the structure of the team against the needs of the Council and relevant structural changes have been made. The changes have generated:-

- more targeted resource to deliver data driven work.
- additional capacity for management of the team and delivery of more complex work which is becoming an increasing reflection of need for the team.
- additional capacity at the lower level of the team through "Growing our Own" via an apprenticeship for a trainee auditor; in addition, the role has been structured to offer progression and anticipated retention through a career graded appointment.
- increasing skills and knowledge of an already very experienced team through targeted training designed to develop the overall team skills set, for current and future years.

5.2 This will ensure the team are appropriately resourced to deliver its services to the Council, St Leger Homes and other partner organisations.

5.3 Our resource calculations are broken down as follows:

	<b>2023/24</b>	<b>2024/25</b>
<b>Overall Capacity in Hours</b>	<b>17,542</b>	<b>18,752</b>
<b>Less All Overheads:-</b>	7,581	8,588
<b>Total Time Available for Deliverable Audit Work</b>	<b>9,961</b>	<b>10,164</b>

5.4 The increase in overheads this year is due to a number of factors but the majority of the increase relates to planned training within the team.

## 6. SUMMARY OF THE DRAFT AUDIT PLAN

6.1 The proposed audit plan can be summarised as follows:

### **2023/24 Audit Plan**

### **2024/25 Audit Plan**

#### **Breakdown of the Plan By Type of Work**

	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%
<b>Total</b>	<b>9,961</b>	<b>100%</b>

	Hours	Plan %
Assurance Work	4,725	46.5%
Consultancy Work	1,347	13.3%
Responsive Work*	2,323	22.9%
Follow-up Work	406	4.0%
Fraud Plan	1,363	13.4%
<b>Total</b>	<b>10,164</b>	<b>100%</b>

\*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:

- a. Ongoing work requiring completion from the work in 2023/24.
- b. 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 25/26 which all incorporates regular liaison with management.
- d. An increased allowance for advice and consultancy work as this adds considerable value and is often undertaken in collaboration with other support functions e.g., Financial Management, Policy Insight and Change Teams etc. It represents the continuing move away from the more traditional “standard” audits but inevitably requires a higher skill set within the team. The allowance also includes this year a significant amount of development time to drive our data driven audit work.
- e. An 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 decrease in follow up time providing assurance that management have delivered actions identified from previous audit work. The decrease in time represents less specific follow up work agreed than in the previous year e.g., North Bridge Stores.
- g. Development time for more efficient auditing in the future. We have seconded resources into the team as well as realigning our internal resources to increase our data analysis capacity. This increases the amount of data driven work in the team as a key focus for the team this year and follows unsuccessful attempts to recruit into these areas externally.
- h. An allowance for the time required to further develop and to continue to train the team in using its audit management software effectively following a major upgrade in the 2022/23 year.
- i. An increase in the time allowance for training new members of the team including the Apprentice and to support further training and qualifications of other staff in the team in support of the upskilling and retention strategy.

- 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 2024/25 set out at Appendices 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 three 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 continue to be 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. The charter and strategy were considered to still be up to date for the 2023/24 year and a full review of these is scheduled during the 2024/25 year to meet the requirements of the new Global Internal Audit Standards (GIAS) as set out in the forthcoming Public Sector Internal Audit Standards (PSIAS).

## **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 for 2023/24 concluded that the service is maintained compliance with the Public Sector Internal Audit Standards.

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# City of Doncaster Council 2023-24 Audit Plan

Year ending 31 March 2024

15 April 2024



# Contents

## Your key Grant Thornton team members are:

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls.

This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# 1. Key matters

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## National context

The national economic context continues to present challenges to the local government sector. There are increasing cost pressures nationally, such as a growing population and increasing demand for local government services, especially in adult and children's social care. Combined with inflationary pressures, pay demands and energy price rises, the environment in which local authorities operate is highly challenging. Local Government funding continues to be stretched and there have been considerable reductions in the grants received by local authorities from government.

Recently, we have seen the additional strain on some councils from equal pay claims, and there has been a concerning rise in the number of councils issuing s114 notices. These are issued when a council's Chief Financial Officer does not believe the council can meet its expenditure commitments from its income. Additionally, the levels of indebtedness at many councils is now highly concerning, and we have seen commissioners being sent in to oversee reforms at a number of entities.

Our recent value for money work has highlighted a growing number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time.

In planning our audit, we have taken account of this national context in designing a local audit programme which is tailored to your risks and circumstances.

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# Key matters

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## Local context

### The Council's financial position

The Council set a balanced budget for 2023-24 with gross expenditure of £585.8m (net budget £255.8m). The Quarter 3 Finance and Performance Improvement Report for 2023-24 presented to Cabinet on 13 March 2024 noted on-going inflationary pressures on the Council's budgets and in particular, overspends in Adults, Wellbeing and Culture (£4.4m), and Children, Young People & Families (£1.9m). However, these overspends have been off-set by underspends in other directorates and the Council is forecasting a year end outturn balanced position. The Quarter 3 Finance and Performance Improvement Report also notes that savings expected to be delivered by the year end, 31 March 2024 total £8.9m compared to the budgeted savings target of £11.2m, a shortfall of £2.3m for the year.

For 2024-25, the Council set a balanced budget with gross expenditure of £654.0m (net budget £258.3m). Council Tax increased by 4.99% (2.99% for Council Tax and a further 2.0% for Adult Social Care). To deliver this balanced budget, the Council needs to deliver savings of £10.9m during 2024-25, with a further £6.3m of savings required over the remaining two years of the medium-term financial strategy, 2025-26 and 2026-27.

