



Doncaster Council

Report

Date: 17th June 2020

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

AUDIT COMMITTEE ANNUAL REPORT 2019/20

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 2019/20, attached to this report.

Particular ways in which the Audit Committee has contributed during the year include:

- Helping to maintain and improve the Council's system of risk, governance and control by reviewing internal and external audit work carried out during the year.
- Supporting improvement in the Council's control arrangements by ensuring appropriate action is taken to implement 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 accurate Annual Governance Statement.
- Supporting the maintenance of the good standards achieved in producing the Council's Statement of Accounts, while meeting shorter timescales now required.
- Supporting the Council's antifraud and corruption arrangements and noting progress in this area as set out in the annual fraud report.
- Ensuring the Council's surveillance policies are kept up to date and reviewing surveillance carried out by the Council.

This Annual Report is a very positive report, recognising the further improvements in Adults Services and throughout the wider Council's, risk, governance and control arrangements and reflects the effective contribution made by the Audit Committee during the year.

EXEMPT REPORT

2. Not applicable, for information only.

RECOMMENDATION

3. **The Audit Committee is asked to make comment on and consider for approval the attached Audit Committee Annual Report 2019/20 and for it to be presented at a future meeting of full Council**

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

5. 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 2019/20.

OPTIONS CONSIDERED

6. Not application, for information only.

REASONS FOR RECOMMENDED OPTION

7. Not applicable, for information only.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

8. A key role for the Audit Committee is to oversee the effectiveness of the management of risks and internal controls, which contributes to the successful achievement of the Council's objectives. Any improvement in the management of the risks will have a positive impact increasing the likelihood of the Council achieving these objectives and goals. The Audit Committee's work is, therefore, relevant to all priorities but in particular the following:

	Outcomes	Implications
	Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;	

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

	<p>reliance by connecting community assets and strengths</p> <ul style="list-style-type: none"> • Working with our partners and residents to provide effective leadership and governance 	<p>Committee improves and strengthens governance arrangements within the Council and its partners.</p>
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RISKS AND ASSUMPTIONS

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

LEGAL IMPLICATIONS (SRF, 16/03/20)

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

FINANCIAL IMPLICATIONS (ST, 13/03/20)

11. There are no identified financial implications arising from this report.

HUMAN RESOURCES IMPLICATIONS (KG, 11/03/20)

12. There are no HR implications associated with this report.

TECHNOLOGY IMPLICATIONS (PW, 11/3/20)

13. There are no identified technology implications arising from this report.

HEALTH IMPLICATIONS (RS, 12/03/20)

14. There is no direct health implication of this report. The health implications rest with the service areas to be audited as part of Internal Audit Plan 2018/19.

EQUALITY IMPLICATIONS (PRJ, 04/03/20)

15. Whilst there are no identified equal opportunity issues within this report, all of the reports identified within the annual report would have been subject to their own relevant equalities implications assessment.

CONSULTATION

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

BACKGROUND PAPERS

17. Various Audit Committee Reports from June 2019 to April 2020 Audit Committees.

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**Annual Report of the
Audit Committee
2019/20**

Annual Report of the Audit Committee 2019/20

Foreword by Chair of the Audit Committee

I am pleased to present this report which highlights the contribution this Committee has made during 2019/20 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.

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

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

We noted last year the improvement in risk governance and control in the Adults, Health and Wellbeing Directorate and I am pleased to reflect on their continued improvement. This is reflected in;

- continued improvements in contract and commissioning arrangements resulting in a further reduced number of breaches of contract procedure rules set out in a very positive annual report
- a number of Internal Audit reviews giving the highest level of assurance, "substantial", from which a minimal number of recommendations arose
- Internal Audit plans and coverage at much lower levels reflecting the lower assessed risk and improved risk, governance and control environment
- the implementation of management actions to address Internal Audit recommendations from previous years reviews

Within the wider Council, the Committee felt frustrated early in the year at the number of overdue management actions implementing audit recommendations and wrote to the Chief Executive about this subject. There is now a marked improvement in the number of overdue actions due to:

- Internal Audit and Directorate Management have continued the practice of rigorously pursuing the completion of all actions
- A lower number of new actions have been raised during the year as a significantly increased amount of work undertaken has resulted in substantial assurance opinions been given or has been advisory work.

Improvement in risk, governance and control is also apparent in the much reduced number of unplanned reports presented to committee, generally arising from Internal Audit work.

There have been many further benefits from our work. Main outcomes and improvements include:

- Another positive External Audit opinion on the Council's Statement of Accounts, confirming their accuracy and completeness and delivered to challenging timescales.
- Confirmation by External Audit that the Council has in place the arrangements required to achieve its objectives and deliver its services economically, effectively and efficiently
- A stronger and more positive Annual Governance Statement highlighting a lower number of issues than previous years
- A strong and positive opinion from the Head of Internal Audit in his Annual Report
- A positive Self-Assessment against best practice from CIPFA "Audit Committees / Practical Guidance for Local Authorities and Police
- We have worked well with our new External Auditors, Grant Thornton, who successfully delivered their first audit of our accounts and we look forward to working with them in the coming years. We are also pleased that Doncaster Council was able to have its audit completed in compliance with national deadlines unlike many other Local Authorities who were not able to achieve these due primarily to problems experienced by their External Auditors in staffing their audits and dealing with increasingly technical complex audit issues at their client Local Authority.

