



City of
Doncaster
Council

Agenda

To all Members of the

AUDIT COMMITTEE

Notice is given that a Meeting of the above Committee is to be held as follows:

Venue: Council Chamber, Civic Office, Waterdale, Doncaster DN1 3BU

Date: Thursday, 23rd November, 2023

Time: 2.00 pm

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Damian Allen
Chief Executive

Issued on: Wednesday, 15 November 2023

Governance Services Officer for this meeting: Andrea Hedges
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City of Doncaster Council

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Items for Discussion:

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1.	Apologies for Absence.	
2.	To consider the extent, if any, to which the Public and Press are to be excluded from the meeting.	
3.	Declarations of Interest, if any.	
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10.	Grant Thornton Progress Report and Sector Update.	145 - 152

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

Agenda Item 4

CITY OF DONCASTER COUNCIL

AUDIT COMMITTEE

THURSDAY, 27TH JULY, 2023

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER, CIVIC OFFICE, WATERDALE, DONCASTER DN1 3BU, on THURSDAY, 27TH JULY, 2023, at 10.00 am.

PRESENT:

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

Councillors Sue Farmer, John Healy and Dr Stuart Green.

APOLOGIES:

An apology for absence was received from Councillor Dave Shaw.

93 DECLARATIONS OF INTEREST, IF ANY

No declarations of interest were made at the meeting.

94 MINUTES OF THE MEETING HELD ON 27TH APRIL 2023

Re. Minute No. 86 - 'Annual Report of the Monitoring Officer 2022/23'

Further to the above Minute, a request was made for the Monitoring Officer to attend the next meeting to clarify the contact arrangements and issues around confidentiality and anonymity of officers wishing to raise issues through the Whistleblowing Policy.

RESOLVED that

- (1) the minutes of the meeting held on 27th April 2023 be approved as a correct record and signed by the Chair; and
- (2) the Monitoring Officer be requested to attend the next meeting of the Audit Committee to clarify the contact arrangements and issues around confidentiality and anonymity of officers wishing to raise issues through the Whistleblowing Policy.

95 WELCOME TO NEW MEMBER

The Chair extended a warm welcome to Councillor Sue Farmer, who had recently been appointed to the Audit Committee.

96 AUDIT COMMITTEE ACTION LOG

Peter Jackson, Head of Internal Audit presented the Audit Committee Actions Log report, which updated Members on actions agreed at previous Audit Committee meetings, allowing the Committee to monitor progress against the action log.

Members noted the completed actions from the Committee's last meeting held on 27th April and outstanding actions were being progressed in line with their timescales.

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

97 COVERT SURVEILLANCE - REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE

Helen Potts, Principal Legal Officer, presented the annual update report on the use of the Council's statutory powers provided under the Regulation of Investigatory Powers Act (RIPA) 2000 for the purposes of detecting and preventing particular crimes.

For several years, Trading Services had utilised this power in the use of covert recordings for test purchases of illicit counterfeit products, such as, alcohol, tobacco, and branded goods, or for underage sales. The recording negated the need for a witness to attend court or provide evidence in the event there was a dispute over the sale. On such occasions, the RIPA Act 2000 provided a mechanism to make it lawful for public authorities to use direct covert surveillance and covert human intelligence sources, for example, undercover officers and informants. The Council have an established RIPA Policy and procedures in place that govern the Council's use of such powers. In addition, the Home Office issues statutory codes of practice on the use of RIPA powers that must be complied with, including requiring elected Members to have oversight of the use of RIPA powers and agree the RIPA Policy/Procedures on an annual basis. Only covert surveillance requires authorisation; where techniques are used which are hidden or disguised so that the subject does not know they are being monitored or watched. Overt surveillance does not require RIPA surveillance.

Members were provided with an update regarding the reduction in the number of times RIPA had been used. Since the last report to the Committee in January 2023, there had been no surveillance applications authorised under RIPA. It was noted that Trading Standards, in conjunction with Public Health partners have undertaken significant work in relation to the proliferation of nicotine inhaling products within the market over the last year and have made significant seizures. However, it was reported that Trading Services have not had to use covert surveillance powers to carry out this work and that other methods were being utilised to access information and carry out the seizure of illicit tobacco, and that the use of RIPA would only be used as a last resort.

Paragraph 9 of the report set out details of the number of RIPA authorisations each year for the last 7 years.

Due to the low number of covert surveillance authorisations now being made, it was considered appropriate for the Committee in future to receive a yearly report rather than every six months. However, the Committee was advised that if authorisation activity did increase or change, or specific concerns arise, the reporting frequency could be reviewed by the Audit Committee.

Members were further advised that RIPA training had recently been carried out for newly appointed Environmental Officers joining the Council. It was noted that the on-line covert surveillance RIPA training has recently been updated and that Members of the Audit Committee have completed the training. Newly appointed Members of the Audit Committee could access this training via the HR Portal.

In relation to the date of the Investigatory Powers Commissioners Office next inspection, the Principal Legal Officer gave an undertaking to inform the Committee via email of the date of when the next inspection was due and whether a report would be required to be brought to the Committee at an earlier stage.

No changes were proposed to the RIPA Policy and Procedures, noting that minor amendments were made by the Committee in June 2019, in line with the Investigatory Powers Commissioner's Inspection report.

RESOLVED:-

- (1) to note that the Council has had no surveillance applications authorised under the Regulation of Investigatory Powers Act (RIPA) since the last report to the Audit Committee on 26th January 2023;
- (2) to agree to have yearly reports to the Audit Committee rather than every six months due to the low number of authorisations under the Regulation of Investigatory Powers Act (RIPA); and
- (3) to note that there are no changes proposed to the Council's RIPA Policy and Procedure.

98 AUDIT COMMITTEE PROSPECTUS, TERMS OF REFERENCE AND WORK PROGRAMME 2023/24

Members were presented with the Audit Committee Prospectus, which set out the scope and standards applicable to the Audit Committee and showed how these and the Terms of Reference enable the Committee to comply with Local Government Audit Committee standards, and the Council's requirements of the Committee. The Prospectus included a draft work programme, setting out the business for the Committee, to demonstrate how the Committee would fulfil its Terms of Reference for the year. It also scheduled an indicative programme of training and awareness sessions for Audit Committee Members.

The Committee's Terms of Reference had been updated in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance published in late 2022. The Terms of Reference had been amended to reflect annual reporting of compliance and monitoring of RIPA and expanded to incorporate the City of Doncaster Council's specific local arrangements including, responsibility for the Hearings Sub-Committee.

Members were asked to review the work programme and reminded that the work programme was indicative at this stage and may be subject to change. Member training would be reviewed on an ongoing basis.

RESOLVED that

- (1) the Prospectus setting out the Audit Committee's scope, standards and work programme for the year be noted; and
- (2) the updated Terms of Reference for the Audit Committee for the 2023/24 Municipal Year be noted.

99 INTERNAL AUDIT REPORT FOR PERIOD: APRIL 2023 TO JUNE 2023

The Head of Internal Audit introduced a report which updated Members on progress in relation to the work undertaken by Internal Audit for the period April to June 2023 and showed this in the context of the Audit Plan for the year. The report also set out significant revisions to the Plan to date, audit work carried out for the period, progress on the implementation of management actions arising from Internal Audit recommendations and Internal Audit performance information, as detailed in Sections 1 to 4 of the report, respectively.

The Head of Internal Audit provided an update and summarised each of the four sections of the report and responded to questions and comments from Members as follows:-

Section 1 – The Audit Plan / Revisions to the Audit Plan

The Head of Internal Audit reported that an officer with the right skills and attributes had recently been seconded to the Senior Auditor post within the Internal Audit team. He stated that he was hopeful that the officer would be appointed to the post permanently in the future, which would assist with the team's programme of work. In response to a question from the Chair, the Head of Internal Audit confirmed that he was satisfied with the current level of resources in the Internal Audit team, however, in the future he was hoping to increase capacity within the team. The Committee was supportive of this.

Section 2 – Audit Work undertaken for the period

The Head of Internal Audit highlighted the work undertaken by the Internal Audit team following a review of the Taxi Licensing Service during 2022/23, as outlined in detail at paragraph 2.7 of the report.

Further to questions from the Vice-Chair, the Head of Internal Audit clarified that Internal Audit had carried out a review of the Taxi Licensing Service, as part of Internal Audits planned risk assessment work for 2023/24 in relation to safeguarding risks in the Taxi Licensing service. He gave assurance that this matter was not now an area of concern as significant progress has been made in this area and with Internal Audit's oversight of the situation, the major problems have now been resolved, with an updated software system, providing longer term improved service. He explained the rationale for a partial assurance being given in relation to the service and not a limited opinion due to the improvements made, the major one being the processes for routinely checking taxi drivers current DBS status had been brought into line with best national guidance

The Committee whilst acknowledging the significant progress made to the Taxi Licensing service area, requested that a progress report be presented to a future meeting of the Audit Committee.

Section 3 – Implementation of Management Actions arising from Audit Recommendations

The Head of Internal Audit reported that implementation of the agreed overdue management actions has been maintained at extremely low levels and the existing arrangements were operating well. However, he highlighted a high-risk level overdue management action in the Place Directorate, as set out at Appendix B of the report. He gave assurance that the work would not be signed off by the Internal Audit team until they were satisfied that the reconciliation arrangements had become embedded.

In response to questions raised by Dr Green, the Head of Internal Audit clarified the reasons for the delay in implementation of the actions and work undertaken by the Internal Audit team relating to high-level risk relating to Strategic Properties/land Income 2021/22, as outlined at Appendix B of the report was due to staffing vacancies in the Assets and Property Team but would be mitigated by improved ICT solutions.

Dr Green welcomed the work being undertaken by the Internal Audit team and following a further question raised by Dr Green, the Head of Internal Audit advised that he was unable to provide financial information regarding the level of income raised in this area. However, he gave an undertaking to provide this information at a later stage.

Councillor Farmer queried whether revenue received by the Council from Section 106 agreement contributions from developers was included as part of Internal Audits audit of the Council's properties / land income 2021/22. She highlighted the importance of this issue being included on the Audit Plan, particularly in view of the number of planning applications being submitted and housing developments currently being built in the city with Section 106 agreements and stated that it was imperative that an audit be carried out of Section 106 monies generated from housing developments to ensure that each area in the city received the right allocation of monies in a timely manner. In response the Head of Internal Audit advised that the auditing of Section 106 agreements and monies received by the Council through Section 106 agreements was not included in the Audit Plan for this year as currently this area was not regarded as a high risk. However, Members were informed that an internal review was currently being undertaken by Officers regarding the governance, and decision-making process in respect of Section 106 agreements. The Internal Audit team would have the opportunity to contribute to this process and to look at ways to make improvements. The outcome of the review would determine whether Section 106 agreements would be included in next year's Internal Audit Plan.

Section 4 – Internal Audit Performance

It was noted that the performance indicators for the period April to June 2023 were positive, with major recommendations and customer satisfaction remaining positive.

In relation to Internal Audits performance, the Head of Internal Audit confirmed that he was satisfied with that the work delivered in the year to date and had not identified any new areas of concern that should be considered for inclusion in the Annual Governance Statement for 2023/24. Additionally, work completed at the end of the year had not identified any reason to result in a negative or limited assurance opinion over the Council's risk, governance, and control arrangements. The Head of Internal Audit hoped that the positive position regarding the Council's governance arrangements would be maintained in the future.

RESOLVED to note:-

- (1) the position of the Internal Audit plan;
- (2) the Internal Audit work completed in the period;
- (3) the position with regards the implementation of management actions arising from Internal Audit recommendations;
- (4) the current position regarding the ability to deliver the annual opinion over the council's risk, governance, and control arrangements; and
- (5) a progress report on the Taxi Licensing service area be presented to a future meeting of the Audit Committee and be included on the Committee's Work Plan.

100 UNAUDITED STATEMENT OF ACCOUNTS 2022/23 INCORPORATING GRANT THORNTON - INFORMING THE AUDIT RISK ASSESSMENT

Consideration was given to a report which set out the Council's unaudited Statement of Accounts for the 2022/23 financial year and highlighted the overall financial position for the year, a summary accounts closure timetable and information on performance, including improvements achieved in accuracy and quality. The Committee also received the External Auditors, Grant Thornton's report, Informing the Audit Risk Assessment 2022/23, as part of their risk assessment procedures where the auditor was required to make inquiries of the Committee under auditing standards and contributed towards the effective communication

between City of Doncaster Council's external auditors and the Audit Committee, as 'those charged with governance'.

The Assistant Director of Finance in presenting the report, wished to place on record her thanks to the Finance Team for their achievements in the production of the Statement of Accounts in such challenging timescales.

In noting the Council's budget deficit, Dr Green asked whether the Council had a Strategy in place to build up Council reserves and how this related to the Medium-Term Financial Plan. The Assistant Director of Finance outlined the current outturn forecast position and explained that there had been an overspend on the Council's general revenue budget, however, the outturn position had since been reduced in the last quarter to £3m compared to a £7.8m overspend forecast at the quarterly reporting period for quarter 3. She outlined the actions that had been taken by the Council to reduce the overspend, which included the receipt of one-off income received by the Council and action taken by management to reduce the financial burden. Members were advised that whilst a balanced budget for 2023/24 had been agreed by full Council in February, she highlighted the further budgetary challenges faced by the Council including, the national pay award which was higher than what had been earmarked in the budget. It was noted that the Council had plans to replace the earmarked reserves and continued to look at ways to make savings. She emphasised the need for the Council to have a budget that was sustainable and not offsetting ongoing pressures by using reserves and highlighted the budgetary challenges nationally.

In response to a question from the Vice-Chair, it was clarified that the reason the Council's pension scheme had moved from being a liability to an asset was due to the strong financial performance of the pension fund, which has considerably increased the value of the pension scheme and was showing in the draft accounts as an asset and was based on the Actuary's assumptions. However, it was highlighted that future valuation of the Pension Fund could see it revert back to a liability, depending on the performance of the fund. It was reported that further information from the actuary regarding the asset valuations and assumptions to the pension fund that had been shared with Members prior to the meeting, would be included in future reports.

The Director, Grant Thornton explained that this was a unique situation in terms of his time as an external auditor carrying out public sector audits where the pension fund has become an asset on local authority accounts. It was noted that Doncaster's draft accounts currently showed the pension fund valuation on its balance sheet as an asset value of £30m, however, some local authorities (under the ISA 19) had recognised and shown their pension fund asset in a prudent way by recording the asset as a zero value on the balance sheet. The Director, Grant Thornton stated that presently there was no definitive national view or guidance from auditors and financial regulatory bodies, CIPFA and the FCA on how pension fund assets should be treated in the accounts and that discussions were currently taking place regarding how pension fund assets should be treated and whether either option as referred to above was appropriate. The Assistant Director of Finance advised that she was working with Grant Thornton in terms of whether an adjustment was needed to be made to the accounts and explained that due to having to meet the accounting deadline of 31st May, a judgement had to be made based on the information at that time. Grant Thornton would be reviewing the situation over the coming months and the Committee would be kept fully apprised of developments.

Members welcomed the decrease in the pension liability resulting in a pension asset, although raised some concern as to whether the pension fund should have been shown on the Council's accounts as zero on the balance sheet. However, the Director, Grant Thornton reaffirmed that as this was an unusual situation and that as of 31st May 2023 when the draft accounts had been produced there was no judgement made by the financial regulatory bodies or national guidance available to local authorities as how the pension fund becoming

an asset should be recorded in the accounts, therefore the Council had presented the pension fund asset whilst other Councils had not. He emphasised that the different options presented in the treatment of the valuation of the pension fund by the Council and other local authorities was not incorrectly recorded and that when a decision was made regarding this matter at the end of the year, it may be that either option were acceptable. He provided assurances that if the national outcome differed to that of Doncaster's treatment of the pension fund liability in the accounts, their audit opinion would not be critical in relation to how the pension fund had been presented or reflect negatively in the ISA 260 report when the accounts would be signed off and presented to the Committee in November. The Assistant Director of Finance advised that due to Officers having to meet the accounting deadline of 31st May, based on the advice given by the Actuary at that time was to continue with the current pension contributions. The pensions situation would be reviewed in two years and advice would be sought from the Actuary as to the contributions required. The Director, Grant Thornton informed Members that the Council meeting the deadline was a significant achievement and that that only 30% of local authorities had met the statutory deadline.

The Assistant Director of Finance drew Members' attention to the report and advised that Grant Thornton were due to present their findings on the draft accounts to the Committee on 2nd November 2023. However, due to staff reductions and difficulty in recruiting an auditor with the necessary skills to undertake the audit, Grant Thornton had requested that the meeting be rescheduled to 23rd November 2023.

Following questions from the Chair, the Director of Grant Thornton reassured the Committee that he was confident that the ISA 260 report, setting out the audit findings would be presented to the Audit Committee on 23rd November and that he and his team would make every effort and were committed to signing off the audit opinion of the accounts by 30th November. However, he highlighted that due to the significant work pressures on the team to deliver audits across the South Yorkshire region, there was the potential risk that their audit opinion may not be available until December. He further advised that it was anticipated that the Value for Money report would be shared with the Council's management team before Christmas and then subsequently presented to the Audit Committee in the new year. The Director of Grant Thornton confirmed that the Council's Finance team would be informed of progress in completing their audit work.

Further to questions from the Chair, the Financial Planning and Control Manager advised that he did not anticipate any changes to the figures relating to the Council's land and buildings and infrastructure assets and pointed out that the valuations would be reassessed as part of the ongoing auditing process and if at that point they become material the accounts adjustments would be made. The Director of Grant Thornton advised that any audit adjustments arising from the accounts would be included in the ISA 260 report, however he pointed out that based on the outcome of previous audits, the Council's useable reserves would not be affected, unless the valuations related to fixed assets and the pension fund.

In response to questions from the Chair, the Director Grant Thornton confirmed that he was satisfied with the Council's arrangements for completion of the accounts which had been produced within the deadline. He added that in terms of his client base, Doncaster was one of the strongest performing local authorities and to date no adjustments had been required to the accounts.