### Dedicated School's Grant

The Dedicated Schools Grant (DSG) is the ring-fenced grant from Central Government that provides each local authority with an allocation of funding for schools and services for pupils. In our Auditor's Annual Report (AAR) last year (2022-23), we noted that the DSG deficit was continuing to increase mainly due to pressures within the High Needs Block which includes expenditure on out of authority placements and was expected to increase to some £33.6m at the end of 2025-26. Unlike some authorities, City of Doncaster Council is not part of the DfE's 'safety valve' programme which provides additional funding. Whilst some additional Central Government funding has been made available to the Council, it is not at a level that would significantly reduce the DSG deficit.

Central Government guidance which excludes the DSG deficit from the Council's general reserves ends from April 2026. We noted in our AAR last year that the Council needed to take action to manage and bring down the deficit through other means or set aside additional resources to fund expenditure. As at 31 March 2023, the Council's total General Fund reserves (earmarked and unearmarked) totalled £105.1m, of which £14.3m were General Fund (unearmarked) reserves, these are insufficient to meet the expected DSG deficit.

The Dedicated Schools Grant forecast outturn position for 2023-24 included in the Quarter 3 Finance and Performance Improvement Report presented to Cabinet on 13 March 2024 indicates a £7.4m overspend (of which £3.3m was anticipated), this position is expected to increase the overall DSG deficit to £27.3m at 31st March 2024 (£19.9m at 31 March 2023) and is a deterioration when compared to the budgeted year end deficit position for 2023-24 of £25.8m projected last year.

### Doncaster Sheffield Airport

Doncaster Sheffield Airport closed to flights on 5 November 2022 despite efforts by the Council to secure its future. Since this time, the Council has remained in on-going discussions with the Airport owners, Peel Group to secure, if possible, a lease of the airport and allow it to be brought back into full operational use. This work to reopen Doncaster Sheffield Airport is known as project South Yorkshire Airport City (SYAC), and also includes developing a cluster of high value economic activity which complements the traditional aerospace functions, including logistics.

We understand following recent discussions with senior Council officers, including the Chief Executive that the Council signed in late March 2024, a 125 year head lease with Peel Group, this is the first step in bringing Doncaster Sheffield Airport back into operational use. This issue will be an area of focus for both our accounts and VFM audit work in 2023-24.

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# Key matters - continued

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## 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 in this Audit Plan has been agreed with the Chief Financial Officer and Assistant Director of Finance and Technology.
- To ensure close work with our local audited bodies and an efficient audit process, our preference as a firm is work on site with or to develop a hybrid approach of on-site and remote working. We ask for confirmation that this is acceptable to you, and that officers will make themselves available to the audit team, as required. This is also in compliance with our delivery commitments in our contract with PSAA.
- As in prior years we will continue to meet regularly with the Chief Financial Officer and Assistant Director of Finance and Technology and her senior finance team as part of our commitment to keep you fully informed on the progress of the audit, along with quarterly meetings with the Chief Executive and Monitoring Officer.
- We will continue to meet informally with the Chair of the Audit Committee, to brief him on the status and progress of the audit work to date.
- 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 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 interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- With the ongoing financial pressures being faced by local authorities, in planning this audit we have considered the financial viability of the Council. We are satisfied that the going concern basis remains the correct basis behind the preparation of the accounts. We will keep this under review throughout the duration of our appointment as auditors of the Council.
- We will consider the actions the Council is taking to manage its Dedicated Schools Grant deficit as part of our value for money work.
- We will continue to meet with senior officers to discuss developments in bringing Doncaster Sheffield Airport back into operational use as part of our value for money work. As the headlease was signed in late March 2024, we will need to consider the Council's proposals to account for the lease which falls within the financial year 2023-24 as part of our final accounts audit work.
- We will consider implementation of our audit recommendations raised in the prior period, both in respect of the financial statements and value for money, and give a view on progress against these recommendations in our Audit Findings (ISA 260) report and Auditor's Annual report both targeted to be published by the end of the 2024 calendar year.

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# 2. Introduction and headlines

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## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of 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. The NAO is in the process of updating the Code to make provision for the local authority accounts backstop legislation. Since the City of Doncaster Councils accounts opinions and the value for money work is up to date, this is not expected to impact on the scope and timing of our 2023-24 audit work.

Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council. We draw your attention to 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 and group 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 their 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. Our audit approach is based on a thorough understanding of the Council's business and is risk based.





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# Introduction and headlines

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## 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 override of controls
- Valuation of pension fund net balance (early indications are that it will be a net pension surplus in 2024 as it was in 2023)
- Closing valuation of land & buildings (including council dwellings).

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 targeted for November 2024.

## Group Audit

The Council is required to prepare group financial statements that account for the financial information of its subsidiary, St Leger Homes of Doncaster Limited (SLH). Further details on our proposed group audit approach are set out on page 12.

## Materiality

We have determined planning materiality to be £11,566k (PY £11,566k) for the group and £11,460k (PY £11,460k) for the Council, which equates to 1.5% of your gross operating costs for the prior year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £578k (PY £578k) for the group and £573k (PY £573k) for the Council.

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following ongoing risks of significant weakness:

- Financial Sustainability: Dedicated Schools Grant (DSG) overspend and dealing with the accumulated deficit position.

We will continue to update our risk assessment until we issue our Auditor's Annual Report which we expect to issue by the end of December 2024.

## Audit logistics

Our planning work commenced in March 2024 and will continue into April. Our final accounts work will begin in July 2024 and continue into the autumn.

Our key deliverables are this Audit Plan, our Audit Findings (ISA260) Report and our Auditor's Annual Report on the Council's VFM arrangements.

Our proposed fee for the audit will be £445,789 (PY: £222,180) for the Council, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input. Further details on fees is shown on page 24.