Councillor Austen White
Chair of the Audit Committee, 2019/20

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1. 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.

2. TERMS OF REFERENCE

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

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

3. COMMITTEE INFORMATION

Audit Committee Membership

The Committee has five elected members:

- Councillor Austen White(Chair)
- Councillor Richard Jones (Vice Chair)
- Councillor Charlie Hogarth
- Councillor Tosh McDonald
- Councillor David Nevett

The Committee has one independent co-opted member with non-voting rights serving on the Audit Committee, Kathryn Smart.

Audit Committee Meetings

The Committee has met on five occasions during the year:

- June 2019
- July 2019
- October 2019
- January 2020
- April 2020

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

The July 2019 meeting of the Audit Committee was particularly important, when the Committee fulfilled its responsibility to approve the 2018/19 Statement of Accounts and to recommend the adoption of the 2018/19 Annual Governance Statement.

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

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

The Audit Committee has fulfilled its mandatory obligations during 2019/20.

4. 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 can be summarised as follows:

Internal Audit

The Audit Committee:

- Received and considered the 2019/20 Annual Report of the Head of Internal Audit, which included his opinion on the Council's internal control environment.
- Received and considered information on the performance and effectiveness of the Internal Audit Team.
- 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 issues and approved any necessary changes to the plan as a result of new and emerging risks or special investigations. The reports also provided monitoring information on the implementation of agreed audit recommendations.
- Continued to provide support to the Internal Audit Team to ensure management was responsive to recommendations made and agreed.
- Agreed the Internal Audit Annual Plan for 2020/21
- Approved the Internal Audit Strategy and Charter

External Audit

The Audit Committee:

- Received and considered reports on the External Auditor's progress against the agreed plan.
- Received and considered report to Those Charged With Governance (ISA 260 Report) 2019/20 and the Annual Audit letter
- Considered fees proposals and variations for the External Audit.
- Continued to provide support to the External Auditors to ensure management was responsive to recommendations made and agreed.
- Received an update on External Audit Reforms

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 Annual Fraud Report for the Council.
- Received regular reports on surveillance conducted by the Council under the Regulation of Investigatory Powers Act 2000.
- Considered and noted the Annual report of the Monitoring Officer.

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 and the amendments to the accounts following their approval by the then Deputy 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:

- Update Report on Contract and Commissioning in Adults, Health and Wellbeing
- Day Opportunities for People with Learning Difficulties and Highly Complex Needs

Compliance with Best Practice

During 2018/19 and 2019/20 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 2018 Edition."

This identified the committee was generally operating to best practice but there were areas in which they could develop the committee further. These actions are set out in an improvement plan which will be monitored during the next year. A full training needs assessment was carried out with all Audit Committee members which didn't identify any specific immediate training needs but did highlight the use and benefits of the ongoing training and updates provided to committee members

Further training and updates were provided to the Audit Committee and other interested members throughout the year. Topics included:

- Accounts Preparations and Training/Awareness on the Statement of Accounts
- Preparation of the Annual Governance Statement
- Work of the Strategic Procurement Team
- Self-assessment against best practice for audit committees
- Internal Audit Planning
- Audit Committee and Governance Updates

AUDIT COMMITTEE ACTIVITY – 2019/20

Appendix A

Function / Issue	Jun 2019	July 2019	Oct 2019	Jan 2020	*Jun 2020
Audit Committee Actions Log	Received				
Annual Report of the Monitoring Officer	Received				
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update	Received				
Audit Committee Prospectus, Terms of Reference and Work programme 2019/20	Received				
Unaudited Statement of Accounts 2018/19	Received				
Grant Thornton - Progress Report and Sector Update	Received				
Day Opportunities for People with Learning Difficulties and Highly Complex Needs	Received				
Audit Committee Actions Log		Received			
Internal Audit Strategy and Charter		Received			
Internal Audit Progress Report for the period: April 2019 to June 2019		Received			
Statement of Accounts and Annual Governance Statement 2018/19 and ISA 260 Report to Those Charged With Governance (ISA 260 Report) 2018/19		Received			
Audit Committee Actions Log			Received		
Breaches and Waivers to the Council’s Contract Procedural Rules			Received		
2018-19 Annual Governance Statement – Progress Update			Received		
Preventing and Detecting Fraud and Error - October 2018 to September 2019.			Received		
Internal Audit Progress Report for the period: July to October 2019			Received		
Grant Thornton - Progress Report and Sector Update			Received		
Grant Thornton – External Audit Reform			Received		
Grant Thornton Annual Audit Letter 2018/19.			Received		
Audit Committee Actions Log				Received	
Update Report on Contracts and Commissioning in Adults, Health and Wellbeing				Received	
Internal Audit Progress Report for the Period: October to December 2019				Received	
Covert Surveillance - Regulation of Investigatory Powers Act 2000 (RIPA) Update.				Received	
External Auditor (Grant Thornton) Audit Plan 2019/20 and Arrangements for the preparation of the 2019/20 Accounts				Received	
Audit Committee Actions Log					Received
Breaches and Waivers to the Council’s Contract Procedural Rules					Received
Annual Report of the Head of Internal Audit 2019/20					Received
Draft Annual Governance Statement 2019/20					Received
Internal Audit Plan 2020/21					Received
Audit Committee Annual Report 2019/20					Received
Grant Thornton - Progress Report and Sector Update					Postponed

* Postponed from April 2020 due to Coronavirus pandemic