To conclude, the Chair on behalf of the Audit Committee gave thanks to the Assistant Director of Finance, the Financial Planning and Control Manager and the Finance Team for their efforts in continually meeting the deadline for completion of the Statement of Accounts.

RESOLVED that:-

- (1) the 2022/23 Unaudited Statement of Accounts be noted;
- (2) it be noted that the Committee was satisfied with the responses in the 'Informing the audit risk assessment for City of Doncaster Council 2022/23' report; and
- (3) that the Audit Committee meeting scheduled to be held on 2nd November 2023, be rescheduled to 23rd November 2023.

CHAIR: _____

DATE: _____

CITY OF DONCASTER COUNCIL

AUDIT COMMITTEE

TUESDAY, 12TH SEPTEMBER, 2023

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER, on TUESDAY, 12TH SEPTEMBER, 2023, at 2.00 pm.

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 Dr Stuart Green, (Co-opted Member) and Members of the Elections and Democratic Structures Committee, Councillors Jake Kearsley, Andy Pickering and Ian Pearson.

Also in Attendance:-

Members of the Elections and Democratic Structures Committee; Councillor Julie Grace, (Chair) and Councillors Deborah Hutchinson and James Church.

101 DECLARATIONS OF INTEREST, IF ANY

There were no declarations of interest made at the meeting.

WELCOME TO MEMBERS

The Chair extended a warm welcome to the Chair and Members of the Elections and Democratic Structures Committee who had been invited to the meeting to comment on proposed amendments to the Council's Contract Procedure Rules and Financial Procedure Rules.

102 REVISIONS TO THE COUNCIL'S CONTRACT PROCEDURE RULES AND FINANCIAL PROCEDURE RULES

The Audit Committee considered a report which proposed revisions to the Council's Contract Procedure Rules (CPRs) and Financial Procedure Rules (FPRs) for recommendation to full Council, as detailed at Appendices 1a and 2b of the report.

The aim of the review was to ensure that:-

- the Contract Procedure Rules offered best contracting opportunities, delivered effective governance and were legislatively compliant.
- the Financial Procedure Rules provide greater clarity to managers, are practical to use and ensure financial decision-making is made at the appropriate level,

Further to the Audit Committee's consideration of the Waivers and Breaches report in April 2023, the Head of Strategic Procurement had reviewed the CPRs to ensure that the threshold levels were appropriate.

The proposed key changes to the CPRs were as follows: -

- The threshold for contracts valued up to £25k increased to £50k, but with protections in place for those contracts between £25,000 and £50,000, with the requirement for Officers to complete a Best Value Form. All contracts would still be registered above £5,000 in accordance with the Local Government Transparency Code and any awarded between £25,000 and £50,000 would have a Best Value Form accompanying the award to demonstrate value for money has been achieved. (Officers would still be encouraged to obtain informal quotations below the £50,000 threshold but there will be no requirement to conduct a formal process). The benefits of this allow for:
 - a) Negotiations to take place on contracts below £50,000 as part of a process that is informal.
 - b) Increased flexibility for officers to award to local companies, currently officers must obtain quotations from a minimum of 3 suppliers, there may not always be that number of local suppliers and they may need to seek quotations out of area which could lead to an award out of area.
 - c) Inflation is currently running exceedingly high meaning that contracts that would have traditionally fallen below £25,000 are now tipping over into the next threshold. This will increase the number of contracts that must go through a formal process hence increasing the resource requirements that have remained static. In addition to this, allowing flexibility will allow for better mitigations where inflation threatens to significantly increase a contract cost as a competition can lead to increased contracting costs.
 - d) Allowing contracts to continue that are demonstrating value for money and effective delivery, this would need to be proven via the Best Value Form. This form would give assurance that best value was achieved and challenged appropriately. e) In 22/23 51 contracts out of a total of 653 awarded were between £25,000 and £50,000 which equates to 8%.
- The current four rationales permissible for CPR Waivers extended to seven to include more narrative and avoid ambiguity and provide decision makers and the Audit Committee better data on awards via the waiver process.
- The threshold when Social Care is mandatory as a minimum of 10% in the evaluation criteria has been decreased from £177,898 to £100,00. The Council have a Social Value Procurement Policy and is delivering social value gains through contracting. This amendment would further these gains and ultimately benefit the citizens of Doncaster.
- Other proposed amendments were of a technical and operational nature.

The key changes to the Financial Procedure Rules were set out at paragraphs 13 to 14 of the report and fell broadly into two categories; Minor changes had been made throughout the document to reduce ambiguity and/or reinforce governance and ensure the procedures could be applied in practice. Changes had also been made in respect of External Funding, details of which were set out at paragraphs 14(a) and 14(b) of the report.

The proposed changes would provide greater opportunity to encourage local suppliers to be awarded contracts through a more flexible approach, enhance procurement practices and allow greater flexibility in the letting of contracts.

The Committee was asked to recommend the updated CPRs and FPRs to full Council for approval.

A Member whilst being supportive of the proposed changes to the CPRs and accepting the rationale for increasing the threshold of contracts from £25k, questioned why the figure was set at £50k. He felt that the increase should have been linked to an inflationary index. In response, the Monitoring Officer explained the rationale for increasing the level to £50k, advised that it had been some time since a review of the threshold levels had been undertaken and to reflect the inflationary increase in the cost of supplies. The proposed increase would provide greater opportunity to award more contracts locally and efficiently, whilst demonstrating Best Value, via a Best Value Form for contracts over £25k. It was hoped that this would help to reduce the number of breaches and waivers. The Monitoring Officer stated that the proposals, if approved would be kept under review and a further report be brought to the Committee in 18 months' time to review the impact of the changes, with any future amendments proposed, in light of operational experience. The Head of Strategic Procurement further advised that new legislation regarding CPRs was to come into effect in October 2024.

In response to questions from Members seeking clarity and assurance, it was noted that: -

- the Procurement team would provide support to officers to complete the Best Value Form for contracts over £25k and would carry out an audit of the completed Best Value forms to ensure that contracts had been awarded between £25k to £50k, and that Best Value had been achieved.
- no costs would be incurred by the Council for modifications being made to the Procurement teams computer system in terms of changes to the contract value thresholds.
- training in respect of Contract Procedure Rules was now compulsory for those officers who were responsible for procuring contracts and that following Council's approval of the revised Contract Procedure Rules, a new staff e-learn system module would be available on the Council's Intranet.
- With reference to the 2022/23 51 contracts that had been awarded out of a total of 653 between £25k and £50k, as outlined in paragraph 9 of the report, the Head of Strategic Procurement advised that in relation to the changes made to the current thresholds, the Procurement Team have not carried out an analysis regarding the distribution of the number of contracts at different levels and in terms of whether this had affected the value of the distribution of contracts. The Head of Strategic Procurement advised that the distribution of contracts was not monitored as the contracts were variant, therefore the distribution of the contracts would not be affected. She undertook to provide the Vice-Chair with information regarding contract values at different thresholds outside of the meeting.
- In relation to how the changes to the current thresholds would affect the distribution of contracts and how an analysis work, the Assistant Director of Finance stated that there would not be a change to the values of the distribution of contracts, but there would be changes to the established processes in terms of obtaining and awarding of contracts. It was anticipated that the distribution of contracts would change over time, due to more contracts awarded for a longer term.

The Committee welcomed the revisions to CPRs, which would provide an improved awareness by Officers regarding waivers and help to address the current ambiguities in the use of waivers. When the Breaches and Waivers report is submitted to the Audit Committee meeting in November, the Committee hoped to see a marked improvement in relation to the number of Breaches and Waivers across the Council, which would set a benchmark for the future.

Members were informed that the report was to be considered for adoption by full Council, at its meeting on 21st September 2023. Following approval by the Council, the proposed changes, and details regarding the mandatory training on the revised procedure rules, would be communicated to Managers across the Council to ensure adherence of Council Procedure Rules.

Members were further informed that the next meeting of the Audit Committee was to be held in November and that the ordinary Audit Committee meeting, scheduled in September had been cancelled.

In closing the meeting, the Chair thanked everyone for their attendance.

RECOMMEND to full Council:-

- (1) that the proposed revisions to Contract Procedure Rules and Financial Procedure Rules, as detailed within Appendices 1 and 2 of the report be approved; and
- (2) following approval by full Council the Revised documents be incorporated into the Council's Constitution.

RESOLVED that a further review of the Council's Contract Procedure Rules and Financial Procedure Rules be undertaken in 18 months' time to consider the impact of the changes and that any further proposed amendments be considered by the Audit Committee based / in light of on operational experience.

CHAIR: _____

DATE: _____



Report

Date: 23rd November 2023

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. Four actions are complete, and the remaining action is progressing in accordance with the agreed timescale.

EXEMPT REPORT

3. The report does not contain exempt information.

RECOMMENDATIONS

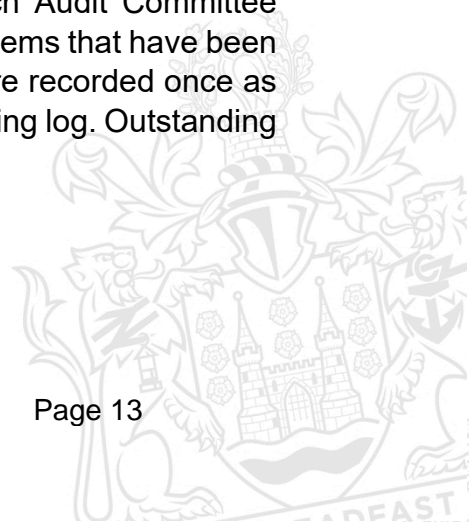
4. The Committee is asked to note the progress being made against the actions agreed at the previous committee meetings

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

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AUDIT COMMITTEE ACTION LOG – 23rd November 2023

Follow-up actions from previous meetings:-

Meeting 27th July 2023			
Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
<p>Minutes from 27th April Audit Committee – Annual Report of the Monitoring Officer</p> <p>The Vice-Chair felt that there was no mechanism for staff to report anonymous whistleblowing concerns as there was no dedicated telephone number and requested that the Monitoring Officer attend the next meeting of the Audit Committee to clarify the statements represented in the minutes of the April meeting of the Audit Committee.</p>	<p>The Policy included the whistleblowing contact names and posts and provided the Council switchboard number.</p> <p>The Whistleblowing Policy and fact sheet has been updated to reflect new whistleblowing contacts and direct phone numbers alongside an article on the intranet.</p>	Scott Fawcus	Y – completed.
<p>Internal Audit Progress Report – Strategic Property / Land Income Reconciliation</p> <p>The Head of Audit was asked to provide information on the level of income raised in the Strategic Properties / Land Income area where there was an overdue high risk agreed management action.</p>	<p>It has been confirmed that annual income in this area is approximately £2.2m.</p>	Peter Jackson	Y – completed.
<p>Internal Audit Progress Report – Taxi Licencing</p> <p>A progress 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 February 2024 meeting of the Audit Committee</p>	Kellie Hopkins	N – Due for completion 1 st February 2024.

Meeting 27 th April 2023			
Minute/ Action	Progress update	Responsible Officer	Completed (Y/N)
<p>Breaches and Waivers to the Council's Contract Procedure Rules</p> <p>The Head of Procurement is to review training with budget holders and assess mandatory training for all officers involved in procurement.</p>	<p>The review is in progress and will be reported at the November 2023 meeting of the Audit Committee.</p>	Holly Wilson	Y – Included within the Breaches and Waivers to the Council's CPRs Report at the Audit Committee meeting on 23 rd November 2023.
<p>The Head of Procurement is to report upon the number breaches against the purchase card policy at a future meeting of the Audit Committee.</p>	<p>Monitoring of compliance against the new Purchase Card policy has now commenced and report will be brought to the November committee.</p>	Holly Wilson	Y – Included within the Breaches and Waivers to the Council's CPRs Report at the Audit Committee meeting on 23 rd November 2023.



Report

Date: 23rd
November 2023

To: AUDIT COMMITTEE

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

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

EXECUTIVE SUMMARY

1. This report provides Members with details of all the waivers and breaches to the Contract Procedure Rules (CPRs) for the period **1st March 2023** to the **31st August 2023**.
2. The table below summarises the number of new waivers and breaches recorded for each Directorate since the last audit report presented in April 2023 and the one before in October 2022. The details of each waiver and breach are summarised in the appendices to this report. Please note due to the realignment of directorates the CEX directorate has been added to the table, the majority of spend was previously incorporated in the Corporate Resources directorate. This will keep statistics relative.

Directorate	1 st Mar 23 to 31 st Aug 23		1 st Sep 22 to 28 th Feb 23		1 st Mar 22 to 31 st Aug 22	
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers
AHW	1	4	0	5	0	4
CYPF	0	0	0	2	0	2
CR/CEX	0	4	0	5	4	5
PLACE (was E&E)	2	3	4	4	2	6
GRAND TOTAL	3	11	4	16	6	17
% Waivers versus No. Contracts Awarded	2.57%		4.92%		5.57%	
% Value of Waivers versus Value Contracts Awarded	2.74%		2.16%		2.52%	

EXEMPT REPORT

3. This report is not exempt.

RECOMMENDATIONS

4. To note the waivers and breaches recorded for the period between the **1st March 2023 to the 31st August 2023**.
5. To note work undertaken by the Strategic Procurement Team (SPT) to ensure compliance and deliver services.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. There are no specific implications within this report.

BACKGROUND

7. The Monitoring Officer (MO) monitored compliance with the CPRs for the period covered by this report.
8. Waivers are only granted when the rationale 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 decreased from **16**, as reported in April 2023, to **11**.
12. 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.
13. The CPRs were approved by Council in September 2023. The changes have been communicated with the Audit Committee. The new rules are being embedded across the Council and will be applicable to the Audit Committee Report in April 2024.
14. The Department of Health and Social Care (DHSC) intends the Provider Selection Regime (PSR), this is a regulation under the Health and Social Care Act 2022, to come into force on the 1st January 2024. 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 1st January 2024.
15. 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

16. The Council's CPRs state the following thresholds where commensurate competition should be undertaken by officers to ensure value for money: -
- **Up to £25,000** - use of an in-house supplier, Council wide contract, third party framework agreement or direct award, where possible, to a Doncaster based organisation.
 - **Between £25,000 and £177,898 (£213,477 inc. 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 £177,898 and £552,950 (£663,540 inc. VAT) (Light Touch Regime (LTR) Services) or £4,447,488 (£5,336,937 inc. 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 £177,898 (Goods/Services) or £552,950 (LTR Services) or £4,447,488 (Works)** - use of an in-house supplier, Council wide contract, third party framework agreement or carry out a public contract regulations compliant tender process.
17. The above thresholds will be amended to reflect the new CPRs in the April 2024 Audit Committee Report.
18. There have been **three** new breaches and **two** resolved breaches. There are **three** unresolved breaches.
19. **Appendix 1** shows the details of the **new, unresolved,** and **resolved** breaches for this period.
20. Public procurement law thresholds are set and can only be waived if the award meets strict criteria set out in the legislation. In addition to this the Council recognise that discretionary thresholds within the CPR's may be a barrier to the delivery of services and, therefore, Council Officers can request that the CPR's are waived in specific instances, in accordance with the following permissible exemptions.

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

Breaches to the CPR's

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

Update to Breaches previously reported

22. In **April 2023**, there were **four** new breaches reported to Audit Committee, **one** unresolved breach and **five** resolved breaches.

Waivers to CPR's

23. **Eleven** waivers have been approved for this six-month period, which has decreased from the last report in April 2023 where there was **sixteen**. The number and contract value of waivers granted against the number of contracts awarded for this period are shown in **Appendix 3**.

24. 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

25. SPT (Strategic Procurement Team) continue to work closely with all Directorates to improve procurement practices and provide assurance that arrangements are robust and compliant.

26. The embedment of the Category Management approach continues. Senior Category Managers still have specific responsibility for certain Assistant Directors and Heads of Service to ensure lines of communication remain.

27. 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.

28. 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 currently in construction based on the newly approved CPR's, this will be mandatory for all budget holders. Budget holders will be asked to nominate officers in their teams who have some level of responsibility for contracting and procurement. It was not deemed appropriate for all staff to have this mandatory training as a high proportion do not have responsibility for contracting and procurement.

29. Procurement System developments continue, the main objectives are to improve data quality, sustain and improve compliance and deliver procedural efficiencies. The new Procurement Planning module, part of the YorTender (e-tendering system), has gone live. Procurement projects have been uploaded into this system from the Excel Category Plans that were used previously and cumbersome. This system will allow for better planning and visibility on procurement projects.

30. SPT work with P2P (Purchase to Pay) to ensure compliance against the new Purchase Card Policy. This is low level spend but should adhere to the policy, to

note this policy is to ensure correct use of purchase cards, mitigate risks and ensure probity it is not there to control how budgets are spent by budget holders, this is undertaken by budget management practices. An internal audit was undertaken on Purchase Cards and all actions resulting from this audit have been implemented. SPT complete quarterly checks on purchase card spend to ensure compliance and this is signed off, spend is currently compliant. The last quarter review was undertaken, and no anomalies found. Purchase Card transactions are published quarterly on the Council's webpage in accordance with the Local Government Transparency Code.

OPTIONS CONSIDERED




31. 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

32. 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

33.

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

Comments: Social value is included in all public procurement above £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.



Building opportunities for healthier, happier and longer lives for all



X

Comments:



Creating safer, stronger, greener and cleaner communities where everyone belongs



X

Comments:



Nurturing a child and family-friendly borough



X

Comments:



Building Transport and digital connections fit for the future



X

Comments:



Promoting the borough and its cultural, sporting, and heritage opportunities



X

Comments:

Fair & Inclusive



Comments: This is covered as part of the social value delivered through contracting at the Council.

34. Legal Implications [Officer Initials: SRF | Date: 3/11/23]

There are no specific legal implications arising from this report. Legal advice has been provided on the individual waivers and continued legal support will be provided to the service areas in relation to these matters.