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	Relates to	Reason for risk identification	Key aspects of our proposed response to the risk
ISA240 revenue risk – risk of fraud in revenue recognition	Council	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.  This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including the Council, mean that all forms of fraud are seen as unacceptable.</li> </ul> Therefore we do not consider this to be a significant risk for the Council.
Risk of fraud related to expenditure recognition (PAF Practice Note 10)	Council	In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period)	We have rebutted this presumed risk for the Council because: <ul style="list-style-type: none"> <li>• expenditure is well controlled and the Council has a strong control environment</li> <li>• there is little incentive to manipulate expenditure for the Council where services are provided to the public through taxpayers funds</li> <li>• there are plans in place for the Council to deliver savings, indicating a culture of officers dealing with the challenges faced by the Council directly, which is considered incompatible with the deliberate suppression of expenditure</li> <li>• the Council requires cash to meet its payroll and third-party payment obligations and therefore any manipulation of expenditure between accounting periods does not generate any clear financial benefits</li> <li>• the Council has clear and transparent reporting of its financial plans and financial position to the Council.</li> </ul> Therefore we do not consider this to be a significant risk for the Council.

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‘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 - continued

Risk	Relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Council	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	<p>We will:</p> <ul style="list-style-type: none"> <li>• make inquiries of finance staff regarding their knowledge of potential instances of management override of controls</li> <li>• evaluate the design effectiveness of management controls over journals. This will include the controls management has in place to review journal postings</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals This will include criteria relating to journals which have not been authorised</li> <li>• perform a risk-based interrogation of the financial ledger to identify any unusual and potentially fraudulent transactions for testing</li> <li>• test unusual journals identified through the application of our risk-based approach for appropriateness and corroboration</li> <li>• gain an understanding of the accounting estimates and critical judgements applied and made by management and consider their reasonableness with regard to corroborative evidence</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions</li> <li>• examine journals and manual entries made around the time of the preparation of the draft financial statements for appropriateness and corroboration</li> <li>• understand the ledger integration with relevant sources and sub-systems to identify how management may be able to intervene in the journals posting process and post fraudulent entries.</li> </ul>

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Management should expect engagement teams to challenge areas that are complex, significant or highly judgmental. This 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, with reference 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 - continued

Risk	Relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Closing valuation of land and buildings including council dwellings	Council	<p>The Council re-values its land and buildings on a rolling five-yearly basis in line with the Code requirements.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £1.56bn for land &amp; buildings and council dwellings) 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 including council dwellings, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>The Council holds both specialised and non-specialised buildings within its portfolio. The specialised assets comprise schools and leisure centres among others. The valuation approach is depreciated replacement cost (DRC) with the key valuation assumptions being the rebuild cost, building size and adjustments for obsolescence (buildings age, condition &amp; functionality). The council also holds non-specialised assets such as car parks and offices. Council dwellings are also considered non-specialised.</p> <p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert</li> <li>• discuss with the valuer the basis on which the valuation was carried out</li> <li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding</li> <li>• 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</li> <li>• test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register</li> <li>• 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</li> <li>• consider, where the valuation date is not 31 March 2024 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2024</li> <li>• agree, on a sample basis, the internal floor areas (GIAs) to records held by the estates management function</li> <li>• for non-specialised properties valued on the existing use value (EUV) basis, obtain market comparables to assess the appropriateness of market rents and yields selected by management's expert and used in the valuation calculations.</li> </ul>

# Significant risks identified - continued

Risk	Relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net balance	Council	<p>The Council's pension fund net balance, as reflected in its balance sheet, represents a significant estimate in the financial statements.</p> <p>The pension fund net balance is considered a significant estimate due to the size of the numbers involved (£119m asset at 31 March 2023) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified the valuation of the Council's pension fund net balance as a significant risk of material misstatement.</p> <p>South Yorkshire Pension Fund reported a surplus position as at 31 March 2023, which resulted in a net pension asset of £119m for the first time as reported in the Council's 2022-23 accounts. A key aspect of our work planned for 2023-24 will be to consider whether this position remains supported by fund-level assumptions and market-based factors.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net balance is not materially misstated and evaluate the design of the fund assets valuation in the pension fund financial statements and associated controls</li> <li>• evaluate the instructions issued by management to their management expert (Hymans Robertson) for this estimate and the scope of the actuary's work</li> <li>• assess the competence, capabilities and objectivity of the actuary (Hymans Robertson) who carried out the Authority's pension fund valuation</li> <li>• assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the net pension balance</li> <li>• test the consistency of the pension fund figures and disclosures in the draft financial statements with the actuarial report from the actuary</li> <li>• 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</li> <li>• 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 Council</li> <li>• evaluate the continued appropriateness of recognising a pension asset position against the Code and IFRIC 14 criteria</li> <li>• assess the calculation performed to identify the IFRIC 14 net pension asset ceiling and where appropriate, challenge management on the validity and appropriateness of the assumptions used in the calculation including the existence of a minimum funding requirement, the future lifetime of the scheme (in years) and the level of future funding contributions (as a % of payroll costs).</li> <li>• review the accounting for any unfunded liability element of LGPS including where this has been offset against the net funded LGPS balance.</li> </ul>

# 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.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
City of Doncaster Council	Yes	<p>Full audit of the City of Doncaster Council accounts as the significant component within the Group.</p> <p>Audit of the financial information of the component using component materiality.</p>	Please refer to the significant risks identified in section three of this Audit Plan.	Full scope audit performed by Grant Thornton UK LLP.
St Leger Homes of Doncaster Ltd (SLH)	No	Specified audit procedures relating to risks of material misstatement of the group financial statements	The SLH net pension fund asset (£21.5m at 31 March 2023) is not considered a significant risk at group level because we do not consider there is a material estimation uncertainty in the pension fund asset. 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 asset, total income and cost of sales which are the more significant account balances and transactions at SLH.</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

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# 5. Other matters

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## Other work

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

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the 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.

## 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.

We certify completion of our audit.

