



Doncaster Council

Report

Date: 29th April 2021

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

AUDIT COMMITTEE ANNUAL REPORT 2020/21

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 2020/21, 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 management actions and holding 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 and its Audit within timescales not achieved by many other Local Authorities.
- 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 encouraging report, recognising the positive outcomes achieved in this most challenging of years, the positive assurance it has received over the Council's, risk, governance and control arrangements and 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 2020/21 and for it to be suitably published.

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 2020/21.

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;	

	Outcomes	Implications
	<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 	<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>

	Outcomes	Implications
	<ul style="list-style-type: none"> • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	The work undertaken by the Audit Committee improves and strengthens governance arrangements within the Council and its partners.

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, 09/04/21)

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, 12/04/21)

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

HUMAN RESOURCES IMPLICATIONS (RH, 09/04/21)

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

TECHNOLOGY IMPLICATIONS (PW, 09/04/21)

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

HEALTH IMPLICATIONS (RS, 13/04/21)

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 2021/22.

EQUALITY IMPLICATIONS (PRJ, 08/04/21)

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 July 2020 to April 2021 Audit

Committees.

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Annual Report of the Audit Committee 2020-21



FORWORD

I am pleased to present this report which highlights the contribution this Committee has made during 2020/21 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, overseeing the financial reporting and annual governance processes. It also maintains oversight of 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 officers to attend Committee meetings during the year to provide additional information on particular areas of concern.

This last year has been unprecedented due to the COVID-19 Pandemic. The committee has very actively engaged with the Head of Internal Audit and other



Councillor Austen White
Chair of the Audit Committee, 2020/21

officers during this period to understand the nature and depth of challenges relevant to the committee.

We did this through; -

- Longer, more detailed training, briefing and update sessions for committee members.
- More regular meetings between myself and the Vice Chair with the Head of Internal Audit
- More ad hoc discussions with officers regarding issues such as local Fight Back Fund grants, Ward Based Members grants, central government grants to business and social care providers and the procurement and issue of critical Personal Protective Equipment (PPE) for many establishments within the borough.

All of this, and our Audit Committee meetings have continued to be delivered virtually during this period, which was then an all new experience for members of the Audit Committee.

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 during recent and most challenging of years. This is reflected in;

- continued improvements in contract and commissioning arrangements resulting in a further reduced number of breaches of contract procedure rules recorded in a very positive annual report – This has been maintained during the pandemic

demonstrating the sound embedded practices now in place.

- Internal Audit plans and coverage continuing at much lower levels reflecting the lower assessed risk and improved risk, governance and control environment.
- Within the wider Council, the Committee felt frustrated during 2019 at the number of overdue management actions implementing audit recommendations and wrote to the Chief Executive on this subject. There has now been 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 management agreed actions.
 - A much lower number of new actions have been raised during the year due to:
 - More work has been done this year to support wider council operations.
 - A significantly increased amount of work undertaken has resulted in substantial assurance opinions being given.
 - Higher levels of advisory and investigative work.
 - Higher levels of work in progress due to the currently longer duration and increased time needed for some types of audit.

The area of concern is around the actions outstanding from the Trading Standards and Food Safety review of 2019. The team have been impacted tremendously by the COVID-19 pandemic and Post Brexit requirements, allied with a national issue, which is a shortage of suitably qualified officers. We support the work of these teams in bringing the outstanding actions to a completion when possible alongside assurance from Internal Audit in the area.

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 which is particularly reassuring in these unprecedented times.

There have been many further benefits from our work, the main outcomes and improvements include:

- Another positive External Audit opinion on the Council's Statement of Accounts, 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.
- We have continued working well with our External Auditors, Grant Thornton, under the noted constraints of increasingly technical complex audit issues and also the challenges of auditing virtually and other staffing issues caused by the COVID-19 pandemic. We appreciate this even more given the worsening national picture highlighted within the Redmond Review

- A strong and positive Annual Governance Statement highlighting a low number of issues similar to previous years
- A strong and positive opinion from the Head of Internal Audit in his Annual Report; this is particularly reassuring during this most challenging of years
- A strong and positive Annual Fraud report indicating low level values and incidents of fraud which is also particularly reassuring given the heightened risk of fraud due to the control arrangements being potentially weakened and the very high value of central government COVID-19 pandemic grant monies received.
- A comprehensive review of the effectiveness of the Audit Committee was carried out with pleasing outcomes from both Audit Committee member feedback and also from officers who attend the committee A further review and update of the Self-Assessment against best practice from CIPFA "Audit Committees / Practical Guidance for Local Authorities and Police" also was positive.

“ I would like to extend mine and the committee's thanks and gratitude to the Council's officers who have so extensively supported this committee during these most challenging of times ”

CONTENT

1. Introduction	6
2. Terms of Reference	6
3. Committee Information	6 - 7
• Audit Committee Membership	
• Audit Committee Meetings	
4. Committee Achievements	7 - 9
• Internal Audit	
• External Audit	
• Regulatory Framework	
• Core Function – Accounts	
• Other Issues	
• Compliance With Best Practice	
Appendix: A	
Audit Committee Activity 2020/21	10



INTRODUCTION

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

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

TERMS OF REFERENCE

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

There were no changes made to the Terms of reference for the Audit Committee at the delayed Annual Meeting of Council in September 2020

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 has remained unchanged during the 2020/21 year.