35. Financial Implications [Officer Initials: PH | Date: 02/11/23]

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

36. Human Resources Implications [Officer Initials: SH | Date: 02/11/23]

There are no specific HR implications arising from this report.

37. Technology Implications [Officer Initials: PW | Date: 01/11/23]

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

RISKS AND ASSUMPTIONS

38. 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

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

BACKGROUND PAPERS

40. None

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

41.

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 Health (PH)
Purchase to Pay (P2P)
Place – previously E&E
Technology Governance Board (TGB)

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BREACHES

- **New** CPR breaches that have been identified between the **1st March 2023 to the 31st August 2023**.
- **Unresolved** breaches reported to the Audit Committee previously and;
- **Resolved** breaches reported previously

No	Directorate	Status New Unresolved Resolved	Initial Date Reported	Contract Description	Value	Reason for breach	Proposed action to be / has been taken in relation to the breach	Timescale for resolution
1.0	CR/CEX	Resolved	Oct 22	Meat & Meat Products Contract	£90,310	Contract expired	<p>Nov 2023 Note: This contract has been awarded.</p> <p>Apr 2023 Note: Currently out to market, anticipated contract award date 1st May 2023.</p> <p>Oct 2022 Note: Oversight and contract expired but continued use. SPT currently working with the service area to complete a re-procurement exercise, and this is due for award November 2022. A further mitigation is that a new contract pipeline module, that is part of the e Tendering system, is currently being implemented and this will give full visibility on all procurement projects linked to the contracts register.</p>	May 2023 Nov 2022
2.0	PLACE (was E&E)	Resolved	Apr 23	Ventilation Supplies	£71,450	No contract	<p>Nov 23 Note: Encompassed in wider recently re-procured contract for Plumbing and Heating Supplies.</p> <p>Apr 23 Note: Aggregated spend analysis has established that a contract should be formed for the supply of these products. New contract is currently being tendered (due back 23rd Mar) and will be awarded April 2023.</p>	Apr 2023
2.1	PLACE (was E&E)	Unresolved	Apr 23	Building Materials – Timber	£51,570	Contract expired	<p>Nov 23 Note: Procurement works underway, redesign of the contract and the way it is delivered has added in additional time to resolve.</p> <p>Apr 23 Note: 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>	Jan 2024 Nov 2023

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
2.2	PLACE (was E&E)	Unresolved	Apr 23	Kitchens	£39,520	No contract	<p>Nov 23 Note: Contract in draft, plan to award November 2023. Low value contract, decision taken to prioritise other works.</p> <p>Apr 23 Note: 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
2.3	PLACE (was E&E)	Unresolved	Apr 23	Building Materials	£87,225	Contract expired	<p>Nov 23 Note: ITT currently out to market, subject to the process – award should be made Nov 23.</p> <p>Apr 23 Note: As per the Breach 2.0 (above) narrative.</p>	Nov 2023
2.4	PLACE (was E&E)	New	Nov 23	Modular Buildings	£213,000	Not obtained quotes/ tenders	<p>Nov 23 Note: 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
2.5	PLACE (was E&E)	New	Nov 23	Modular Buildings	£37,486	Not obtained quotes/ tenders	<p>Nov 23 Note: 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
3.0	AHW	New	Nov 23	Supported Accommodation and Floating Support Services for Young Families & Parents to be	£392,000	CPR Waiver rejected	<p>Nov 23 Note: 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>	May 2024

APPENDIX 2

WAIVERS

CPR waivers agreed covering the period **1st March 2023 to the 31st August 2023**, with an explanation of the reasons for the waiver.

No.	Directorate	Title	Waiver Category	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Reason for the Waiver (brief description)
1.0	CR/CEX	Local Assistance Scheme Awards Fulfilment Service	3. Safe Exit from a contract	£5,000	01/04/2023	30/06/2023	The contract is due to end on 31/03/23, the 3-month extension will allow full procurement to be completed, so a direct award variation agreed to allow for this. Included as a waiver due to aggregated spend amounts.
1.1	CR/CEX	Ad Hoc Invasive Autopsy Service	1. Sole Provider/Niche Market	£50,000	01/04/2023	31/03/2025	Contract required for invasive autopsies. Due to the sensitivity of an invasive autopsy, when a digital autopsy cannot determine a cause of death, a local provision is required to limit distress and to expedite the process. Due to this the delivery of this contract is conducted in South Yorkshire.
1.2	CR/CEX	CaseCentre E Bundling	1. Sole Provider/Niche Market	£73,402	13/05/2023	12/05/2026	No other system to deliver this service can support the Council systems to produce court bundles. This contract creates e-bundles that are more efficient than manually producing bundles thus saving costs to the Council.
1.3	CR/CEX	UbriCity On-Street Residential Electric Vehicle Charging Pilot Scheme	1. Sole Provider/Niche Market	£2,026,600 <i>(concession value not included in Appendix 3)</i>	01/08/2023	31/07/2038	This is a concession agreement; this waiver value is the estimated income over the period for the supplier and will not be paid by the Council. –
2.0	PLACE (was E&E)	Highways Maintenance and Street Works System	3. Safe Exit from a contract	£35,000	01/01/2023	21/05/2023	Facilitate the safe exist from the current system (internally hosted) to an externally hosted system sustaining service delivery and minimise disruption throughout.
2.1	PLACE (was E&E)	Environmental Enforcement	4. Forms Part of a Strategic Plan/Review	£116,000	01/07/2023	30/11/2023	Extend the incumbent contract to align shared service agreements with Rotherham Council, North Lincolnshire Council and North East Lincolnshire Council.
2.2	PLACE (was E&E)	Corn Exchange Dilapidation Works	2. Emergency Situation	£112,742	01/03/2023	31/06/2023	Emergency works to a contractor to carry out repair works to the smoke ventilation system in the Corn Exchange Building in the Doncaster Marketplace.
3.0	AHW	Self-Management Support System for Adults with Mental Health and Learning Disabilities	1. Sole Provider/Niche Market	£34,925	30/04/2023	29/04/2024	Bespoke system to support adults who have eligible Care Act needs.

No.	Directorate	Title	Waiver Category	Waiver Value (£)	Waiver Period Start Date	Waiver Period End Date	Reason for the Waiver (brief description)
3.1	AHW	Doncaster Domestic Abuse Service	3. Safe Exit from a contract	£250,000	13/05/2023	12/05/2024	Need to continue with the incumbent service as the re-procurement failed to attract any suitable bidders. The service will need to be redesigned to ensure that the market can meet the contract requirements.
3.2	AHW	AskSARA System	1. Sole Provider/Niche Market	£100,163	01/08/2023	31/12/2025	Bespoke system available in the market that meets the service specification, allowing self-assessment linking to an online e marketplace to enable self-purchase of Assistive Technology (AT)
3.3	AHW	Doncaster Supported Living Service	3. Safe Exit from a contract	£8,429,500 (x3 Providers)	01/09/2023	03/03/2024	Continuation of incumbent contracts that were market tested in 2018. Significant market engagement and analysis of the market has established that a new contract methodology needs to be established (Flexible Purchasing System). This is an open framework agreement; additional procurement time is required to set up the overarching framework and then further compete the packages that sit below this. Additional time required to ensure transfer of contracts (if applicable) and minimal disruption to service users – who are involved in commissioning decisions.

APPENDIX 3

Total contracts awarded versus the number and value of waivers: 1st March 2023 to the 31st August 2023.

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
AHW	4	£8,814,588	33	£173,050,037	12.12%	5.09%
CYPF	0	£0	218	£52,321,876	0%	0%
CR/CEX	4	£128,402	40	£8,469,641	10%	1.52%
PLACE (was E&E)	3	£263,742	137	£102,624,513	2.19%	0.26%
Total	11	£9,206,732	428	£336,466,068.	2.57%	2.74%

The % total number of waivers granted, for this period, against contracts awarded was **2.57%**, which is a decrease on the previous period between the **1st September 2022 to the 28th February 2023** of which was **4.92%**.

The % total value of waivers granted, for this period, against total value of contracts awarded was **2.74%**, which is a slight increase from the previous period between the **1st September 2022 to the 28th February 2023** of which was **2.16%**.

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Report

Date: 23rd November 2023

To: The Chair and Members of the Audit Committee

Report Title: INTERNAL AUDIT REPORT FOR THE PERIOD: July 2023 to October 2023

EXECUTIVE SUMMARY

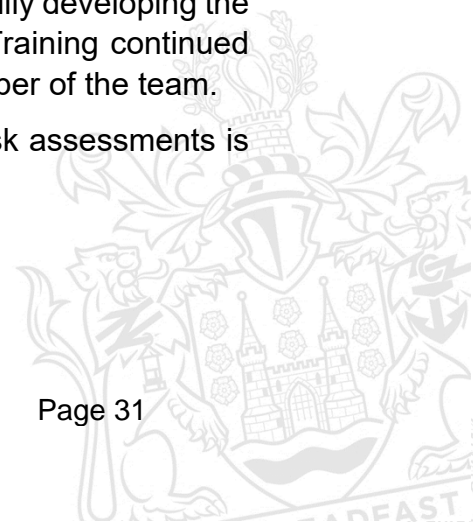
1. The report attached at **Appendix 1** updates the Audit Committee on the work undertaken by Internal Audit for the period of July to October 2023.
2. The attached report is in four sections:
 - Section 1. The Audit Plan / Revisions to the Plan
 - Section 2. Audit Work Undertaken During the Period
 - Section 3. Implementation of Management Actions arising from Audit Recommendations
 - Section 4. Internal Audit Performance
3. A summary of the main points from each of the sections is provided in the following paragraphs:

Section 1: The Audit Plan / Revisions to the Plan

4. The original plan was approved at the April Audit Committee and will be continually reviewed throughout the year in accordance with best practice and our agile approach to auditing. Section 1 sets out further detail and significant changes in this period.

Section 2: Audit Work Undertaken During the Period

5. During the period July to October, our work has been on our routine and planned audits and on the lessons learnt reviews requested by management, alongside other investigatory and consultancy work.
6. Resources, as planned, have continued to be used in successfully developing the team's auditing methodologies and reporting arrangements. Training continued being rolled out to all members of the team and to a new member of the team.
7. Our ongoing work in establishing and updating our detailed risk assessments is also helping to support the prioritisation of our work.



Section 3: Progress on the implementation of Management Actions arising from Internal Audit recommendations

8. The numbers reported in this section are those reported as part of the Finance and Performance reporting for consistency with that report and accordingly do not include those from reports completed in October. A verbal update will be provided to members at the Audit Committee meeting in relation to any substantial changes.
9. There are currently no high risk level overdue management actions
10. The total number of overdue medium and low risk level management actions has increased from 5 to 8 . Revised implementation dates have been agreed for these actions requiring a further extension of time.
11. In total for all audit agreed management actions there are 22 Internal Audit actions awaiting implementation, 14 of which are not yet due.
12. Is clear from the current position that implementation of agreed management actions is operating well. We will continue to tightly monitor and manage this area.

Section 4: Performance Information

13. Key operational indicators are over the timeliness of the issue of draft and final reports and these have all been issued within target timescales.
14. Results relating to major recommendations and customer satisfaction remain positive, with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above.
15. The plan for the remainder of the financial year has been assessed and the Head of Internal Audit considers that sufficient work will be delivered to be able to provide his opinion on the Council's risk, governance and control arrangements. He will however be placing additional reliance on other wider sources of assurance to support this opinion in addition to the planned audit work.
16. The work delivered by the audit team provides a source of intelligence for the Annual Governance Statement. The work delivered in the year to date, has not identified any new areas of concern that should be considered for inclusion in the Annual Governance Statement. Additionally, work completed in the year to date has not identified any reason to result in a negative or limited annual opinion over the council's risk, governance and control arrangements.

EXEMPT REPORT

17. The report does not contain exempt information.

RECOMMENDATIONS

18. The Audit Committee is asked to note:
 - the position of the Internal Audit plan
 - the Internal Audit work completed in the period
 - the position with regards the implementation of management actions arising from Internal Audit recommendations
 - the current position regarding the ability to deliver the annual opinion over the council's risk, governance and control arrangements

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

19. 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

20. 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

21. Not applicable – for information only

REASONS FOR RECOMMENDED OPTION

22. Not applicable – for information only

23. Legal Implications

Legal implications were not requested in relation to this report.

24. Financial Implications

Financial implications were not requested in relation to this report.

25. Human Resources Implications

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

26. Technology Implications

Technology implications were not requested in relation to this report.

RISKS AND ASSUMPTIONS

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

CONSULTATION

28. 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. Regular meetings are held with Senior Management to ensure there is effective and relevant Internal Audit coverage provided.

BACKGROUND PAPERS

29. United Kingdom Public Sector Internal Audit Standards, audit working files and management information, customer satisfaction responses.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

30. None

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**City of
Doncaster
Council**

Appendix 1

Doncaster Council

Internal Audit Progress Report

July to October 2023

Section 1: Revisions to the Audit Plan

1.1 The 2023/24 Internal Audit Plan was approved by the Audit Committee on 27th April 2023. As the audit year progresses, the plan is reviewed to take account of any new and emerging risks and any responsive work arising. Additional work undertaken is added to the plan and is resourced by the deletion or deferral of the assessed lowest risk work items. This is well established best practice and in line with our agreed Strategy. The staffing resources available have reduced since the original Audit plan was approved due to unsuccessful recruitment exercises, although we now have a new temporary member of the team which will help the team resource in future quarters. The future impact of these vacancies on the plan continues to be assessed and managed.

1.2 Significant changes to the plan for the period are set out below, and further changes will continue to be made as the year progresses in accordance with our strategy to reflect new and emerging risk, changing priorities and to reflect resources available within the team.

1.3 New significant pieces of work added to the work plan in the quarter are:

- S106 Funded Improvement Works Investigation – This investigation was requested by management on the basis of concerns raised over work undertaken.

1.4 Items of work removed from the plan include those set out below: -

- Homes and Community Agency Grant 2023/24 – we were not required to complete this work as no schemes were selected for audit by the agency.
- ITrent Flexi and Leave System Audit 2023/24 - there are currently insufficient resources available for this work which is anticipated being reviewed in the 2024/25 Financial Year.
- Climate Change Governance Arrangements Follow Up 2023/24 – this piece of work will be undertaken in the 2024/25 Financial Year when we assess the outcomes from our recent audit in this area.
- Schools Financial Value Standard – Self Assessment Frameworks 2023/24 – insufficient resources were available to undertake this work deferred into the 2024/25 Financial Year Assessment.
- School 2 2023/24 – this audit has been removed due to other higher priority work.

1.5 We continue to work with all relevant teams within the Council to ensure our ongoing planned work for the year remains relevant and adds maximum values to the Council. We also continue sense checking our planning and approach with other Audit Teams in the regions that are in our working network. Our ongoing work in establishing and updating our detailed risk assessments is also helping to support the prioritisation of our work. This ensures that audit resources continue to be targeted to reviewing the highest risks to the Council.

Section 2: Audit Work Undertaken During the Period

- 2.1 During the period July to October, our work has been on our routine and planned audits and on the lessons learnt reviews requested by management, alongside other investigatory and consultancy work.
- 2.2 Resources, as planned, have continued to be used in successfully developing the team's auditing methodologies and reporting arrangements. Training continued being rolled out to all members of the team and to a new member of the team.
- 2.3 Our ongoing work in establishing and updating our detailed risk assessments is also helping to support the prioritisation of our work.
- 2.4 Internal Audit provides an opinion on the control environment for all systems, services, or functions, which are subject to planned audit review. The opinions given are considered when forming our overall annual opinion on the adequacy and satisfactory operation of the Council's governance, risk management and internal control arrangements at the end of the year.

Internal Audit Opinion

- 2.5 A "*substantial assurance*" opinion is given where there are no or low levels of concern. A "*reasonable assurance*" opinion is given where there are issues of concern that need to be addressed which may put at risk the achievement of objectives in the area audited. A "*limited assurance*" opinion is given in any area under examination where one or more concerns of a 'fundamental' nature are identified or where there are a considerable number of issues of concern arising which need addressing. A '*no assurance*' opinion is given where immediate action is required to address fundamental gaps, weaknesses or non-compliance identified in the area under review, although '*no assurance*' opinions are extremely rare.

Summary of Findings from Audit Reviews

- 2.6 Summary conclusions on all significant audit work completed July to October 2023 and any completed work not previously reported, are set out in **Appendix A**.

Audits providing 'limited' assurance opinions

- 2.7 There have been no 'limited assurance' opinions given this period.

Responsive Audit Work and Investigations

- 2.8 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. This area is covered in detail within the Annual Preventing and Detect Fraud and Error Report which forms part of this Audit Committee meeting's agenda.

Items of significance outside of the above report are stated below:-

S106 Funded Improvement Works Investigation 2023/24

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.

Head Teacher Recruitment Lessons Learned Review 2023/24

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.

Section 3: Implementation of Management Actions arising from Audit Recommendations

- 3.1 Following the completion of audit work, improvement plans are produced in consultation with service management containing details of actions and dates agreed by management for their implementation. Final reports, incorporating agreed improvement plans, are then formally issued to the appropriate Director, Assistant Director and Head of Service.
- 3.2 Internal Audit subsequently seeks assurance that agreed actions arising from audit work have actually been implemented and are effectively managing any risks previously identified. This involves contacting the officer allocated to complete the action to obtain evidence that agreed actions have been implemented or, where they have not, that appropriate progress is being made. Where fundamental weaknesses in internal control arrangements have been identified, more detailed follow up work is undertaken.
- 3.3 Any agreed management actions that are not implemented in line with agreed timescales require Assistant Director authorisation for a time extension and are reported as part of the Council's Quarterly Resource Management processes and consequently monitored through that process. Additionally, Assistant Directors are provided each month with details of all actions outstanding in their area and these are then reviewed with Internal Audit and the Director and their management teams each quarter. Overdue high risk level management actions are reported routinely by Internal Audit to the Audit Committee as are numbers of outstanding lower-level management actions. 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.