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# 6. Progress against prior year audit recommendations

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We identified the following issue in our 2022-23 audit of the Council's financial statements, which resulted in one recommendation being reported in our Audit Findings (ISA260) Report. We have followed up on our recommendation below:

## Issue and risk previously communicated

### 1. Accounting for the disposal of assets

The Council currently accounts for the gain or loss on the sale of assets by deducting the sale proceeds received from the carrying value of the asset. However, we have noted that in some instances, where a sale straddles two financial years, the sale proceeds recognised are allocated between the two years on a cash basis as opposed to an accruals basis. Whilst these transactions are infrequent and not considered significant, the Council should account for asset sales on completion and include all cash receipts at that time, any cash received in advance (for example from deposits) should be held as received in advance until the sale is completed and accounted for at that time.

We recommend the Council should account for asset sales on completion and include all cash receipts at that time, any cash received in advance (for example from deposits) should be held as received in advance until the sale is completed and accounted for at that time.

## Update on actions taken to address the issue

### Management response:

Agreed. The Council will review asset sales and capital receipts received in year and treat any deposits for sales yet to complete as a capital receipt in advance and where future instalments are to be received these will be treated as deferred capital receipts.

### Update April 2024 from management:

***The recommended changes have been implemented. The receipts received in-year have been reviewed and a deposit for the Hungerhill site has been treated as a receipt in advance as the sale is yet to complete. No sale has completed where we would need to consider accounting for as a deferred capital receipt***



# 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.

## Description

## Planned audit procedures

### Determination

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and the Council for the financial year. Materiality at the planning stage of our audit is £11,566k (PY £11,566k) for the group and £11,460k (PY 11,460k) for the Council, which equates to 1.5% of your draft gross expenditure for the prior period.

We determine planning materiality in order to:

- 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.

### 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.

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 £15k (PY £15k).

### 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 2023-24 draft accounts.

### 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.

We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £578k (PY £578k) for the group and £573k for the Council (PY £573k).

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.

	Council (single-entity) (£)	Group (£)	Qualitative factors considered
Materiality for the financial statements	£11,460,000	£11,566,000	This equates to 1.5% of the Council's Gross Expenditure on Cost of Services for 2022-23.
Performance materiality	£8,022,000	£8,096,000	This has been set at 70% of headline materiality, which is in line with the prior year. This reflects the fact that the Council has a stable financial reporting team with a track record of preparing good quality financial statements, supporting working papers and engaging well throughout the audit process.
Trivial matters	£573,000	£578,000	This equates to 5% of headline materiality and represents our threshold for reporting corrected and uncorrected misstatements to the Audit Committee.
Materiality for specific transactions, balances or disclosures - senior officer remuneration.	£15,000	£15,000	The senior officer remuneration disclosures in the financial statements have been identified as an area requiring a specific materiality due to their sensitive nature.

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# 8. IT audit strategy

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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 system 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. We will keep this under review as the audit progresses and update our understanding if there are additional IT systems within the scope of the audit.

We will report to you including our assessments and findings (as applicable) in our Audit Findings (ISA260) Report targeted for November 2024.

IT system	Audit area	Planned level IT audit assessment
E5 ERP Finance system	Financial reporting	<ul style="list-style-type: none"><li>Detailed ITGC assessment (design and operating effectiveness)</li><li>Application controls assessment (Revenue, Procurement, Payroll)</li></ul>
Northgate (Revenues & Benefits system)	Council Tax, Business Rates, Benefits	<ul style="list-style-type: none"><li>Detailed ITGC assessment (design and operating effectiveness)</li><li>Application controls assessment (Interface to finance system)</li></ul>
Payroll: Doncaster Council Payroll is processed by Rotherham MBC	Payroll	<ul style="list-style-type: none"><li>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.</li></ul>
Open Housing (Housing rents system)	Housing rents	<ul style="list-style-type: none"><li>Detailed ITGC assessment (design and operating effectiveness)</li><li>Application controls assessment (Interface to finance system)</li></ul>

# 9. Value for Money arrangements

## Approach to Value for Money work for the period ended 31 March 2024

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.



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# 10. Risks of significant VFM weaknesses

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

## Potential types of recommendations

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



### Statutory recommendation

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



### Key recommendation

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



### Improvement recommendation

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

# Risks of significant VFM weaknesses – continued

The Audit Code sets out that the auditor’s work is likely to fall into three broad areas:

- planning;
- additional risk-based procedures and evaluation; and
- reporting.

We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. A key part of this is the consideration of prior year significant weaknesses and known areas of risk which is a key part of the risk assessment for 2023-24. We set out our reported assessment below from last year:

Criteria	2022-23 Auditor judgement on arrangements	Additional risk-based procedures planned
Financial sustainability	<p><b>Red</b></p> <p>One key recommendation raised in relation to the Council’s Dedicated Schools Grant (DSG) deficit. We have also raised two further improvement recommendations.</p>	<p>We will follow up progress against the key recommendations and improvement recommendations made and ensure that our work assesses the current arrangements in place.</p> <p>In particular, we will consider the Council’s plans to manage the increasing DSG deficit and the potential future use of reserves should this be required from April 2026.</p>
Governance	<p><b>Green</b></p> <p>Our work did not identify any areas where we considered that key or improvement recommendations were required</p>	-
Improving economy, efficiency and effectiveness	<p><b>Green</b></p> <p>Our work did not identify any areas where we considered that key or improvement recommendations were required</p>	-

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- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

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# Risks of significant VFM weaknesses – continued

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We have not identified any additional 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, other than how the Council is managing its Dedicated Schools Grant overspend as detailed on the previous page, 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
- the actions taken by the Council to ensure budgeted savings are delivered in year as planned. The Quarter 3 Finance and Performance Improvement Report noted that only 79% of planned savings (£8.9m) are expected to be delivered by the year end.
- the progress and actions taken and proposed to bring Doncaster Sheffield Airport back into operational use, including the financial impact on the Council and any related significant financial risks.