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 six occasions during the year:



June 2020

July 2020

October 2020

January 2021

February 2021

April 2021

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

The normal meeting and agendas for the early part of the year were disrupted by the pandemic with the cancellation of the April 2020 meeting. Most of its agenda items were taken to June's Audit Committee which alongside July's Audit Committee brought the usual agenda items back up to date with the normal timetable of agenda items. The exception to this was the approval of the 2019/20 Statement of Accounts and to recommend the adoption of the 2019/20 Annual Governance Statement.

This was done at the October 2020 meeting of the Audit Committee making this meeting particularly important in the committee fulfilling one of its key responsibilities.

Unusually, there was an extraordinary meeting of the Audit Committee in February 2021 with a single item agenda to seek the adoption of a new Model Code of Conduct for Members. After consideration of the item it was taken to April 2021 Audit Committee with the associated additional material requested.

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 2020/21.

COMMITTEE ACHIEVMENTS

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

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

Internal Audit

The Audit Committee:

- Received and considered the 2020/21 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 issues and approved any necessary changes to the plan as a result of the Covid pandemic, other new and emerging risks and 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 2021/22.

The positive assurance from these reports were particularly helpful in this year where the Council's risk governance and control arrangements were put to such tests.

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 including specific reference made to arrangements during the initial response period.
- 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.
- Recommended to Full Council, the adoption of a new Model Code of Conduct for Members

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:

- Update Report on Contract and Commissioning in Adults, Health and Wellbeing

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 with minimal actions to develop the committee further. A full training needs assessment was carried out in 2019/20 with all Audit Committee members which did not identify any specific immediate training needs but did highlight the use and benefits of

the ongoing training and updates provided to committee members.

A review of the Effectiveness of the Audit Committee was also undertaken in March 2021 which also confirmed compliance with best practice and no immediate training needs but some helpful suggestions to further improve the Audit Committee.

All audit committee meetings have been held virtually for this year and this included the training and updates sessions which were provided to the Audit Committee.

Topics included:

- Work of the Strategic Procurement team during the initial pandemic response period covering PPE; Supplier relief; Support in maintaining Contract Procedure Rules especially within Adult Social Care
- Work of the Trading Standards and Food Safety Teams during the initial pandemic response period
- Work of the Internal Audit Team during the initial pandemic response period
- Accounts Preparations and Training/Awareness on the Statement of Accounts
- Preparation of the Annual Governance Statement
- Internal Audit work plan strategy and plan revision 2020/21
- Self-assessment against best practice for audit committees
- Internal Audit Planning 2021/22
- Head of Internal Audit Opinion for 2020/21
- Governance Updates

AUDIT COMMITTEE ACTIVITY – 2020/21

Appendix A

Agenda Item	June '20	July '20	Oct '20	Jan '21	Feb '21	Apr '21
Audit Committee Actions Log	Received	Received	Received	Received	Received	Received
Annual Report of the Monitoring Officer	Received					
Breaches and Waivers to the Council's Contract Procedural Rules – September 2019 to February 2020	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 – Update to Audit Plan	Received					
Grant Thornton – Audit Scale Fee	Received					
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update		Received				
Breaches and Waivers to the Council's Contract Procedural Rules March 2020 to June 2020		Received				
Unaudited Statement of Accounts 2019/20		Received				
Audit Committee Prospectus, Terms of Reference and Work programme 2020/21		Received				
Internal Audit Progress Report for the period: April 2020 to June 2020		Received				
Grant Thornton – Audit Committee Progress Report and Sector Update		Received				
Review of the Whistleblowing Policy			Received			
Breaches and Waivers to the Council's Contract Procedural Rules - July & August 2020			Received			
Internal Audit Progress Report for the period: July 2020 to September 2020			Received			
Statement of Accounts Local Code of Corporate Governance and Annual Governance Statement 2019/20 - ISA 260 Report to Those Charged With Governance			Received			
Covert Surveillance - Regulation of Investigatory Powers Act 2000 (RIPA) Update.				Received		
Update Report on Contracts and Commissioning in Adults, Health and Wellbeing				Received		
2019/20 Annual Governance Statement – Progress Update				Received		
Internal Audit Progress Report for the Period: October to December 2020				Received		
Preventing and Detecting Fraud and Error: October 2019 to September 2020				Received		
Grant Thornton Presentation – The Redmond Review				Received		
Grant Thornton Briefing on the Financial Reporting Council Report on Local Audit				Received		
Grant Thornton Annual Audit Letter 2019/20				Received		
Adoption of a New Model Code of Conduct for Members					Received	
Breaches and Waivers to the Council's Contract Procedural Rules – September 2020 to February 2021						Received
Draft Annual Governance Statement 2020/21						Received
Annual Report of the Head of Internal Audit 2020/21						Received
Internal Audit Plan 2021/22						Received
Audit Committee Annual Report 2020/21						Received
Anti-Fraud, Bribery and Corruption Framework Review						Received
Adoption of a New Model Code of Conduct for Members						Received
Grant Thornton – Audit Committee Progress Report and Sector Update						Received