3.4 These numbers reported in this section are those reported as part of the Finance and Performance reporting for consistency with that report and accordingly do not include those from reports completed in October. A verbal update will be provided to members at the Audit Committee meeting in relation to any substantial changes.

3.5 The total number of actions which are overdue i.e. that have passed their original agreed implementation date has remained stable at 8 in total, being 0 high level management actions and 8 medium / lower level management actions. A breakdown of these by Directorate is detailed in the table below. All these management actions have had revised dates agreed by their relevant Assistant Directors and we will tightly monitor and report on the achievement of these revised dates. There are no areas of concern covering the 8 medium / lower level overdue management actions.

3.6 The detail of the high-level management actions and revised implementation dates is provided in **Appendix B**.

Directorate	Number of high-risk level management actions overdue					Number of medium / lower risk level management actions overdue				
	At 30/09/2022	At 31/12/2022	At 31/03/2023	At 30/06/2023	At 30/09/2023	At 30/09/2022	At 31/12/2022	At 31/03/2023	At 30/06/2023	At 30/09/2023
Adults, Wellbeing & Culture	0	0	0	0	0	0	0	0	0	0
Place	0	0	0	1	0	3	1	3	3	8
Corporate Resources	0	0	0	0	0	1	2	3	2	0
Chief Executives	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	0
Corporate Resources and Chief Executives	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	0
Children, Young People & Families *	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	1	0	4	3	6	5	8

* These figures do not include the number of actions arising from the 4 school audits / investigation completed as these traditionally generate a high number of action and have different ratings for the school to work to and therefore reporting these figures would disproportionately misrepresent the Council's position.

3.7 Reviews have been carried out at three schools to assess the adequacy of both governance and financial arrangements. Two schools were given reasonable assurance opinions and the other, limited assurance. School 4 is the Primary school that was subject to a fraud investigation. The status of the agreed actions is set out below. All actions for School 3 are now complete and better progress is being made at the other schools. We will continue our escalations within the schools and Council management.

School	Assurance Opinion	Total Number of Issues Raised			Number of Management Action Overdue as at 30/09/23			Number of Management Actions Not Yet Due		
		High	Medium	Low	High	Medium	Low	High	Medium	Low
School 1	Reasonable Assurance	9	13	0	5	8	0	0	0	0
School 2	Limited Assurance	10	13	1	1	5	0	0	0	0
School 3	Reasonable Assurance	13	5	1	0	0	0	0	0	0
School 4	N/A Investigation	31	14	5	1	3	0	0	0	0
Totals		50	40	6	7	16	0	0	0	0

3.8. The spread of **all** agreed management actions awaiting implementation including those not yet due is shown below.

Directorate	No. of actions at 30/09/2022	No. of actions at 31/12/2022	No. of actions at 30/06/2023	No. of actions at 30/09/2023
Adults, Wellbeing and Culture	0	0	0	9
Place	3	5	12	10
Corporate Resources	9	11	6	0
Chief Executives	N/A	N/A	N/A	0
Chief Executives and Corporate Resources	N/A	N/A	N/A	3**
Children, Young People and Families *	0	0	2	0
TOTAL	12	16	20	22

* These figures do not include the number of actions arising from the 4 school audits / investigation completed as these traditionally generate a high number of action and have different ratings for the school to work to and therefore reporting these figures would disproportionately misrepresent the Council's position

**These three actions have joint ownership between officers within both directorates.

3.9 It is clear from the current position that implementation of agreed management actions is operating well. We will continue to tightly monitor and manage this area.

Section 4: Internal Audit Performance

Performance Indicators

- 4.1 The Audit Committee has previously agreed the key performance indicators that should be reported to it relating to the performance of the Internal Audit service.
- 4.2 Key indicators are over the timeliness of the issue of draft and final reports and these have all been issue within target timescales.
- 4.3 Results relating to major recommendations and customer satisfaction remain positive, with 100% of critical or major recommendations agreed and 100% of Customer Satisfaction Surveys rated Satisfactory or above.

The indicators are shown below along with current performance for the period July to October 2023:

Performance Indicator	Target	July to October 2023	Variance (positive is good)
Draft reports issued within 15 days of field work being completed	90%	100%	+10%
Final reports issued within 5 days of customer response	90%	100%	+10%
% of critical or major recommendations agreed	100%	100%	0%
Percentage of Customer Satisfaction Surveys rated Satisfactory or above	90%	100%	+10%

Rolling Audit Opinion over Risk, Governance and Control Arrangements and Annual Governance Statement Items

- 4.4 The plan for the rest of the Financial Year has been assessed and the Head of Internal Audit considers that sufficient work will be delivered to be able to provide his opinion on the Council's, risk governance and control arrangements. He will however be placing additional reliance on other wider sources of assurance to support this opinion in addition to the planned audit work.
- 4.5 The work delivered by the audit team provides a source of intelligence for the Annual Governance Statement (AGS). The work delivered in the year to date, has not identified any new areas of concern that should be considered for inclusion in the Annual Governance Statement for 2023/24. Additionally, work completed in the year to date has not identified any reason to result in a negative or limited annual opinion over the council's risk, governance and control arrangements.

APPENDIX A

Planned Audit Work Completed in Period

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
CORPORATE RESOURCES				
SLHD Procurement Arrangements 2023/24	The objective of this audit was to review corporate procurement activities as undertaken by City of Doncaster Council (and on behalf of St Leger Homes). This review looked at the arrangements in place with City of Doncaster Council to monitor contracts ending and ensure efficient and timely procurement arrangements are taking place that minimise breaches of both the law and internal procurement rules.	October 2023	Substantial Assurance	No high-risk findings were raised.
CHIEF EXECUTIVE'S				
S106 Funded Improvement Works Investigation 2023/24	The objective of the audit was to ensure that that all monies spent from the S106 funding has been accounted for and has been spent in line with the S106 funding agreement, to prevent further losses	September 2023	None given	No issues were raised. Learning points from this investigation will be applied into the

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
	should there be any misuse of the funding and that action is being taken where possible against anyone misusing the funding.			corporate review of S106 monies
PLACE				
Doncaster Decarbonisation Grant Management 2023/24	The objective of this audit was to assess the robustness of the arrangements for administering the Doncaster Decarbonisation Grant in line with the funding conditions and the effectiveness of the anti-fraud controls in place, and to make recommendations for the improvement of those controls where possible, as a learning exercise for inclusion in future grant scheme arrangements.	July 2023	Substantial Assurance	There were no high risk findings raised.
St Leger Homes - KPIs KPI 11 – Days Lost to Sickness per Full Time Equivalent 2023/24	This review aims to give assurance on the accuracy of performance information provided by the performance indicator KPI 11 – Days Lost to Sickness per Full Time Equivalent which is reported to the Overview and Scrutiny Management Committee.	October 2023	KPI is Fairly Stated	None

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
St Leger Homes - KPIs KPI-12 – Percentage of Local Capital and Revenue Spend 2023/24	This review aims to give assurance on the accuracy of performance information provided by the performance indicator KPI 12 – Percentage of Capital and Revenue Expenditure which is reported to the Overview and Scrutiny Management Committee.	October 2023	KPI is Fairly Stated	None
St Leger Homes - KPIs & TSMs Complaints Indicators 23/24	This review aims to give assurance on the accuracy of performance information provided on complaints handling indicator which is reported to the Overview and Scrutiny Management Committee.	October 2023	KPI is Fairly Stated	None
Changing Places Grant Verification	Confirm expenditure and that it is in keeping with the conditions of the grant statement.	September 2023	N/A Grant certification	Grant signed – no issues raised

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
ADULTS WELLBEING AND CULTURE				
<p>Adults Occupational Therapy Service and Equipment Provision Audit Review 2023/24</p>	<p>The objective of the audit was to review the Adult Occupational Therapy Service including Minor Adaptations Without Delay (MAWD) following recent operational changes. Ensuring that the process and systems in place enable the team to fulfil their responsibilities for the people of Doncaster, enabling them to remain safe, well and as independent as possible in their day to day lives.</p>	<p>October 2023</p>	<p>Reasonable Assurance</p>	<p>No high-risk findings were raised however improvements should be made to ensure payments that are made are accurate and recharging the Integrated Care Board (ICB) is on a more regular basis.</p> <p>There could also be improvements around ensuring that equipment that is no longer required is returned to the service.</p>

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
Supporting Families Grant Q4 2022/23 - (July to September Claims)	Confirm expenditure and that it meets the conditions of the grant allowing Doncaster Council sign off.	N/A	Not Applicable – Grant Claim verification.	Grant signed, no issues raised.
PUBLIC HEALTH				
No Planned work was reported in this period				
CHILDREN YOUNG PEOPLE & FAMILIES				
Big Picture Learning Quarter 1	To ensure that outputs made and claimed for are in accordance with the grant conditions	October 2023	N/A - grant Claim verification	Grant signed, no issues raised
Head Teacher Recruitment Lessons Learnt Review 2023/24	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	October 2023	N/A - lessons	A number of improvement points were raised around policy and procedures, training and governance with both the school and the Local Authority and actions have been agreed with both the Local Authority and the school

Audit Area	Assurance Objective	Final Report to Management.	Overall Audit Opinion	Summary of Significant Issues
	any other learning points to be applied at other schools.			
Respite Care Payments (Undertaken by Veritau)	<p>The purpose of this audit was to provide assurance to management that procedures and controls within the system ensured that:</p> <ul style="list-style-type: none"> • The Council's Financial Handbook and associated policies were reviewed periodically. • Processes were in place to ensure total days paid were in accordance with policy limits. • Mosaic contained the required supporting evidence before payments were made. • Costs to cover respite care were appropriate. 	September 2023	Substantial Assurance	No high-risk findings were raised.

Overdue High Risk Agreed Management Actions

APPENDIX B

Audit Area	Finding	Risk Exposure	Action Agreed	Estimated Impl'n Date	Revised Impl'n Date	Current Status
PLACE						
Strategic Properties / Land Income 2021/22	No checks are currently undertaken to ensure that an invoice is raised for all income due. This issue was originally identified in the previous audit of 2017, when it was agreed that quarterly reconciliations of income due to income billed would be undertaken. A 2019 follow up audit found that these reconciliations had not yet been introduced and work was subsequently undertaken to facilitate the reconciliations and a year end reconciliation exercise was completed. No reconciliations have been completed since.	High	Regular reconciliations of income due to bills will be undertaken in the future. The first full reconciliation of all accounts is currently being worked on, along with implementing actions to enable more efficient reconciliation exercises in the future.	31/05/2023	30/09/2023	<p>The action is now classified as complete with the reconciliation now complete and future reconciliations agreed to be undertaken in June and December each year.</p> <p>It is Internal Audits intention to work alongside the Section during or after the next reconciliation exercise, in order to gain full assurance that the reconciliation process is effective in identifying any potential anomalies, and to ensure the reconciliation process becomes embedded into the team's work programme.</p>

City of Doncaster Council Preventing and Detecting Fraud and Error Report

October 2022 to September 2023



Fraud and Error Prevention



City of Doncaster Council is committed to protecting the public purse and preventing (and detecting) fraud and corruption against public monies. Unfortunately, fraudsters have other ideas and are continually searching for new opportunities to exploit for their own ends.

The continuing increases in the cost of living, have the effect of increasing the risk of fraud throughout the UK whilst at the same time, the spending power of local authorities continues to fall making it harder

to maintain anti-fraud controls at a time when councils need it most. At Doncaster we take our responsibilities seriously to protect taxpayers' monies and vital council services.

This report documents the Council's activities in respect of fraud prevention, detection and pursuit and reports on both proactive counter fraud work and responsive investigative work. Our strategy in this respect is documented in the Council's Anti-Fraud and Corruption Framework which is available on the Council's internet site at <http://www.doncaster.gov.uk>.

Our Counter Fraud Set up

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

Information within this report (along with the information above), is required to be published under the Government's Transparency Agenda and this report is published alongside the required statistics on the number of individuals and full-time equivalent employees that are involved with fraud investigation (this information is available on the Council's website by searching for "Transparency").

The Overall Picture

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

The overall level of fraud experienced by the Council remains 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.

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

The remainder of this report documents our counter fraud and investigative activities for the period 1st October 2022 to 30th September 2023. This reporting period aligns with that of the National Fraud Initiative.

Counter Fraud Activity – Govern

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



Policies and Strategies



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

This document contains the Council's policy, strategy, and plan to combat fraud. It aligns directly with the Fighting Fraud and Corruption Locally Strategy for Local Government 2020. This document will be refreshed in the next financial year due to some upcoming legislative changes. The Council continues to be proactive in monitoring changes that may impact our work (whether they are new risks or new legislations). A revised framework is anticipated to launch the

2024/25 new financial year (subject to the timing of the law changes).

The Counter Fraud Response

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

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



The Counter Fraud Plan



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

It is approved by Audit Committee and was approved in April 2023 for the 2023/24 financial year. We report on the results of our preventative, detective, and investigative work annually in this report covering the period to the end of September. This reporting window has been adopted because this is the investigative and reporting timescale set by the National Fraud Initiative, one of our major pieces of work for the year.

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

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

Our plan is flexible and reactive and is based on our assessment of fraud risks. These are updated regularly, and new risks added as they are found.

Partnerships

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



Fraud Awareness Training



We have continued throughout the year with our training arrangements for anti-money laundering and anti-fraud, including delivery of anti-fraud training to our partners at St Leger Homes.

Our anti-fraud training will be refreshed in the coming year to reflect upcoming changes to the law and will be relaunched to coincide with the relaunch of a revised Anti-Fraud, Bribery and Corruption Framework.

Counter Fraud Activity – Acknowledge

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



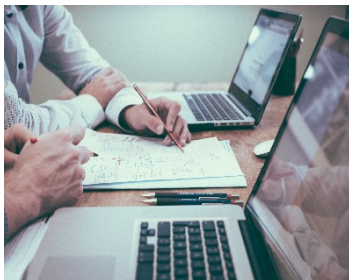
Fraud Risks

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



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

Counter Fraud and Investigative Resources



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

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

The Counter Fraud Plan is led by the Internal Audit Manager who works to the Governments Counter Fraud Professional Standards. She has significant experience of counter fraud and investigative practice having worked on fraud and counter fraud for over 15 years and also supports our partner organisation, St Leger Homes Ltd, ensuring a joined-up approach on both.

Additional counter fraud support is provided by the Internal Audit Team working under direction as needed.

Counter Fraud Activity – Prevent

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



Internal Controls



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

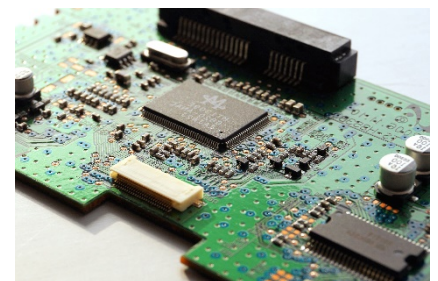
Internal Audit provides advice to departments and managers setting up or changing their processes so that developed internal control frameworks, policies and procedures are robust and effective. Where the need is more specific and relates to counter fraud controls or investigative advice, this is dealt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

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

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

The Use of Technology

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



We use internal data matching to bring together data sets across the council to detect fraud and error and we actively participate in Government and National Fraud Initiative pilot schemes to increase the range of data matching opportunities.

Counter Fraud Activity –Pursue

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

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



Blue Badge Fraud

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



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

Key Statistics

Results	Number / Value	2021/22 Comparison
Total number of parking tickets issued	16,554	15,510
Cautions issued	0	0
Written warnings issued	0	0
Unable to take further action	1	0
Prosecuted	1	3
Ongoing cases (awaiting court dates)	2	1

Prosecutions once again remain lower than pre-pandemic levels. This is due to two main factors: lower levels of contraventions than pre-pandemic levels due to decreased town centre activity and backlogs in the courts process leading to fewer prosecutions being undertaken.

The National Fraud Initiative (NFI)



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

NFI matches are released annually although the data checks run follow a 2-year cycle. The 2022/23 NFI cycle completed at the end of September 2023 was the main full data matching cycle.

The 2022/23 cycle therefore looked at more areas than the previous year's cycle. The following areas were included:

- Housing Benefit information (supplied by the Department for Work and Pensions)
- Student loan information (supplied by the Department for Work and Pensions)
- Council Tax Reductions and Council Tax Single Persons Discounts
- Payroll information for the Council and its partners
- Pensions information (supplied by the Department for Work and Pensions)
- Housing tenants' information
- Right to Buy sales from the sale of council houses
- Housing waiting list information
- Blue Badge permit information
- Residential parking permit information
- Taxi driver licenses
- Creditor invoices paid and creditor / supplier information

Our results are shown on the in the following summary table.

Results	Key Statistics			
	Matches Processed	Number of Issues	Actual Savings	Notional Savings
Blue Badge related matches	955	25	-	£15,600
Council Tax related matches	458	65	£43,119	£22,863
Creditor related matches	3158	5	£64,894	-
Housing Benefits matches	135	0	-	-
Housing tenancy matches	564	0	-	-
Housing waiting list matches	467	14	-	£59,962
Payroll related matches	156	0	-	-
Residential parking permit matches	7	0	-	-
Right to Buy matches	10	0	-	-

Doncaster Council uses other processes and real time data matching information provided centrally to inform the majority of its Council Tax and Housing Benefit based checking and has alternative arrangements to detect duplicate creditor invoices. As a result, the NFI matching in this area, adds little benefit to us as most matches are uncovered and investigated much more quickly using alternative methods. The results of this other work are included in the relevant sections of this report with only additional savings from actions not identified by other methods included in this NFI section.

The savings that are quoted for the NFI exercise are split into two main categories, actual savings, and notional savings. Actual savings are as they appear, they are monies that can be recovered. Notional savings, however, are based on the estimated values of a potential fraud in this area and are a value put on the level of *prevented* fraud. The costings applied per case, are those created by the NFI itself.

Overall savings from the exercise remain comparable with the results from previous year's investigations, although refinements in the exercise itself have reduced the number of matches requiring investigation.