We will report our findings from our value for money work in our Auditor's Annual Report which we plan to issue by the end of December 2024.

# 11. Audit logistics and team



## Gareth Mills, Key Audit Partner and Engagement Lead

Provides oversight of the delivery of the audit including regular engagement the Corporate Governance Audit Committee and senior management.

## Perminder Sethi, Engagement Senior Manager

Plans and manages the delivery of the audit including regular contact with senior management. The key point of contact for the Council's finance team.

## Wesley Kellingray, Engagement Assistant Manager

Wes is the key audit contact responsible for the day to day management and delivery of the audit work.

## 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, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are cleansed, are made 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 the agreed period of the audit fieldwork (as per our responses to key matters set out on page 5)
- respond promptly and adequately to audit queries.



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# 12. Audit fees and updated Auditing Standards

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Audit fees are set by PSAA as part of their national procurement exercise. In 2017, PSAA awarded a contract of audit for City of Doncaster Council to begin with effect from 2018-19. This contract was re-tendered in 2023 and Grant Thornton has been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2023-24 audit is £430,289.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor’s annual report for the previous Audit Year
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed.

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here <https://www.psa.co.uk/appointing-auditors-and-fees/fee-variations-overview/>

## Assumptions

In setting these 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
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

## Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

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# Audit fees

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Proposed fee 2023-24

City of Doncaster Council Scale Fee (per PSAA contract)	£430,289
Additional fee relating to the use of an auditor's expert for the valuation of property not included within the PSAA scale fee.	£3,000
Increased audit requirements of ISA 315 Revised – “Identifying and assessing the Risks of Material Misstatement” – (new controls requirement not included in the PSAA tender submission)	£12,500
<b>Total audit fees (excluding VAT)</b>	<b>£445,789</b>

## Previous year

In 2022-23 the scale fee set by PSAA was £150,680, the actual fee charged for the audit was £222,180.

## Relevant professional standards

In preparing our fees, 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.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting.

Our proposed work and fee is per the PSAA scale fee. Should additional work be identified as necessary in addition to the ISA 315 work identified above, additional fees levied for work that we will be required to undertake to obtain appropriate assurances. Should the need to levy such additional fees arise, these will be discussed with the Chief Financial Officer and Assistant Director of Finance and Technology on a timely basis.

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# 13. IFRS 16 ‘Leases’ and related disclosures

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IFRS 16 will need to be implemented by local authorities from 1 April 2024. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. As this is a shadow year for the implementation of IFRS 16, we will need to consider the work being undertaken by the Council to ensure a smooth adoption of the new standard.

## Introduction

IFRS 16 updates the definition of a lease to:

“a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major departure from the requirements of IAS 17 in respect of operating leases.

IFRS 16 requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There is a single accounting model for all leases (similar to that of finance leases under IAS 17), with the following exceptions:

- leases of low value assets
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating) although if an audited body is the intermediary and subletting there is a change in that the judgement between operating and finance lease is made with reference to the right of use asset rather than the underlying asset.

## Council's systems and processes

We believe that most local authorities will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance

## Planning enquiries

As part of our planning risk assessment procedures we have discussed implementation of the standard with the Head of Accountancy and we understand that the Council will be adopting the standard from 1 April 2024 in line with many local authorities. Per our discussions, the Council is underway with preparing the necessary impact statement highlighting the expected impact to readers, as required to be disclosed in the 2023-24 financial statements.

## Further information

Further details on the requirements of IFRS16 can be found in the HM Treasury Financial Reporting Manual. Please refer to the following link:

[IFRS 16 Application Guidance December 2020 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/101222/IFRS16_Application_Guidance_December_2020.pdf)

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# 14. Independence and non-audit services

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## 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 group and 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.

# 15. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor & 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, 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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# 16. Escalation policy

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The Department for Levelling Up, Housing and Communities is proposing to introduce an audit backstop date on a rolling basis to encourage timelier completion of local government audits in the future. For the 2023-24 accounts cycle, we understand the proposed deadline for the audit opinion is 30 April 2025 for a 31 May 2025 back stop. City of Doncaster Council has continued to perform well in recent years in achieving timely production of its financial statements and sign-off of its audit opinion, however, we have included the below for your information and to indicate the wider context within the local audit sector.

It remains the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the 31 May 2024 and respond to audit information requests and queries in a timely manner, which very much represents business as usual at City of Doncaster Council based on our observations from previous audits.

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps are set out below:

## Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

We will have a conversation with the Finance Director to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

## Step 2 - Further Reminder (within two weeks of deadline)

If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

## Step 3 - Escalation to Chief Executive (within one month of deadline)

If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

## Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

## Step 5 – Consider use of wider powers (within two months of deadline)

If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.



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# City of Doncaster Council Audit Progress Report and Sector Update

15 April 2024



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

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# 1. Introduction

## Your key Grant Thornton team members are:

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Key Audit Partner & Engagement Lead

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### Perminder Sethi

Engagement Senior Manager

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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
- a series of sector updates in respect of these emerging issues which the Audit Committee may wish to consider.

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/industries/public-sector/local-government/>

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.

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# 2. Progress as at 15 April 2024

## Financial Statements Audit 2022-23

We have completed our work on your financial statements for 2022-23 and issued our audit opinion on 8 December 2023. We issued a 'clean' unqualified audit opinion on the Council's accounts.

## Financial Statements Audit 2023-24

We have commenced our planning work for the 2023-24 audit of your financial statements. We have an experienced and dedicated public sector audit team in place to deliver the Council's 2023-24 accounts audit and one that has been subject to positive regulatory inspection in recent years, providing Members with assurance over the quality of our work.