Data for the next round of the initiative is due to be submitted in November 2023 and results for investigation are currently expected from March 2024 onwards.



Housing Benefit Overpayments

Housing benefit overpayments occur for a variety of reasons, for example through error or fraud by the claimant, error or fraud by the landlord or the agent, a change to entitlement that is not reported or delays in reporting changes to circumstances for the claimant. Occasionally errors are caused by the local authority in possessing. Most overpayments happen because there has been a change in the claimant's circumstances that was not communicated to the Council or was communicated late. Housing benefit fraud happens when these changes are deliberately not reported.

Regardless of the cause, the Council pursues all eligible housing benefit overpayments. (This is any amount which has been paid to which there was no entitlement). This is in line with best practice.

Activity in the period October 2022 to September 2023, looks similar to the activity for the previous reporting period with the exception that the use of Direct Earning Attachments has been decreased substantially. This is because these attachments were not brought back into mainstream use until September 2021 when the UK's furlough scheme was ended. 2021/22 was, therefore, unusual. The figures for the current year represent a return to normal operational use of this recovery instrument.

Key Statistics		
Results	Number / Value	2021/22 Comparisons
Cases referred to the Department for Work and Pensions	209	199
Direct Earning Attachments (to recover overpayments)	20	79
New Invoices Produced for Recovery	1,828	1,253
Cash recovered	£564,753	£521,494



Single Persons Discount Reviews

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

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

The number of households reviewed fell during the period (due to timing issues in data submission). Values recovered and cancellation numbers, however, rose. This was partially caused by a 4.49% raise in the rate of Council Tax during 2022/23 with the remainder of the increase in numbers and value being driven by a change in processes which increased the number of letters being sent out and increasing fraud risks caused by the ongoing cost of living squeezes.

Key Statistics		
Results	Number / Value	2021/22 Comparison
Households reviewed in the period	17,550	23,961
Cancelled single persons discounts	1061	851
Value of cancellations (estimated)	£311,544	£215,208



Local Authority and DWP Joint Fraud Investigations

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

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

There were 3 joint investigations undertaken in 2022/23. Whilst 7 others have been started, they are yet to progress sufficiently to determine if a fraud has taken place or determine any subsequent values.

Key Statistics		
Results	Number	Value
Joint investigations completed in the period	3	£47,229
Joint investigations ongoing	7	Not determined



Creditor Invoice Matching

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.

The statistics included here (below) include preventions / recoveries from the Council and St Leger Homes. However, only transactions between the 1st April 2023 and the 30th September 2023 are included in the table below. This is because our recovery system was changed in March 2023 and comparison data was not downloaded at that time. The system provider has been unable to recover the lost totals since the system transition. This did not affect the investigation or recovery of transactions at that time, only the output recording information was lost. We are therefore unable to provide information for the 6 months prior to the system change.

Key Statistics (April 2023 to September 2023 only)

Results	Number / Value (6 months)	2021/22 Comparisons (Full year)
Prevented Payments	27 - £68,854	76 - £127,708
Recovered Payments	8 - £49,432	6 - £2,450

Teachers Pensions Matching

Teacher's pensions are paid by a specific outside body that deals with the Teacher's Pension Scheme, however, a small number of additional payments are also made to approximately 800 teachers by City of Doncaster Council. Historically, there have been issues with these payments when the Teacher's Pension



Scheme have been made aware of the death of one of their members and have failed to notify the Council of this change. This has resulted in both fraud and error in the past.

Regular data matching has been set up to check our pensions payments to deceased persons registers to detect and in future prevent overpayments as much as possible. Our figures use two statistics, actual overpayments, and notional savings. Actual overpayments are to be expected as it is the Council's arrangement to pay all employees including these pensions on the 15th of the month, therefore they are paid in advance for the period the 16th of the month to the end of the month. These overpayments are small because the regular matching of these data sets results in timely notification of death. Notional savings on the other hand are calculated where we as a Council have not been notified of the death and have detected it using our data match initiative. We calculate the cost of a further 12 months of payments that may have been incurred until we uncover a failure to notify us of the death of an individual. This is a conservative estimation as in some cases, without the data match and where the monies are paid into an account like a joint bank account that is not going to close, it is unlikely that the error would be spotted until the next National Fraud Initiative

cycle which can mean it would take up to 2 years to detect the issue. Notional savings are given to show the value of the work undertaken to PREVENT overpayments.

It should also be noted that no attempt has been made to qualify whether the failure to notify the Council of the death of one of our pensioners is fraud or error. All have been classed as error. This is because it is difficult to determine without, further time-consuming investigation, whether the failure to notify the Council and return the monies was accidental or deliberate. Given the fact that this work is done to prevent overpayments, this classification between fraud and error has not been done and all payments are show as errors.

Attempts to recover the overpayments are in progress and follow the standard payroll overpayment recovery process.

Key Statistics	
Results	Number / Value
Number of deaths detected where we were not notified	18
Overpayments detected after death	£6,290
Notional savings	£41,415

Counter Fraud Activity – Pursue

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

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

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



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

Internal Audit Services has worked on the following case in the 12 months to the end of September 2023.

Business Grant Claim Fraud

In 2021, two business grants were given to one company totalling £22,499. These grants were paid in advance and project plans were in place to deliver an agreed outcome and agreed contributions to the projects from the company itself. As the project came to a close, evidence was requested of the project and associated spend. The evidence was analysed and was found to have been falsified to cover a shortfall in expenditure and company contributions to the project with evidence for some items of expenditure being duplicated across both grants. A fraud of £10,335 was detected. The company was questioned and admitted the fraud. Prosecution was considered but was not felt to be in the public interest and recovery of the grants (in full not just the fraudulent elements) is now underway.

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Report

Date: 23rd November 2023

To: The Chair and Members of the Audit Committee

Report Title: Preventing and Detecting Fraud and Error Report October 2022 to September 2023.

EXECUTIVE SUMMARY

1. The attached report summarises the work done by the Council during the period October 2022 to September 2023 to prevent, detect and investigate fraud and corruption in line with the Government's Fighting Fraud and Corruption Locally Strategy and minimise errors whether caused by fraud or not.
2. The report shows that the overall incidence of fraud remains very low in general terms, taking into account the scale of the Council's activities. Proactive counter fraud activities to prevent and detect fraud and error early continue to be a focus in the Council's strategy.
3. 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%.
4. The report includes (as it has in previous years) information that is required to be published under the Transparency Agenda and includes information about the Council's approach to tackling fraud, corruption and error and how the Council's activities are arranged / set up.
5. Fraud and error highlighted in the report includes:
 - Actual savings from the 2022/23 National Fraud Initiative £108,013
 - 1061 cancelled Council Tax Single Person's Discounts as a result of our rolling programme £311,544

of checks (value is estimated based on the additional tax collectable through cancellation)	
<ul style="list-style-type: none"> • Housing Benefit – 209 cases referred to the Single Fraud Investigation Service (Department for Work and Pensions) for investigation with 20 Direct Earnings Attachments to recover historically written off debt. Debt recovered has been listed to the right. 	£564,753
<ul style="list-style-type: none"> • Prevented and recovered invoice duplications and invoices identified for recovery from our regular and ongoing creditor invoice matching Please note these figures represent only HALF of the year in question due to issues in recovering summary data after a system transfer (this is discussed in the main report). 	£118,286
<ul style="list-style-type: none"> • Prevented 18 overpayments on pension payments as a result of ongoing data matching (estimated notional value plus actual over payment values) 	£47,705
<ul style="list-style-type: none"> • Identified 1 additional business grant fraud 	£10,355

Comparative information is provided where possible in the main body of the report. This doesn't raise any concerns and overall processes and systems are effective and fraud levels remain very low.

EXEMPT REPORT

6. This report is not exempt.

RECOMMENDATIONS

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

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

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

combatting fraud and corruption is contained in the Anti-Fraud and Corruption Framework which is approved by the Audit Committee.

OPTIONS CONSIDERED








10. Not applicable.


REASONS FOR RECOMMENDED OPTION

11. Not applicable.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

12.

Great 8 Priority	Positive Overall	Mix of Positive & Negative	Trade-offs to consider – Negative overall	Neutral or No implications
 Tackling Climate Change				✓
 Developing the skills to thrive in life and in work				✓
 Making Doncaster the best place to do business and create good jobs	✓			
<p>Comments:</p> <p>Fraud and error reduces the money available to the public purse and, therefore, has an impact on the Council's ability to provide services and develop Doncaster for its citizens. Blue badge fraud has a direct negative impact on the available parking spaces in the town centre for individuals with reduced mobility.</p>				
 Building opportunities for healthier, happier and longer lives for all				✓
 Creating safer, stronger, greener and cleaner communities where everyone belongs				✓
 Nurturing a child and family-friendly borough				✓
 Building Transport and digital				✓

connections fit for the future				
 Promoting the borough and its cultural, sporting, and heritage opportunities				✓
Fair & Inclusive				✓
Comments:				

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. Failure to address fraud and corruption risks causes:-

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

CONSULTATION

18. Not applicable.

BACKGROUND PAPERS

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

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

20. All abbreviations and acronyms are written in full in the report with their abbreviations used only after the first instance. Items used are:

- NFI – National Fraud Initiative
- DWP – Department of Work and Pensions
- CTRS Council Tax Reduction Scheme

- SFIS – Single Fraud Investigation Service (the benefits fraud investigatory arm of the Department of Work and Pensions)
- DEA – Direct Earnings Attachments
- BEIS – The government Department for Business Energy and Industrial Strategy
- HMRC – His Majesty’s Revenue and Customs

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City of Doncaster Council

Report

Date: 23rd November, 2023

To the Chair and Member of the
AUDIT COMMITTEE

STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT 2022/23 – DRAFT ISA 260 REPORT TO THOSE CHARGED WITH GOVERNANCE

EXECUTIVE SUMMARY

1. In accordance with International Standard on Auditing (ISA) 260, the Council's external auditor is required to issue a report detailing the findings from the 2022/23 audit and the key issues that the Committee should consider before the external auditor issues their opinion on the financial statements.
2. The 'Communication with those charged with governance' report (draft ISA 260 report attached as Appendix A) has to be considered by 'those charged with governance' before the external auditor can sign the accounts which, under normal circumstances, legally has to be done by 31st July. The Accounts and Audit (Amendment) Regulations 2022 amended this date to 30th September for the 2022/2023 financial year.
3. Grant Thornton expects to issue an unqualified audit opinion on the Council's financial statements for 2022/23; subject to all outstanding queries being resolved to their satisfaction.
4. Grant Thornton have provided an update on the timescales for the Value for Money (VfM) for 2022/23 and issuing the Auditor's Annual Report (AAR). Grant Thornton expect to issue the AAR in time for the Audit Committee on 1st February, 2024.
5. Overall the draft ISA 260 report is a positive one, with 1 material adjustment.
6. Attached to this report is the draft ISA 260 report. The Audit Committee will be updated on any changes to the report.
7. The Section 151 Officer, as the responsible financial officer, re-confirms on behalf of the Council that she is satisfied that the Statement of Accounts presents a true and fair view of:
 - a. the financial position of the Council at the end of the 2022/23 financial year; and
 - b. the Council's income and expenditure for the 2022/23 financial year.

Annual Governance Statement

8. The Council is required to prepare, approve and publish an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations and professional accounting practice. The Council's governance arrangements in place during 2022-23 have been reviewed in line with the guidance and an Annual Governance Statement has been produced (Appendix B). This document demonstrates our governance compliance by: -
 - a. **1** key area of improvement has been completed or has been effectively managed to the extent that it is no longer significant (page 13);
 - b. **5** new significant issues arising from the 2022-23 review of effectiveness of the corporate governance arrangements (pages 6-10);
 - c. Updates on the **2** key area identified during previous years that remain an issue in 2022-23 (page 11).
9. Last year's AGS contained 3 significant issues and 1 of these has been effectively managed and removed from the AGS. During this year's process we have identified 5 new areas of significant risks and these have been added. This gives us a total of 7 key areas of focus on our current AGS, an increase of 3 compared with last year.
10. Since the draft AGS was presented at Audit Committee in April 2023, we have consulted with key governance colleagues and partners to seek additional assurance and there have been no further significant issues identified. We have also reviewed the content of the current AGS to reflect the latest position.

EXEMPT REPORT

11. Not applicable.

RECOMMENDATIONS

12. It is recommended that the Audit Committee: -
 - a. Note the contents of the draft external audit ISA 260 report;
 - b. Consider the Letter of Representation included in the draft ISA 260 report, and endorse for signature by the Chair of the Audit Committee and the Chief Financial Officer;
 - c. Approve the Statement of Accounts 2022/23; and
 - d. Approve the Annual Governance Statement 2022/23, for signature by the Mayor and the Chief Executive; and
 - e. Delegate authority to the Chief Financial Officer, in consultation with the Chair, to agree any adjustments to the Statement of Accounts 2022/23, following the completion of the audit by Grant Thornton, should any changes be necessary, prior to signing by the Chief Financial Officer and the Chair of the Audit Committee.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

Preparation of the Accounts

14. The Council's 2022/23 accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards ('IFRS') for 2022/23 (the Code) and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy ('CIPFA'). They were approved by the Council's responsible financial officer (Chief Financial Officer & Assistant Director of Finance & Technology) and published on the Council's website on 31st May 2023. This was in line with the statutory deadline of 31st May 2023.
15. The unaudited accounts were presented to this Committee for information on 27th July, 2023. Grant Thornton were presented with these draft accounts on 31st May, 2023.

Outcomes of the Audit

16. The external audit began in July and included examination of evidence relevant to the amounts and disclosures in the financial statements and related disclosure notes. It also included an assessment of the significant estimates and judgments made by the Council in the preparation of the financial statements and related notes and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed. This has resulted in the findings and conclusions contained in the draft ISA 260 report.
17. Throughout the audit process the Council's Financial Management team have responded promptly to audit queries which have contributed positively to the audit's satisfactory conclusion. Key finance officers take a proactive role in identifying potential risks so that a dialogue can take place with Grant Thornton at an early stage to discuss and seek agreement on significant and often highly complex, accounting issues affecting the year's accounts.
18. Grant Thornton have made 1 recommendation this year, which is a Low priority. This relates to the accounting for the disposal of assets. This is detailed in the draft ISA 260 report page 31.
19. There was 1 adjusted misstatement relating to the recognition of the pension asset and the application of the asset ceiling. This is detailed in the draft ISA 260 report page 33.
20. There were 22 misclassification and disclosure changes. These are detailed in the draft ISA 260 report pages 34-39.
21. An updated unaudited Statement of Accounts is attached at Appendix C. This has been updated for the adjustments referred to in the draft ISA 260 report.

22. Grant Thornton expects to issue an unqualified audit opinion on the Council's financial statements for 2022/23; subject to all outstanding queries being resolved to their satisfaction.
23. The accounts were made available for public inspection for 30 working days (in accordance with the Accounts and Audit (England) Regulations 2015) on 1st June, 2023, during which, members of the general public were able to inspect the accounts and raise questions on the financial statements and the associated disclosure notes. During this period no inspection visits were made.
24. Grant Thornton expect to complete their work on Value For Money (VfM) for 2022/23 and issue the Auditor's Annual Report (AAR) in time for the Audit Committee meeting on 1st February 2024.
25. The Letter of Representation requires endorsement by the Committee as an important final stage in the audit of the Council's 2022/23 Statement of Accounts. The letter is from the Section 151 Officer to Grant Thornton and is an assurance from management that the accounts have been prepared correctly and to bring to the auditors' attention any further matters that need to be taken into account prior to their opinion being issued. The draft letter is included at the end of the draft ISA260 report.

OPTIONS CONSIDERED



26. Not applicable.

REASONS FOR RECOMMENDED OPTION

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

IMPACT ON THE COUNCIL'S KEY OUTCOMES

28. These are detailed in the table below: -

Great 8 Priority	Positive Overall	Mix of Positive & Negative	Trade-offs to consider – Negative overall	Neutral or No implications
 Tackling Climate Change				✓
Comments:				
 Developing the skills to thrive in life and in work				✓
Comments:				

 Making Doncaster the best place to do business and create good jobs					✓
Comments:					
 Building opportunities for healthier, happier and longer lives for all					✓
Comments:					
 Creating safer, stronger, greener and cleaner communities where everyone belongs					✓
Comments:					
 Nurturing a child and family-friendly borough					✓
Comments:					
 Building Transport and digital connections fit for the future					✓
Comments:					
 Promoting the borough and its cultural, sporting, and heritage opportunities					✓
Comments:					
Fair & Inclusive	✓				
<p>Comments:</p> <p>The audited Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p> <p>An unqualified audit opinion from Grant Thornton on the financial statements and supporting disclosure notes, together with an unqualified VfM conclusion assists with the positive reputation of the Council and ensures that strong governance is in place.</p>					

Legal Implications [Officer Initials: SRF | Date: 14/11/23]

29. The Statement of Accounts is prepared in accordance with the appropriate regulations and the Council is subject to statutory external audit and

performance by Grant Thornton. Further specific legal advice can be provided on any matters arising.

Financial Implications [Officer Initials: RLI | Date: 14/11/23]

- 30. The Council's Statement of Accounts are prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards ('IFRS') for 2022/23 (the Code) and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy ('CIPFA') and published in line with the Accounts and Audit (Amendment) Regulations 2022.
- 31. The audit fee budget is managed by the Director of Corporate Resources and this review is included in the planned expenditure for the 2022/23 audit.

Human Resources Implications [Officer Initials: SH | Date: 14/11/23]

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

Technology Implications [Officer Initials: PW | Date: 14/11/23]

- 33. There are no specific technology implications relating to the contents of this report.

RISKS AND ASSUMPTIONS

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

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

CONSULTATION

- 35. Not applicable.