As part of our 2023-24 audit planning to date we have held a number of meetings with key finance staff to discuss accounting issues and logistics. These discussions have included consideration of the Council's proposed accounting for the lease signed in late March 2024 with Peel Group for the Doncaster Sheffield Airport site. These discussions remain on-going. We will continue to have regular dialogue and engagement with the Council throughout the 2023-24 audit process.

Our detailed Audit Plan sets out our proposed approach to the audit of the Authority's 2023-24 financial statements and is included on the agenda for this Audit Committee meeting. We will report the findings from our work in the Audit Findings (ISA260) Report and aim to give our opinion on the Statement of Accounts by December 2024.

## Value for Money

For 2022-23, 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 10 January 2024. We raised one key recommendation relating to the Council's Dedicated Schools Grant (DSG) deficit. In addition, we also raised two improvement recommendations. We will follow up action taken by the Council to address the recommendations made as part of our value for money work for 2023-24.

From current trends around inflation, employee cost pressures and service demand, we anticipate that risks around financial sustainability and reserves will require consideration across most local government value for money reviews for 2023-24. Arrangements for governance and improving economy, efficiency and effectiveness will also be reviewed. The current estimated financial trajectory of the sector is shown within the sector update in this report (on page 8).

We plan to complete the Council's 2023-24 value for money audit review and issue our draft Auditor's Annual Report by 31 December 2024. The finalised Auditor's Annual Report will be presented to the Audit Committee in January 2025.

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# Progress at 10 April 2024 (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 Technology 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 and Technology was on 21 March 2024.

### 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

Public Sector Audit Appointments (PSAA) have published their scale fees for 2023-24 [2023/24 auditor appointments and audit fee scale – PSAA](#) .

For City of Doncaster Council, the scale fee for 2023-24 is £430,289 for the Council's audit. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Further details on the Council's fees for 2023-24 are included in the Audit Plan (on page 24).

# 3. Audit Deliverables

## 2023-24 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 2023-24 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report.

**Planned Date\***

April 2024

**Status**

Completed.  
Included on the  
Audit Committee  
agenda.

### Audit Findings (ISA260) Report

The Audit Findings Report will be reported to the Audit Committee in November 2024.

November 2024

Not yet due

### Auditors Report

This includes the opinion on your financial statements.

December 2024

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 2024  
(with management)

Not yet due

January 2025 (to  
the Audit  
Committee)

\*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period. However, our expectations is to complete all necessary work by 31 December 2024.

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## 4. Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing 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 show the current estimated financial trajectory of the sector and 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 organisation 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:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

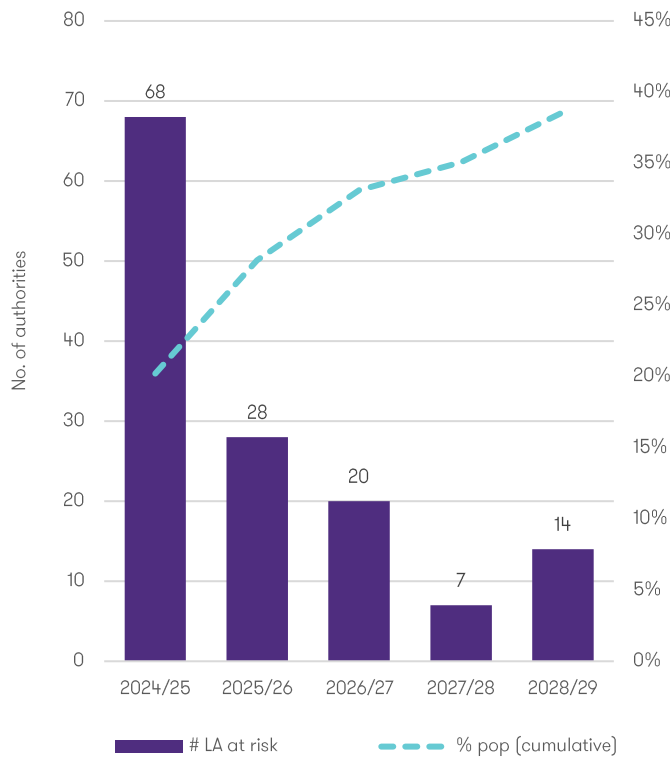
Local  
government

# The financial trajectory of the sector

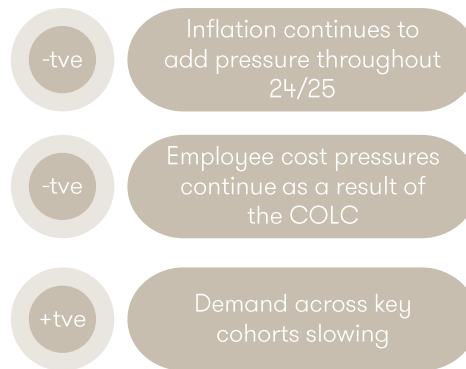
This is taken from the Grant Thornton/CIPFA Financial Foresight model, which provides long-term forecasts (revenue income and expenditure) for all councils in England. These forecasts are based on multiple assumptions relating to financial, demographic and economic factors. Councils at risk are defined by the level of usable reserves being less than 5% of net revenue expenditure.

The year at risk graph on the left represents the most recent update of the assumptions including the impact of the Autumn Statement and draft 2024/25 finance settlement. The graph on the right provides the position before this most recent update. This highlights that the year at risk for many councils has moved forward to 2024/25. The graph at the bottom of the page highlights the forecast depletion of reserves nationally, as councils manage ongoing financial pressures.

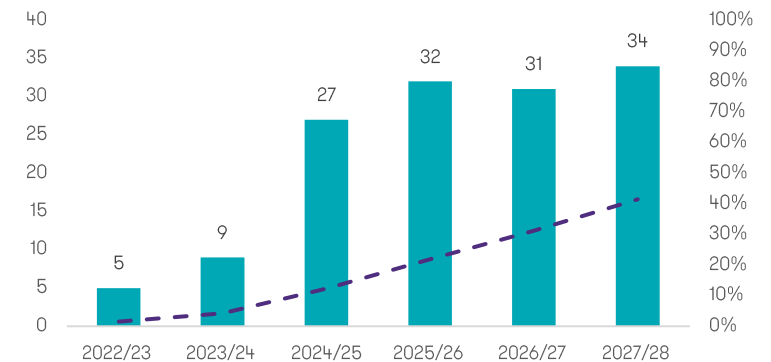
**Year at risk (based on Jan 2024 forecast)**



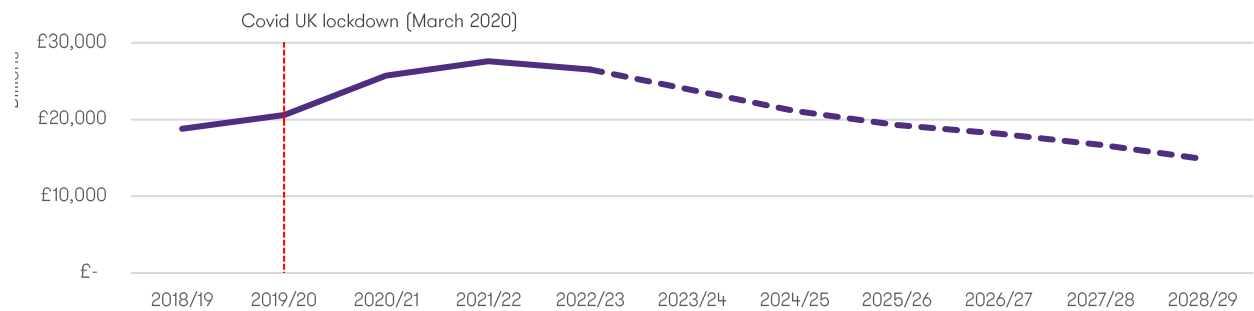
**Assumptions**



**Year at risk (Historic Position)**



**Level of reserves**



Source: Financial Foresight (Grant Thornton and CIPFA)



# Addressing the delay in local audit

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November 2022. There has not been a significant improvement since, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated: [About time?: key challenges in local audit accounting](#).

Since 2019 Grant Thornton have increased our public sector audit team from 340 people to circa 470 which reflects both the additional work required by new accounting and auditing standards as well as the NAO Code of Practice requirements on value for money.

On 8th February 2024, DLUHC and the NAO both issued consultations on measures to address the delay in local audit. Consultations are open until 7th March 2024 and relate to:

- DLUHC - changes to the Accounts and Audit Regulations 2015 to introduce a backstop date of 30 September 2024 for the publication of audited accounts up to and including 2022/23, and a series of future backstop dates covering the remainder of the PSAA appointment period; and

- NAO - changes to the Code of Audit Practice to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements.

The FRC, as shadow system leader, is facilitating the consultations. CIPFA/LASAAC are expected to go live on their proposals for time limited changes to the Financial Reporting Code for English bodies shortly.



# Grant Thornton report: preventing failure in local government

Grant Thornton's December 2023 report Preventing Failure in Local Government offers prescriptions for remedies to support better health across the local government sector. The report looks at the opportunities that councils and their key internal and external players have to prevent failure, noting that the chain (of good governance) is only as strong as its weakest link.

The Audit Committee is listed as one of the key internal bodies with a role to play in preventing failure, along with the Executive, the Overview and Scrutiny Committee and the golden triangle of Chief Executive Officer; Finance Director; and Monitoring Officer. **Opportunities for the Audit Committee to make a difference surround:**

- focusing on risk management alone (not having multiple roles);
- independence (considering having an independent chair and at least one independent member);
- specialist training and support for members of the committee;
- direction over internal audit (setting the standard for strategic risk focus and timeliness); and
- curiosity and asking the right questions.

Sharing the Auditor's Annual Report with full council is also listed as important. The challenge for Audit Committees will be not only to maximise their own opportunities to prevent failure, but knowing the right questions to ask about whether the Executive and other committees and the three key statutory officers are making the most of their opportunities as well.

For insight into effective questions to ask, read the full report from Grant Thornton here: [How can further local authority failures be prevented? \[grantthornton.co.uk\]](https://www.grantthornton.co.uk)



# Mitigating financial distress in Local Authorities

On 29th January 2024, a report by the Levelling Up, Housing and Communities Committee highlighted that in the last six years, eight local authorities have issued a section 114 notice, whereas none had done so in the eighteen years before that.

Income related issues were highlighted in the report around the below-inflation cap on increasing council tax rates (referendum thresholds) and formulaic weaknesses with the business rates retention scheme. Council tax especially was singled-out as regressive, long overdue for reform, and contributing to a disproportionately negative impact on funding levels in the most deprived areas of the country.

Expenditure related issues were listed in the report as surrounding social care; special educational needs and disabilities; and homelessness. The report highlighted that for children's social care, even the Competition and Markets Authority has recognised that the level of competition in the market is "not working as well as it should be" at maintaining prices at reasonable levels for local authority purchasers.

The report shows that nearly one in five Leaders and Chief Executives of other local authorities who have not already issued a s114 notice do assess themselves as being at "tipping point" due to lack of funding.

Whilst most of the recommendations in the report are aimed at Government, there are some **key takeaways for local authorities while they wait for any change that may come:**

- have we set Council Tax at the highest level possible without a referendum? Future changes could see referendum thresholds increased or removed. Are Councils doing all they can now to maximise this source of income?
- are we collaborating as effectively as we can with other local authorities to influence market prices for the services we buy in?