BACKGROUND PAPERS

36. Following background papers: -

- Unaudited Statement of Accounts 2022/23 published on the Council website: - <http://www.doncaster.gov.uk/services/the-council-democracy/statement-of-accounts>
- Accounts and Audit Regulations 2015
- Accounts and Audit (Amendment) Regulations 2022
- The Code of Practice on Local Authority Accounting 2022/23 ('The Code')
- based on IFRS

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

AGS	Annual Governance Statement
AAR	Auditor's Annual Report
CIPFA	Chartered Institute of Public Finance Accountancy
DLUHC	Department for Levelling-up, Housing and Communities
IFRS	International Financial Reporting Standards
ISA	International Standard on Auditing
VfM	Value for Money

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The Audit Findings (ISA 260) Report for City of Doncaster Council

Year ended 31 March 2023

14 November 2023



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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and will be presented to the Audit Committee on 23 November 2023.

Gareth D Mills

Gareth Mills, Key Audit Partner and Engagement Lead for City of Doncaster Council

For Grant Thornton UK LLP

Date: 14 November 2023

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

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1. Headlines

This section summarises the key findings and other matters arising from the statutory audit of City of Doncaster Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2023 for those charged with governance.

Financial Statements

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

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

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

We received the Council's draft 2022-23 accounts on 31 May 2023, in line with the statutory deadline for unaudited accounts. The Council was in a minority of c30% local authorities that managed to achieve the draft accounts deadline. This represented a good achievement by the Council, given all other competing pressures.

Our audit work was conducted as planned from July through to concluding in November. Our findings are summarised in Section Two of this report. As at the date of this report, we have not identified any audit adjustments impacting on the Council's outturn position and useable reserves.

Our work identified one material adjustment to the primary financial statements in relation to the valuation of Council's share of the defined benefit pension scheme (see pages 10 to 12 for further information) alongside other disclosure and presentational audit adjustments. These adjustments are detailed at Appendix D. Management has agreed to update the financial statements to correct these misstatements.

We have raised one recommendations for management as a result of our work in the Action Plan at Appendix B. Our follow up of recommendations from the prior year are detailed at Appendix C.

Our work is nearing completion in advance of our target completion date of end November / early December. At present, there are no matters of which we are aware that would require modification of our proposed audit opinion (draft at Appendix H), subject to the following outstanding matters:

- completing the remaining elements of our work on property, plant and equipment (PPE), pension fund assets and liabilities valuation, payables and receivables, journals, operating expenditure and elements of the Group audit
- clearing of any additional responses to the technical 'Hot Review' of the 2022-23 accounts. We can only conclude our audit once we have satisfactory responses to this review
- completion of our internal quality review processes, including final reviews of the file by both the Engagement Manager and Engagement Lead, specifically in respect of significant audit risks of land and buildings valuation, pension fund accounting, journals testing and the accounting for the transition of Doncaster Children's Service Trust back into the Council
- reviewing the final signed version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the signed management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

1. Headlines

Value for Money (VFM) arrangements

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

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

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

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay was sent to the Chair of the Audit Committee on 28 September and is also attached at Appendix I to this report for completeness.

We expect to issue our Auditor's Annual Report in time for the Audit Committee meeting on 1 February 2024. This is ahead of the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued within three months after the date of the opinion on the financial statements.

As reported in our Audit Plan issued in April 2023, we did not identify any risks of significant weaknesses from our initial planning work. However, we noted three areas that we would consider further as part of our VFM audit work:

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

As part of our 2022-23 VFM review, we have considered each of these areas and are currently assessing the progress made by the Council, before we conclude our 2022-23 VFM work. However, we are satisfied these areas do not impact on our 2022-23 accounts audit or opinion.

As noted above and as many other local authorities across the country, the Council is facing cost pressures resulting from increasing children services demands, inflation, interest rates, energy and pay expenditure. This is challenging on the Council's ability to deliver the agreed budget and setting Medium Term Financial Plans. We will summarise our findings on these areas as part of our VFM work and report to you through our Auditor's Annual Report in early 2024.

Further information on our VFM work is reported at Section Three.

Statutory duties

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

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

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

We cannot issue our 2022-23 audit certificate at this time. Subject to the completion of our work on the Council's VFM arrangements, and our review of the Council's Whole of Government Accounts (WGA) submission, we will then be in a position to issue our audit certificate in the New Year.

Significant Matters

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

Acknowledgements

We would like to take this opportunity to record our appreciation for the continued assistance and support provided by the finance team and other staff during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings (ISA260) Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be presented to the Audit Committee on 23 November 2023.

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

Audit approach

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

- an evaluation of the Council's internal controls environment, including its IT systems and controls
- an evaluation of the components of the Group based on a measure of materiality considering each as a percentage of the Group's gross revenue expenditure to assess the significance of each component and to determine the planned audit response. From this evaluation we determined that a targeted approach was required as part of our audit work on the following Group components; St Leger Homes of Doncaster Limited (SLHD) and Doncaster Children's Services Trust Ltd (DCST) which was brought back into the Council on 1 September 2022. This is consistent with our audit approach in previous years.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

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

- completing the remaining elements of our work on Property, plant and equipment (PPE), pension fund assets and liabilities, payables and receivables, journals, operating expenditure, the Group audit and additional assurance from the auditor of South Yorkshire Pension Fund
- clearing of any additional responses to the technical 'Hot Review' of the 2022-23 accounts. We can only conclude our audit once we have satisfactory responses to this review
- completion of our internal quality review processes, including final reviews of the file by both the Engagement Manager and Engagement Lead, specifically in respect of significant audit risks of land and buildings valuation, pension fund accounting, journals testing and the accounting for the transition of Doncaster Children's Service Trust back into the Council
- reviewing the final version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the signed management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

2. Financial Statements



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.

On receipt of the draft financial statements for 2022-23, we revised the materiality levels as reported in our Audit Plan dated 19 April 2023 to reflect the increase in net cost of services.

The updated materiality levels are shown in the table alongside for both the Council and the group.

Materiality area	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Revised materiality for the financial statements	11,566k	11,460k	We have determined materiality at 1.5% of gross operating expenditure for the year. We consider this as the most appropriate criteria given stakeholders interest in the Council delivering its budget.
<i>Original materiality</i>	10,648K	10,433k	
Revised performance materiality	8,096k	8,022k	There are no changes to this threshold or benchmark to that set out in our Audit Plan dated 19 April 2023.
<i>Original performance materiality</i>	7,453k	7,303k	
Revised trivial matters	578k	573k	Assessed to be 70% of financial statement materiality.
<i>Original trivial matters</i>	532k	521k	
Revised materiality for senior officer remuneration disclosures	-	15k	This equates to 5% of materiality. This is our reporting threshold to the Audit Committee for any errors identified.
<i>Original materiality for senior officer remuneration disclosures</i>	-	15k	
			The senior officer remuneration disclosures in the Financial Statements have been identified as an area requiring specific materiality due to its sensitive nature.
			There are no changes to this threshold from our Audit Plan dated 19 April 2023.



2. Financial Statements - Significant risks

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

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

Risks identified in our Audit Plan

Commentary

Management override of controls (Risk relating to the Council)

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

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

Our audit work in this area remains ongoing, however to date has not identified any issues in respect of management override of controls. We will provide a verbal update to the Audit Committee on 23 November should any significant issues arise from completing our work in this area.



2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Risk of fraud in revenue recognition and expenditure

(Risk relating to the Council)

Revenue

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including at the Council, mean that all forms of fraud are seen as unacceptable.

Expenditure

Whilst not a presumed significant risk we have had regard to Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom). Having considered the nature of the expenditure streams at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:

- there is little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayer's funds
- there is no significant immediate pressures on general fund reserves of the Council.

As part of our final accounts audit process, we have reconsidered our rebuttal of both revenue and expenditure recognition and consider the rebuttal to still remain appropriate. Notwithstanding that we have rebutted these risks, we have undertaken a significant level of work on the Council's revenue streams, as they are material to the financial statements audit.

As part of our audit work, we have:

Accounting policies and systems

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

Fees, Charges and other service income

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

Taxation and non-specific grant income

- Income for national non-domestic rates and council tax is predictable and therefore we conducted substantive analytical procedures
- For other grants we sample tested items for supporting evidence and checked the appropriateness of the accounting treatment was in line with the CIPFA Code. Please see further reporting at page 15.

Expenditure

- Agreed, on a sample basis, non pay expenditure and year end payables to supporting evidence
- Undertook detailed substantive analytical procedures on pay expenditure.

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

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

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Closing valuation of land and buildings, including Council dwellings

(Risk relating to the Council)

The Council re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £1.5 billion) and the sensitivity of this estimate to changes in key assumptions.

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.

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.

As part of our work we have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- discussed with the valuer the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- engaged our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end

Our audit work completed to date has not identified any issues in respect of the valuation of land and buildings except for a matter relating to the Council's approach for 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. A recommendation has been raised in this regard in the Action Plan at Appendix B.

Our work also identified a few other minor disclosure matters (which are also detailed at Appendix D) and have been actioned by management:

- Note 12 – Property, Plant and Equipment on infrastructure and derecognition indicates that the Council has opted not to apply regulation 30M of SI 1232/2022 that allows the carrying amount to be deemed to be nil and instead is applying the requirements of the Code. However, this disclosure was erroneous and the Council does comply with regulation 30M of SI 1232/2022. Management has now updated this note
- Note 12 - Property, Plant and Equipment - the revaluations disclosure table shown on page 51 currently includes for other land and buildings the net book value (NBV) of assets revalued rather than the gross book value (GBV). Management has now updated this note
- Note 12 - Property, Plant and Equipment - the table included on page 48 includes De-recognition – other for vehicles plant and equipment which were included within De-recognition – disposals in the prior year. The Council should take a consistent approach between years. Management has now updated this note
- Note 12 - Property, Plant and Equipment - the table on page 50 shows a depreciation charge of £42.6m for 2022-23 compared to £9.7m in 2021-22. The increase relates to the change in accounting policy for infrastructure assets which is appropriate. However, this significant movement has not been explained for the reader of accounts. Management has now updated this note.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of the Authority's defined benefit pension scheme

(Risk relating to the Council)

The Council's pension fund valuation represents a significant estimate in the financial statements. This is due to the size and annual fluctuations of the numbers involved, a £36.2m pension asset in 2022-23 for the Authority in the draft financial statements and a £316.3m liability in 2021-22, and the sensitivity of the estimate to changes in key assumptions. The comparatives for the group accounts are an asset of £36.2m in the draft 2022-23 accounts and a liability of £390.8m in the 2021-22 accounts.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework).

However, for the first time since International Financial Reporting Standards have been adopted in the public sector, the Authority (in common with a number of local authorities in 2022-23) has had to consider the potential impact of IFRIC 14 on the Authority's IAS 19 accounting. IFRIC 14 is the accounting principle that limits the recognition of a defined benefit asset in the financial statements. As a result of this, we have assessed the recognition, valuation and disclosures of the Council's share of the pension asset as a significant risk.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is verifiable.

The actuarial assumptions used are the responsibility of the Council but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular, the discount and inflation rates, where the consulting actuary has indicated that a +0.1% - (0.1%) change in these two assumptions would have approximately 1.5% effect on the liability/asset.

We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 / IFRIC 14 estimates due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Council's share of the South Yorkshire Pension Fund as a significant risk.

Commentary

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's share of the pension fund is not materially misstated and evaluate the design of the associated controls
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the balance
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- undertook 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

Auditor Commentary on Accounting for the Pension Fund Surplus/Asset in the Council's financial statements

See pages 11-12 overleaf where this is reported. It is important to note that any potential issues or adjustments that may arise from the Council's accounting for its share of the pension fund would not result in any impact on the Council's useable reserves.

The Council was one of a few authorities who correctly requested the calculation of the asset ceiling from its actuary and used this to determine the pension asset value to be included within the draft accounts for 2022-23.

Other work:

Our work to date, other than the pension fund asset measurement and accounting issue (see page 12), has identified four accounting and disclosure amendments which we have discussed with management and reported at Appendix D. The key amendments are as follows:

- Note 39 Defined Benefit Pension Schemes - the table included on page 81 of the draft accounts shows the reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits, the amount disclosed is currently £(56,276)k but should be £(33,544)k
- Group Note g - Defined Benefit Pension Scheme - Page 102 reports movements in the MIRS which differ from those reported for the Council. This is inconsistent since statutory adjustments between the accounting and funding basis should not be applied to group entities. There is a mismatch between note g and the group MIRS. Management has agreed to update this disclosure.
- The financial statements for St Leger Homes of Doncaster Limited (SLHD) for 2022-23 have not incorporated the pension fund net asset valuation. We have raised this with Council management to discuss with the management of SLHD and to update their draft accounts to incorporate the net pension asset valuation. Following discussions with management, we understand the accounts for SLHD have now been signed off and no amendment can be made. Instead, the Council will incorporate the net pension valuation as part of consolidation of the group accounts based on obtaining the IAS 19 valuation from the actuary relating to SLHD
- As last year, the South Yorkshire pension fund auditor noted in their IAS19 report an unadjusted error relating to Pooled Investment Vehicles (PIVs) of £46.4m relating to all admitted bodies. For Doncaster this unadjusted error totals £6.2m, representing the Council's share (an increase to investment assets). The Council has not adjusted for this error on the grounds it is not considered material. This has been shown as an unadjusted error at Appendix D.

2. Financial Statements - Significant risks

Auditor Commentary on Accounting for the Pension Fund Surplus/Asset in the Council's financial statements

Valuation of the Authority's defined benefit pension scheme (continued):

This section covers:

- (1) Background to the issue and relevant accounting principles
- (2) Our observations of the draft accounts and actuary reports presented for audit
- (3) Our challenges to management on the draft accounts disclosures / accounting treatment and subsequent management actions
- (4) Revised accounts – summary amendments and disclosures

(1) Background to the issue and relevant accounting principles:

As indicated previously, for the first time since International Financial Reporting Standards (IFRS) were adopted in the public sector, the Council's net defined benefit pension fund is in a surplus or a net asset position in 2022-23, as opposed to the significant liability balance that has been reported in previous years.

According to the relevant accounting standard, IAS19 (Employee Benefits), an entity shall recognise the net defined benefit liability / asset in the statement of financial position. Therefore, whether it is a liability (which was the case in the past) or an asset, according to IAS19, it should be recognised in the balance sheet.

IAS19 states when an entity has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of:

- (a) the surplus in the defined benefit plan
- (b) the asset ceiling, determined using the discount rate specified in IAS19.

The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

IFRIC-14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction) provides guidance on amount that can be recognised in the financial statements, when there is a surplus /net asset position.

It is significantly unlikely that there will be refunds from the plan to the employer in a local government defined benefit scheme. There are no exit plans in the foreseeable future as these are public sector pension plans that would continue in perpetuity. There could be a possible situation whereby there could be potential reductions in future contributions to the plan.

The economic benefit available as a reduction in future contributions can be calculated as follows:

- present value of IAS 19 future service costs (calculated based on IAS 19 assumptions as at the balance sheet date), less
- present value of future service contributions if these are classed as a minimum funding requirement.

By doing this, the asset ceiling can be determined (point b above)

Management then needs to consider what should be recognised / disclosed in the financial statements based on accounting principles stated above.

2. Financial Statements - Significant risks

Auditor Commentary on Accounting for the Pension Fund Surplus/Asset in the Council's financial statements

(2) Our observations of the draft accounts and actuary reports presented for audit

Our observations highlighted that:

- The Council received its actuary's report on 16 May 2023 for the year to 31 March 2023 which was used to prepare the draft accounts. This indicated a net asset position of £98.8m. This was derived after netting off the pension obligations of £1,324m from the asset valuation of £1,423m. The corresponding net pension fund liability as at 31 March 2022 was £316.3m therefore, the total year on year movement from liability to an asset position was £415.1m in a 12 month period. The biggest fluctuation year-on-year was in the reduction in present value of funded defined obligations from c£1,734m to £1,324m (by c24%). The primary reason for this decrease is attributable to an increase in the discount rate from 2.7% [31.3.22] to 4.75% [31.3.23].
- Using this information and considering the requirements of IFRIC 14, the Council requested the calculation of the asset ceiling from its actuary. The asset ceiling was calculated by the Council's actuary at £62.6m. As a result, the Council reduced its pension asset valuation of £98.8m by this amount, leaving £36.2m which was recorded in the Council's draft accounts as an asset related to the defined benefit pension scheme.

(3) Our challenges to management on the draft accounts disclosures / accounting treatment and subsequent management actions

- We challenged management's actuary when the first asset ceiling calculation was made by capping the future working lifetime of the employer for a shorter period. According to IFRIC14 accounting principles, asset ceiling calculations should consider the expected life of the pension plan, in this case local government defined benefit scheme's expected lifetime. We considered the working lifetime (expected life of the plan) to be indefinite due to the nature of the pension scheme. Therefore, annuity in perpetuity should be used in determining the asset ceiling.
- Management agreed with this view and following discussions, the actuary agreed to revise the asset ceiling calculation based on the expected life of the pension scheme, in line with IFRIC14 principles. The revised asset ceiling calculation was obtained from the actuary by management for our audit purposes. The updated asset ceiling calculation provided by the Council's actuary following audit challenge was £644.4m. The asset ceiling is larger than the Council's share of the pension fund asset and management has agreed to recognise the full pension asset figure of £98.8m in its accounts.
- However, the total pension net asset position of £98.8m includes an unfunded defined benefit obligation of £20.3m that has been netted off against the funded asset position. Under IAS19, a funded asset position can only be netted off against an unfunded liability when, (a) the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and (b) the entity intends to settle the obligations on a net basis or to release the surplus in one plan and settle its obligations under the other plan simultaneously. Our work indicates none of these apply to the Council and such netting off cannot be performed. In previous years this unfunded balance had been included within the overall pension fund liability amount. As a result, the pension fund asset should be shown as £119.1m (£98.8m plus the £20.3m unfunded obligation) and the unfunded pension obligations of £20.3m should be shown separately as a liability related to the defined benefit pension scheme on the Council's balance sheet (and Note 39). This adjustment is included within Appendix D, Audit Adjustments, in summary, an adjustment of £83.0m is required to the pension asset valuation on the balance sheet (long term assets) and an adjustment of £20.3m as a liability related to the defined benefit pension scheme (totalling £62.7m).
- The Council's accounting for the pension asset is now in line with IFRIC 14 and the accounting principles highlighted on page 11. The Council was one of a few authorities who correctly requested the calculation of the asset ceiling from its actuary and used this to determine the pension asset value to be included within the draft accounts for 2022-23. Given the limited available guidance available at the time of preparing the draft accounts in this area, and no previous asset position in a local government pension scheme was available, the Council did significantly more than other authorities in interpreting IFRIC 14, the asset ceiling calculation and the corresponding entries to be included in its draft accounts.

(4) Revised accounts – summary amendments and disclosures

We have summarised below the amendments made from the draft to final financial statements in relation to defined benefit asset as at 31 March 2023

- The asset ceiling is now larger than the Council's share of the pension fund asset position. Therefore, management has agreed to recognise the full asset value of £119.1m on the balance sheet as a long-term asset along with a separate entry for unfunded pension obligations of £20.3m as a liability related to the defined benefit pension scheme (at the bottom of the balance sheet). This results in a total adjustment of £62.7m (£83.0m increase to pension asset and £[20.3] increase to unfunded pension obligation) and is shown at Appendix D.
- Additional disclosures are to be made to accounting policies to reflect IFRIC14 accounting principles
- Additional disclosures are to be made to note 39 of the financial statements, Defined Benefit Pension Scheme
- It is important to note that there is no impact on the Council's useable reserves arising from these amendments or the Council's outturn position impacting on the general fund balance.

Overall, this issue is an unusual national issue for 2022-23 impacting on a number of local authorities for the first time, in terms of financial reporting, accounts preparation and audit.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Accounting for the transition of Doncaster Children's Service Trust back into the Council on 1 September 2022

(Risk relating to the Council and Group)

Doncaster Children's Services Trust, an arm's length management organisation (ALMO) which had been operational since 2013 formally transferred back all Children's services to the Council on 1 September 2022.

There is a risk that the accounting entries, accounting treatment adopted and the valuation of assets and liabilities used to bring Doncaster Children's Services Trust back into the Council's accounts may be inappropriate or erroneous potentially resulting in a material error.

We therefore identified the accounting for the transition of Doncaster Children's Service Trust back into the Council on 1 September 2022 as a significant risk, which was one of the most significant assessed risks of material misstatement.

As part of our audit work, we have:

- reviewed management's approach to account for the transfer of Doncaster Children's Service Trust back into the Council on 1 September 2022 and management's supporting assessment of the proposed approach
- considered the approach taken by management to ensure that all assets and liabilities are brought into the Council's accounts at an appropriate valuation and in compliance with the CIPFA Code
- reviewed the Council's approach to account for estimates and the accounting treatment for other areas of income and expenditure to ensure this is appropriate and in line with the Council's existing accounting policies and the CIPFA Code
- obtained third party corroboration where available to support the accounting entries and estimates made by the Council
- consulted with our technical and financial reporting teams where appropriate to ensure appropriate accounting treatment and disclosure.

Our audit work to date has not identified any material issues. We will provide a verbal update to the Audit Committee on 23 November should any significant matters arise. See also our findings on page 14 overleaf relating to Doncaster Children's Service Trust.

2. Financial Statements: Key findings arising from the Group audit

Component	Work performed	Group audit impact and findings
<p>St Leger Homes of Doncaster Ltd (SLHD)</p>	<p>We adopted a targeted approach of the material balances and transactions of SLHD within the Group financial statements for the year ended 31 March 2023.</p> <ul style="list-style-type: none"> Our audit approach included obtaining sufficient assurances based on group materiality over material balances and transactions of SLHD outside the group boundary, based on group materiality. This included the SLHD net pension fund asset only. 	<p>From our work completed to date, there are no issues to report from the consolidation of SLHD into the Council's group accounts. However, we noted that the financial statements for St Leger Homes of Doncaster Limited have not incorporated the pension fund net asset valuation. We raised this issue with Council management who have liaised with management at SLHD. Following discussions, we understand the accounts for SLHD have now been signed off and no amendment can be made. Instead, the Council will incorporate the net pension valuation as part of the consolidation exercise of the group accounts. This matter is also reported at Appendix D.</p> <p>We are currently awaiting the asset ceiling calculation to be provided by the actuary for SLHD. This will determine how much of the net pension asset valuation should be recorded in the Group accounts.</p> <p>Our audit work in this area is currently in progress and we will provide a verbal update to the Audit Committee on 23 November should any significant issues arise from completing our work in this area.</p>
<p>Doncaster Children's Services Trust Ltd (DCST) – part year to 31 August 2022</p>	<p>Doncaster Children's Services Trust, which had previously been consolidated in the group financial statements formally transferred back all Children's services to the Council on 1 September 2022. From 1 September 2022, all transactions relating to DCST form part of the City of Doncaster Council.</p> <p>Following an exercise undertaken by management which considered all expenditure, income, assets and liabilities of DCST, management concluded that once intercompany balances had been removed, and given all expenditure and income fell within the same service line headings within the Comprehensive Income and Expenditure Statement, there were no material other balance remaining except the net pension valuation. As a result, the Council has not prepared accounts for DCST for the five months to 31 August 2022.</p> <p>We have reviewed management's approach which appears reasonable, and confirms that once intercompany balances are removed, no material other balances remain except for the net pension valuation. We have also tested income and expenditure as part of our routine testing work during the financial statements audit. In addition, we have separately considered the net pension fund valuation which is now part of City of Doncaster Council at 31 March 2023.</p>	<p>The Council has not prepared accounts for Doncaster Children's Services Trust for the five months to 31 August 2022. This is because once intercompany balances are removed, no material other balances remain except for the net pension valuation.</p> <p>From our work completed to date, there are no issues arising except for the following matter:</p> <ul style="list-style-type: none"> Group MIRS - the group MIRS reports that DCST is not included in the group accounts, but the adjustment made to the opening balance of reserves is £31.597m which is material. The Council has agreed to bring forward the prior year closing balance and change the presentation to include an additional line to remove the DCST Pension from the opening balance. This adjustment is also shown at Appendix D. <p>Our audit work currently remains on-going, and we will provide a verbal update to the Audit Committee on 23 November should any significant issues arise.</p>

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Auditor commentary and view
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IFRS 16 implementation

FRAB agreed with the deferral of IFRS 16 to 2024- 25. Following consultation and agreement by FRAB, the Code will provide for authorities to opt to apply IFRS 16 in advance of the revised implementation date of 1 April 2024. If management elect to implement IFRS 16 from April 2023 (early adoption) then in the 2022-23 accounts as a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases, along with the estimated impact of IFRS 16 on the accounts

The Council has decided not to adopt the standard early in its financial statements. The Council has included a high level reference to IFRS16 in its accounts, Note 3 - Accounting Standards that have been issued but have not yet been adopted.

Management and the audit team will liaise during the 2023-24 audit to ensure the requirements of the new standard are being followed and plans are developed for IFRS 16 implementation to be adequately reported in the 2023-24 accounts and fully adopted in the 2024-25 accounts.

Recognition and Presentation of Grant Income

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

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

Note 33 to the accounts includes a detailed analysis of grant income covering grant income recognised through the Comprehensive Income and Expenditure Statement (CIES). Note 33 also includes grants and contributions received in advance. Note 2, accounting policies provides the accounting principles supporting grant income.

Our audit testing of grant income relating to 2022-23 has not identified any non-compliance with the requirements for grant accounting as specified in the Code. Our work involved, reviewing the Council's treatment of grants as either agent (where the Council passes on the grant without having control over its award) or principal (where the Council determines the grant award to be provided). Grant awards where the Council is acting as principal are recorded within the Council's CIES whereas grants where the Council has acted as agent are not.

Our work also reviewed the appropriateness of the disclosures made and we undertook sample testing of a number of grants.

No issues have been identified in the recognition and presentation of Grant Income.

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Auditor commentary and view
<p>Measurement of Infrastructure Assets:</p> <ul style="list-style-type: none">• The Code requires infrastructure to be reported in the Balance Sheet at depreciated historical cost, that is historic cost less accumulated depreciation and impairment. Depreciation depends upon the use of appropriate useful economic lives.• The update to the Code (November 2022) provides a temporary relief from the requirement to report the gross book value and accumulated depreciation for infrastructure assets, because historical reporting practices and resulting information deficits mean that this information is unlikely to faithfully represent the asset position to the users of financial statements.• An amendment to the Local Authority Capital and Finance regulations (SI 2022 No 1232) permits Local Authorities when derecognising components of infrastructure assets, replaced by expenditure on existing assets, to determine the relevant amount to be nil.• The Council has material infrastructure assets, at net value basis, there is therefore a potential risk of material misstatement related to the infrastructure balance.	<p>Our audit work to date has not identified any issues in respect of the measurement of infrastructure assets. Our work did however identify a disclosure issue:</p> <ul style="list-style-type: none">• Note 12 – Property, Plant and Equipment on infrastructure and derecognition indicates that the Council has opted not to apply regulation 30M of SI 1232/2022 that allows the carrying amount to be deemed to be nil and instead is applying the requirements of the Code. We understand from management that this disclosure is incorrect and the Council does comply with regulation 30M of SI 1232/2022. Management has agreed to update this note and correct the disclosure. <p>We will provide a verbal update to the Audit Committee on 23 November should any significant issues arise from completing our work in this area</p>
<p>Equal pay claims and the potential liabilities:</p> <ul style="list-style-type: none">• There have been recent publicity in local government sector where certain councils have accumulated equal pay claims. In some cases, these claims have resulted in recognising significant liabilities on the balance sheet. This has created significant financial and cashflow challenges during an economic crisis where public services have already been impacted due to increasing service demands and cost pressures.• As part of our 2022-23 audit, we inquired on such existing equal pay claims at the Council, directing our inquiries to the s151 Officer.• Our objective was to identify any unrecorded liabilities in relation to equal pay claims at the Council.	<p>Our work indicated:</p> <ul style="list-style-type: none">• The Council settled all such claims prior to 2016-17 and there are no such existing claims from the work done by the Council• After 2016-17, the Council has not received notification of any potential equal pay claims through the Advisory, Conciliation, and Arbitration Service (ACAS), Early Conciliation process, through its Employment Relations Forum or through its internal grievance process• The Council has undertaken work such as job evaluation schemes to identify any such potential liabilities and none has been found. <p>Additionally, we have also obtained management representation on this matter – see Appendix G for draft letter of representation.</p>
<p>General Controls (ITGC) work:</p> <p>As part of our audit procedures on the financial statements, we conducted our ITGC work. This was targeted on general IT controls and was performed by our IT specialists. The objective was to identify any significant deficiencies in IT general controls that could lead to any material errors in the financial statements.</p>	<p>No material issues were noted from our IT General Controls work this year.</p>

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements in-line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management’s approach	Audit Comments	Assessment
<p>Council Dwellings valuation: £787m</p>	<p>The Council is required to revalue its Council housing in accordance with Department of Levelling up Housing and Communities (DLUHC) Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>The Council engaged the District Valuer from the Valuation Office Agency (VOA) to complete the valuation of these properties. The valuation was at 31 March 2023 and valued Council Housing at £787.2m, a net increase of £40.0m from 2021-22 (£747.2m).</p>	<ul style="list-style-type: none"> • The District Valuer is RICS qualified and valued the entire housing stock using the beacon methodology, in which a detailed valuation of representative property types was then applied to similar properties • Our work indicated that this methodology was applied correctly to the 2022-23 valuation • We have assessed the valuer to be competent, capable and objective in carrying out the valuations • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate and have no issues to report • We have agreed the HRA valuation report to the accounts • We have compared the valuation movements with the Gerald Eve (property valuation specialists) national report and held discussions with our own valuation auditor’s expert. These discussions are still on going. We have also challenged management and the Council’s valuation expert on valuation differences identified through our sensitivity analysis work using other relevant indices. These discussions remain on-going and we intend make our conclusions before we issue the audit opinion. <p>There are no issues arising to date from our work that we wish to bring to the attention of management or the Audit Committee.</p>	<p>We consider management’s process is appropriate and key assumptions are neither optimistic or cautious</p> <p>(Green) - TBC</p>

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic or cautious
- [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements in-line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management’s approach	Audit Comments	Assessment
<p>Other Land and Buildings valuation: £470.1m</p>	<p>Other land and buildings comprises £405.1m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The remainder of other land and buildings (£65.0m) are not specialised in nature (such as car parks) and are required to be valued at existing use in value (EUV) at year end.</p> <p>The Council has engaged its in-house RICS qualified valuer to complete the valuation of assets on a five yearly cyclical basis as permitted by Code of Practice on Local Authority Accounting. Approximately 54% of total other land and buildings assets (by gross value) were revalued during 2022-23.</p> <p>Management has also considered the year end value of non-valued properties, and the potential valuation change in the assets revalued at 31 March 2023, to determine whether there has been a material change in the total value of these properties.</p> <p>The total year end valuation of Other land and buildings was £456.9m (PY £428.9m).</p>	<ul style="list-style-type: none"> • We have assessed the Council’s in-house valuer, to be competent, capable and objective • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate, including floor areas and have no issues to report • The valuation methods remain consistent with the prior year • In relation to assets not revalued in the year, we have compared the Gerald Eve (valuation specialists) property valuation report and held discussions with our own valuation auditor’s expert. These discussions are still on going. We have also challenged management and the Council’s valuation specialist on valuation differences identified through our sensitivity analysis work using other indices. These discussions are still on-going and we intend make our conclusions before we issue the audit opinion. 	<p>We consider management’s process is appropriate and key assumptions are neither optimistic or cautious (Green) - TBC</p>

2. Financial Statements - key judgements & estimates

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

This Year:
Net pension Asset £36.2m (Council)
(Revised to £98.8m after recalculating the asset ceiling – see page 12)

The Council's net pension asset as at 31 March 2023 was £36.2m in its draft accounts (PY deficit /liability £316.3m). Following recalculation of the asset ceiling, the pension asset at 31 March 2023 was revised to £98.8m. This is an overall movement of £415.1m between last year and this year. However, the total pension asset position of £98.8m includes an unfunded defined benefit obligation of £20.3m that should not be netted off under IFRIC 14. As such, the pension fund asset should be shown as £119.1m and the unfunded pension obligation shown separately as a liability of £20.3m. See further details reported on pages 10-12.

We have:

- Assessed the competence, capability and objectivity of management's expert, Hymans Robertson LLP
- Assessed the actuary's approach taken and deemed it reasonable
- Used PwC as an auditor's expert to assess the management actuary and assumptions made by the actuary (see table below)
- Confirmed the completeness and accuracy of the underlying information used to determine the estimate
- Confirmed the reasonableness of the Council's share of pension assets
- Confirmed the reasonableness of the decrease in the liability estimate
- Confirmed the adequacy of the disclosure of the estimate in the financial statements.

We consider management's process is appropriate (after the adjustment made to the draft accounts as stated at page 12) and key assumptions are neither optimistic or cautious
(Green) TBC

Prior Year:
Net pension liability £316.3m (Council)

The Council continues to engage Hymans Robertson LLP to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed as at 31 March 2022, utilising key assumptions such as life expectancy, discount rates, salary growth and pension increase rate.

A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return.

Given the significant value of the net pension fund asset/liability, small changes in assumptions can result in significant valuation movements. As indicated above and our reporting at pages 10-12, there has been a £415.1m net actuarial gain during 2022-23. This improved position is largely a result of an increase in the discount rate in excess of the increase in the CPI inflation assumption.

Assumption	Actuary Value	* PwC range	Assessment
Discount rate	4.75%	See comment below	● Green
Pension increase rate	2.95%	See comment below	● Green
Salary increase rate	3.55%	See comment below	● Green
Life expectancy – Males currently aged 45 / 65	21.5/20.5	See comment below	● Green
Life expectancy – Females currently aged 45 / 65	25.2/23.7	See comment below	● Green

*PwC has commented on the Hymans Robertson LLP (management actuary) assumptions as follows: "We are comfortable that the methodologies used by Hymans Robertson to establish assumptions will produce reasonable assumptions as at 31 March 2023 for all employers".

Our work in this area remains ongoing, mainly in respect of the pension asset accounting and disclosures (pages 10-12). Our work to date has not identified any evidence to conclude that management's processes and key assumptions are not appropriate. We will provide a verbal update at the Audit Committee meeting on 23 November if any significant developments arise from our ongoing work.

2. Financial Statements - key judgements and estimates

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

Grants Income:
£430.1m
(PY £448.0m)

Management has taken into account three main considerations in accounting for grants:

1. whether the Council is acting as the principal or agent and particularly whether it controls the goods or services before they transfer to the service recipient. Management's assessment needs to consider all relevant factors such as who bears credit risk and responsibility for any overpayments, who determines the amount, who sets the criteria for entitlement, who designs the scheme and whether there are discretionary elements.
2. whether there are conditions outstanding (as distinct from restrictions) that would require the grant to be recognised as receipt in advance, otherwise grant should be recognised as income
3. whether the grant is a specific or non-specific grant. General un-ringfenced grants are disclosed on the face of the CIES, whereas ringfenced grants are required to be credited to service revenue accounts.

There may be judgements over the accounting treatment. Different conclusions may be reached by the Councils depending on how they have applied any discretion in administering the schemes and application of Code guidance.

The Council receives a number of grants and contributions and is required to follow the requirements set out in the Code. The main considerations are to determine whether the Council is acting as principal or agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income.

As part of our audit work, we have:













- substantively tested a sample of grants across categories and reviewed management's assessment as to whether the Council is acting as the principal or agent
- for the samples selected, reviewed the completeness and accuracy of the underlying information used to determine whether there are conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income
- assessed for the sample of grants received, whether the grant is specific or non-specific grant (or whether it is a capital grant) – which impacts on where the grant is presented in the CIES or not
- assessed the adequacy of disclosure of grants received and judgement used by management as part of our detailed testing.

Our work to date has not identified any matters to report.