For insight into effective questions that Audit Committees can ask, read the full report here [\\*Financial distress in local authorities \(parliament.uk\)](https://www.parliament.uk/publications/2024/1/levelling-up-report)



# Learning from the Office for Local Government

On 15th February 2024, the Secretary of State for Levelling up, Housing and Communities set out, in an open letter to the Chief Executive of Oflog, the strategic remit for Oflog for the financial years 2024 to 2027, and the Office's priorities for the financial year 2024/25. The priorities are to:

- inform;
- warn;
- support; and
- engage.

Using the new Local Authority data explorer tool (launched in July 2023), the Office can currently use metrics on waste management, planning, adult social care, roads, adult skills and corporate/ finance to compare any one authority with the English median, CIPFA nearest neighbours and trends over time. The Office is expected to develop a new early warning system to identify local authorities that are at risk of serious failure (but have not raised the alarm themselves) and to conduct 'early warning conversations' with local authorities at risk. It will be also be offering a programme of webinars to share best practice between local authorities, and to help improve performance, productivity and value for money.

Local Authorities and their members can familiarise themselves now with the data explorer metrics already publicly available. **Challenge questions for Audit Committees to ask include:**

- Page 178
- are the metrics consistent with our own benchmarking?
  - are we showing early warning signs?
  - what arrangements will we be making to make best use of the learning that will be on offer?



For a full copy of the remit letter and for access to data explorer metrics for your Local Authority see here:

[Remit letter from DLUHC Secretary of State to the Oflog Chief Executive - GOV.UK](#)

[\[www.gov.uk\]](http://www.gov.uk)

[About - Local Authority Data Explorer](#)

# Making the most of levelling-up funds to local government

In November 2023, the National Audit Office published its report on whether the Department for Levelling Up, Housing and Communities' levelling up funds are likely to deliver value for money. The three significant funds are the Towns Fund (Town Deals and Future High Streets Fund programmes); the Levelling Up Fund (local priorities with a visible impact); and the UK Shared Prosperity Fund (to increase life chances and build pride in place). Between them, these funds are worth up to £10.6 billion and aim to allocate £9.5 billion to local places to be spent by 31 March 2026. However, less than half of the monies given to local places across the three schemes by 31 March 2023 had been spent. Because under current arrangements the funds are time limited, there is a risk that some projects may never be started and others, in the haste to complete, may include sub-optimal decisions.

Many of the delay factors are beyond Local Authorities' control: Rising costs, skills shortages and supply issues in the construction industry. However, the report does highlight that there are things Local Authorities can do to help with unblocking.

## Key questions that Audit Committees can ask are:

- do we know which of our projects are on track and which are at risk?
- have all projects got their main contractor in place?
- has full advantage been taken of the ability to move money between sub-projects within individual bids?
- is advantage being taken of the ability to make changes to the scope and scale of projects without seeking approval if the changes do not exceed a 30% threshold?
- are projects being prioritized? So that those that can complete to time, do complete to time?

For the full report and an insight into wider recommendations for the Department, see [\\*Levelling up funding to local government \(nao.org.uk\)](https://www.nao.org.uk/publications/2023/levelling-up-funding-to-local-government)

<b>£10.6bn</b>	total amount announced through the Towns Fund, Levelling up Fund and UK Shared Prosperity Fund, to support the government's levelling-up agenda across the United Kingdom between 2020-21 and 2025-26
<b>£9.5bn</b>	the amount the Department for Levelling Up, Housing & Communities (DLUHC) has allocated to local places to be spent by 31 March 2026
<b>£2.0bn</b>	the amount DLUHC has given to local places so far across the three funds at 31 March 2023
<b>£0.9bn</b>	the amount spent by local places at 31 March 2023

# Helping to avoid the “doom loop” for adult social care

In October 2023, the annual Institute for Government / Chartered Institute of Public Finance and Accountancy (CIPFA) public services stocktake revealed that adult social care services are likely to be performing worse in 2027/28 than they were on the eve of the Covid-19 pandemic, and much worse than they were in 2009/10. The report describes the impact across nine different public services of successive governments’ short-term policy making; under-investment in capital; and workforce crisis. For adult social care, it highlights that under current funding arrangements, a return to pre-pandemic levels of performance seems unlikely. The report describes a “doom loop” for adult social care, resting on:

- staffing problems and capacity being worse than they were before the pandemic: Vacancy rates in 2022/23 sat at 9.9%. They were 6.7% in 2019/20;
- growing demand: Since 2015/16, the number of requests for adult social care support from new clients has increased by 22.1% for 18–64-year-olds;
- erosion of cash settlements: Settlements announced in 2021 and 2022 have been eroded over time, due to higher than anticipated pay awards and national inflation; and
- sector-specific inflation: Unit costs of adult social care packages are now much higher than they were before the pandemic. According to a survey of directors of adult social services, this has been driven by increasing complexity of care needs, staffing costs and wider inflationary pressures.

There has been no immediate sign of relief from central government. The Autumn Statement in November 2023 made no new funding available for public services, and spending increases beyond April 2025 of less than 1% in real terms are expected.

**Audit Committees can help by asking the right questions.** What steps do their entities take to make sure staff costs are managed effectively – with as high a ratio as possible being on substantive staff, for stronger consistency and continuity? What assumptions about future funding are their entities making in their budgets? What are the procurement and brokerage arrangements for purchasing care packages in what is, at present, a supplier’s market?

Service	Performance on the eve of pandemic v 2009/10	Performance now v on the eve of pandemic	Funding adequate to	
			Return to pre-pandemic performance levels by the end of 2024/25	Maintain performance levels between the end of 2024/25 and 2027/28
Adult social care	↓ Much worse	↘ Worse	No	Maybe

For the full report and a sense of how other public services are faring as well, see [Performance Tracker 2023 | Institute for Government](#)



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