We consider management's process is appropriate and key assumptions are neither optimistic or cautious
(Green)

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Additional procedures carried out to address risks arising from our findings
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
E5 ERP Finance system	ITGC assessment (design and Implementation) and application controls assessment	 Green	 Green	 Green	 Green	N/A - None
Northgate (Revenue and benefit System)	ITGC assessment (design and Implementation) and application controls assessment	 Green	 Green	 Green	 Green	N/A None
Open Housing (Housing Rents System)	ITGC assessment (design and Implementation) and application controls assessment	 Green	 Green	 Green	 Green	N/A- None

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements (red)
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk (amber)
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope (green)
-  Not in scope for testing

2. Financial Statements - other communication requirements

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

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Council's Audit Committee and the Chief Financial Officer. We have not been made aware of any significant incidents in the year and no issues have been identified during the course of our audit.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed. However, our work identified that Note 34 - Related party disclosures does not report the amount of transactions and balances between the Council and the companies that are subsidiaries, associates or joint ventures: (1) St Leger Homes of Doncaster; Doncaster Childrens Services trust and Arthur Street Developments. The value of transactions and balance should be disclosed where material from the viewpoint of either the Council or the related party. Management has agreed to expand this disclosure. This issue is also reported at Appendix D.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	The proposed letter of management representation is included at Appendix H. As highlighted at Appendix H, an additional representation was obtained in relation to: (a) Equal Pay liabilities, based on the assessment and work carried out by the Council, there is no requirement to recognise any Equal Pay liabilities on the balance sheet, as at 31 March 2023.
Confirmation requests from third parties	We requested from management permission to send a confirmation request to the Council's bankers, and entities who were involved with the Council's investments and borrowings. This permission was granted and the requests were sent and responded to with positive confirmations. One bank confirmation from Lloyds Bank currently remains outstanding.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements to date. Our work did identify a small number of presentational disclosure amendments (including in respect of IFRIC 14, see page 10-12) which have been processed by management and these are set out at Appendix D.
Audit evidence and explanations / significant difficulties	As in the previous four years, we have continued to experience good co-operation and engagement from the Council throughout our 2022-23 audit. There are no significant difficulties to report in terms of receipt of audit evidence for all information and explanations requested.

2. Financial Statements: other communication requirements



Our responsibility

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

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

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our review of the Annual Governance Statement and Narrative report identified no issues. We plan to issue an unmodified opinion in this respect as reported at Appendix H.</p> <p>Overall, no material inconsistencies have been identified.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • if we have applied any of our statutory powers or duties • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness(es). <p>We have nothing to report on these matters. Our Value for Money work is underway and is expected to be completed for the Audit Committee meeting on 1 February 2024.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out certain procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>The NAO requires the work to be completed once the audit opinion is provided on the financial statements.</p> <p>In 2022, the NAO increased the audit threshold to £2bn expenditure for authorities that required detailed WGA audit work. The NAO's 2022-23 guidance has now been issued and this threshold remains in place for 2022-23 WGA work, therefore in common with recent years, the Council's WGA submission should only require limited audit input.</p> <p>We anticipate issuing this return to the NAO after issuing the audit opinion and we have targeted this for December 2023.</p>
Certification of the closure of the audit	<p>As in previous years, we intend to delay the certification of the closure of the 2022-23 audit of the Council in the audit report, as detailed at Appendix I, until we have completed any required work on the WGA consolidation exercise mentioned above and completed our Value for Money responsibilities with the issue of the Auditor's Annual Report.</p>



3. Value for Money arrangements

Approach to Value for Money work for 2022-23

The National Audit Office issued its updated guidance for auditors in January 2023. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

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



Statutory recommendation

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



Key recommendation

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



Improvement recommendation

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

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report (AAR). An audit letter explaining the reasons for the delay was sent to Chair of the Audit Committee on 28 September 2023 and is also attached at Appendix I to this report for completeness. We expect to issue our finalised Auditor's Annual Report in January 2024 and present this to the Audit Committee meeting on 1 February 2024. This would be ahead of the National Audit Office's revised deadline, which requires the AAR to be issued no more than three months after the date of the opinion on the financial statements.

As reported in our Audit Plan issued on 19 April 2023, we did not identify any risks of significant weaknesses from our initial planning work. However, we noted three areas that we would further consider as part of our VFM audit work:

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

As part of our 2022-23 VFM work, we have considered each of these areas and are currently assessing the progress made by the Council, before we conclude our 2022-23 value for money work. However, we are satisfied that these areas do not impact on our 2022-23 accounts audit or opinion. As part of our 2022-23 VFM review, we are also following up on the progress being made by the Council to implement the two improvement recommendations made last year, 2021-22. We will report our findings in the Auditor's Annual Report.

As noted above and as many other local authorities across the country, the Council is facing cost pressures resulting from increasing children services demands, inflation, interest rates, energy and pay expenditure. This is challenging on the Council's ability to deliver the agreed budget and setting Medium Term Financial Plans. We will summarise our findings on these areas as part of our VFM work and report to you through our Auditor's Annual Report in early 2024.

It is important to note that our VFM risk assessment will continue until we issue our 2022-23 Auditor's Annual Report in January 2024. Our view is there are no VFM issues that would have a material impact on our ISA(UK) audit work and therefore would not restrict us in completing the audit of the financial statements and issuing our 2022-23 audit opinion on the Council's accounts.

4. Independence and ethics

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed at Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details please see the Grant Thornton website.

Audit and non-audit services

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

Service	Fees £	Threats identified	Safeguards
Audit related:			
No services provided	-	-	-
Non-audit related:			
No services provided	-	-	-

4. Independence and ethics (continued)

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or Group.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group or Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council / Group.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council or Group, senior management or staff that would exceed the threshold set in the Ethical Standard.

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 and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person [and network firms] have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Audit Fees and non-audit services
- F. Auditing developments
- G. Management Letter of Representation
- H. Audit opinion
Audit letter in respect of delayed VFM work

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management / those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant 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 involving management and / or which results in material misstatement of the financial statements		•
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 Findings (ISA260) Report, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

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.

Distribution of this Audit Findings (ISA260) Report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified the following recommendation for the Council as a result of issues identified during the course of our financial statement audit. We have agreed our recommendation with management and we will report on progress on this recommendation during the course of the 2023-24 audit. The matter reported here is limited to those deficiencies that we have identified during the course of our audit and that we have concluded is of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Low	<p>1. Accounting for the disposal of assets</p> <p>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.</p>	<p>Recommendation</p> <p>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.</p> <p>Management response:</p> <p>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.</p>

C. Follow up of prior year recommendations

We identified the following issues in the audit of the Council's 2021-22 financial statements, which resulted in two recommendations being reported in our 2021-22 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Vehicles, Plant and Equipment</p> <p>In reviewing the Council's asset register for vehicles, plant and equipment, we noted a large number of assets which had been fully depreciated showing a Net Book Value (NBV) of zero, but still remaining in the asset register. Following discussions with management, we became aware that these assets were no longer held by the Council as they had been fully depreciated and disposed of and should have been removed.</p> <p>In total, there were 320 assets with a gross book value of £11.2m. Management has now removed these assets from the asset register and updated Note 12 to the financial statements.</p> <p>There is a need for the Council to ensure that when assets reach the end of their useful life, they are removed from the asset register, or provided with an extended useful life and possible valuation if the asset still remains in use.</p> <p>A periodic review of all vehicles, plant and equipment each year will help ensure fully depreciated assets and those which are no longer used are removed from the asset register.</p>	<p>The Council has introduced an additional exercise at year end to review any item of vehicles, plant and equipment with a £0 net book value or in the last year of its useful economic life to confirm if it is still in use. Assets are now removed unless confirmation is received that assets remain in use in which case, they are given an extended useful economic life based on the information provided.</p>
✓	<p>Infrastructure assets</p> <p>The Department for Levelling Up, Housing and Communities issued a Statutory Instrument (SI) relating to Infrastructure assets on 25 December 2022. This enabled the Council to assume disposals at nil values when replacing infrastructure asset components. The Council's current records do not enable the IAS16 principles to be fully followed in 2021-22 and whilst we have placed reliance on the SI for 2021-22, there is a need for the Council to put robust plans in place to clearly demonstrate the different types of infrastructure assets that they hold, their Useful Economic Lives (UELs) and their depreciation charges, in advance of the expected CIPFA Code update on this issue in 2025-26.</p>	<p>The Council has now reviewed and updated its arrangements. The Council complies with regulation 30M of SI 1232/2022.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

D. Audit Adjustments

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2023.

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

Detail	Comprehensive Income and Expenditure Statement £000	Statement of Financial Position £000	Impact on useable reserves £000
Balance Sheet – Assets related to defined benefit pension scheme			
Actuarial (gains) / losses on pension assets / liabilities	(83,002)		0
Asset related to defined benefit pension scheme	20,302	83,002	0
Net pension asset related to defined benefit pension scheme increases from £36.2m to £119.2m following the recalculation of the pension asset ceiling from £62.6m to £644m. Please also see first two misclassification and disclosure changes overleaf.		(20,302)	
Overall impact	(62,700)	62,700	£nil
	No impact to Surplus /Deficit of provision of services.	Increase Long Term Assets by £62.7m	No impact on the useable reserves of the Council.
	Impact only on Other Comprehensive Income & Expenditure (bottom part of the CIES) - increase by £62.7m	Increase Long Term Liabilities by £62.7m	

D. Audit Adjustments

Misclassification and disclosure changes

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

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

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<p>Note 39 – Defined Benefit Pension Scheme</p> <p>Note 39 reports net asset of £36.2m for the LGPS defined benefit pension scheme with the impact of the asset ceiling of £62.595m, however, the group accounts also report a net asset of £36.2m with the impact of the asset ceiling reported as £93.279m. Note: see also asset ceiling issue below.</p>	<p>The asset ceiling reported in the group accounts appears incorrect and should be updated. Reference should also be included to refer to IFRIC 14 to explain the impact of the asset ceiling in Note 39.</p> <p>Management response:</p> <p>The asset ceiling of £93.279m is erroneous and will be updated. Narrative to be updated to also refer to IFRIC 14 in Note 39. Note: see also asset ceiling matter below.</p>	✓
<p>Calculation of Pension Asset Ceiling</p> <p>Our review of the Actuary’s calculation of the asset ceiling relating to the LGPS noted an anomaly in the assumption used for the expected life of the pension plan. This was set at 9.3 years whereas it should be indefinite, given the LGPS will continue into the future.</p>	<p>The asset ceiling calculation should be re-calculated and the updated asset ceiling figure used within the financial statements.</p> <p>Management response:</p> <p>Agreed, the Actuary has now recalculated the asset ceiling as £644m. We have revised the asset ceiling figure to £644m and also updated the pension net assets to £119.2m and a pension unfunded obligation of £20.3m (net impact £98.9m). These changes have been made throughout the accounts.</p>	✓
<p>Note 28 Pooled Budget</p> <p>The Pooled Budget note does not clearly describe the nature of the arrangement between the Council and the ICB.</p>	<p>The note should be expanded to set out the nature of the Pooled Budget agreement, for example if there is joint control and this meets the definition of a joint operation.</p> <p>Management response</p> <p>Note to be updated. The pooled budget is considered a joint operation as both parties have joint control, have rights to the assets, and obligations for the liabilities in respect of the pooled budget arrangement. As a joint operation the Council accounts for the assets, liabilities, revenues and expenses relating to the Council’s interest in the joint operation</p>	✓

D. Audit Adjustments

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

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<p>Note 16 – Financial Instruments</p> <p>The narrative relating to Financial Guarantees – Bank, refers to pooling bank accounts of the Council, DCST and SLHD and states ‘the Council is the controlling body’.</p>	<p>The use of the term ‘controlling body’ infers the Council is able to control the bank accounts of DCST and SLHD. This reference should be removed unless the Council is in control of these bank accounts.</p> <p>Management response</p> <p>Wording to be updated and use of ‘controlling body’ removed.</p>	✓
<p>Note 34 - Related party disclosures</p> <p>The note does not report the amount of transactions and balances between the Council and the companies that are subsidiaries, associates or joint ventures:</p> <ul style="list-style-type: none"> • St Leger Homes • Doncaster Childrens Services trust • Arthur Street Developments. <p>The value of transactions and balance is required where these are considered material from the viewpoint of either the council or the related party.</p>	<p>The note should be expanded to include the amount of transactions and balances between the Council and the companies that are subsidiaries, associates or joint ventures.</p> <p>Management response</p> <p>Agreed, the note to be expanded. Arthur Street Developments is not material for either the Council or Arthur Street developments.</p>	✓
<p>Note 35 – Capital Expenditure and Capital Financing</p> <p>Review of the capital financing requirement calculation identified an error relating to a capital contribution of £7.7m which had been erroneously included. Note 35 is overstated by £7.7m.</p>	<p>The note should be updated to correct for this error.</p> <p>Management response</p> <p>Agreed, the note has been updated.</p>	✓
<p>Group MIRS</p> <p>The group MIRS reports that DCST is not included in the group accounts, but the adjustment made to the opening balance of reserves is £31.597m which is material.</p>	<p>The note should be updated to correct for this error.</p> <p>Management response</p> <p>Agreed, the Council will bring forward the prior year closing balance and change the presentation to include an additional line to remove the DCST Pension from the opening balance. Note that DCST has never included the net pension liability in their accounts, as a result, the Council in previous years has added this liability in on consolidation.</p>	✓

D. Audit Adjustments

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

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<p>Note 1 – Expenditure and Funding Analysis</p> <p>The position reported in the EFA on page 21 is inconsistent with the revenue position reported in the narrative report on page 7.</p>	<p>The position reported in the Expenditure and Funding Analysis should more clearly reconcile with the Narrative Report.</p> <p>Management response</p> <p>Noted, this will be updated next year during the 2023-24 draft accounts production process.</p>	X
<p>Note 2 – Accounting Policies</p> <p>The note on page 36 states that short term investments / loans are those that are readily convertible to known amounts of cash with insignificant risk of change in value. That is part of the definition of cash equivalents.</p> <p>The policy also states that investments / loans with a longer maturity (ie >12 months) do not become short term once their remaining maturity period falls between three and twelve months. That is a departure from the definition of a current asset/ liability per the CIPFA Code of practice on local authority accounting 2022-23.</p>	<p>The wording included in the note should be updated to ensure compliance with the CIPFA Code of practice on local authority accounting 2022-23.</p> <p>Management response</p> <p>Agreed, to be updated.</p>	✓
<p>Note 45 – Critical Judgements in Applying Accounting Policies</p> <p>Central Government Funding is identified as a critical judgement, however, there is no indication of impairment arising from funding levels. We are uncertain why this is a critical judgement.</p>	<p>The note should be reviewed for appropriateness and if necessary, updated to include the impact of impairments arising.</p> <p>Management response</p> <p>We have reconsidered this disclosure and no longer consider it to be appropriate. The Central Government Funding critical judgement will be removed.</p>	✓
<p>Note 12 – Property, Plant and Equipment</p> <p>Note 12 on infrastructure and derecognition indicates that the Council has opted not to apply regulation 30M of SI 1232/2022 that allows the carrying amount to be deemed to be nil and instead is applying the requirements of the Code. We understand this disclosure is incorrect and the Council does comply regulation 30M of SI 1232/2022.</p>	<p>The current disclosure requires updating to indicate the Council does comply with regulation 30M of SI 1232/2022.</p> <p>Management response</p> <p>Wording to be updated.</p>	✓

D. Audit Adjustments

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

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<p>Note 16 – Financial Instruments</p> <p>Classification of financial instruments states that items described as ‘payroll’ are excluded as not meeting the definition of financial instruments.</p>	<p>The wording referring to payroll is confusing and should be updated to refer to the annual leave accrual.</p> <p>Management response</p> <p>Agreed, wording to be updated.</p>	✓
<p>Note 16 – Financial Instruments</p> <p>Page 59 of the draft accounts refers to trade debtors of £20.962m outstanding but this is inconsistent with note 17 which reports trade receivables of £40.711m. We understand the difference relates to manual accruals at year end.</p>	<p>It is difficult to reconcile the two figures and the disclosure should be expanded to show manual accruals to allow easier reconciliation.</p> <p>Management response</p> <p>Agreed, to be updated.</p>	✓
<p>Note 17 and 21 – Short Term Debtors & Creditors</p> <p>The balance on other receivables (£42.1m- Note 17) and other payables (£23.6m – Note 21) are material and should be broken down further.</p>	<p>The balances for other receivables (£42.1m- Note 17) and other payables (£23.6m – Note 21) are material and should be broken down further.</p> <p>Management response</p> <p>Agreed, further detail to be added.</p>	✓
<p>Group Note g – Defined Benefit Pension Scheme</p> <p>Page 102 of the draft accounts reports movements in the group MIRS which differ from those reported for the Council. This is not appropriate since statutory adjustments between the accounting and funding basis should not be applied to group entities. There is a mismatch between note g and the group MIRS.</p>	<p>The note should be updated to ensure the correct disclosures and amounts are shown.</p> <p>Management response</p> <p>Agreed, to be updated.</p>	✓
<p>Note 12 - Property, Plant and Equipment</p> <p>The PPE revaluations disclosure table shown on page 51 of the draft accounts currently includes for other land and buildings the net book value (NBV) of assets revalued rather than the gross book value (GBV).</p>	<p>The note should be updated to correctly show the gross book value of other land and buildings.</p> <p>Management response</p> <p>Agreed, to be updated.</p>	✓

D. Audit Adjustments

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

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<p>Note 12 - Property, Plant and Equipment</p> <p>The table included on page 48 of the draft accounts includes De-recognition – other for vehicles plant and equipment which were included within De-recognition – disposals in the prior year. The Council should take a consistent approach between years.</p>	<p>The Council should take a consistent approach to record De-recognition between years.</p> <p>Management response</p> <p>Agreed, De-recognition for 2021-22 has now been amended to be consistent with the current year (2022-23). A note had been added to explain this amendment.</p>	✓
<p>Note 12 - Property, Plant and Equipment</p> <p>The table on page 50 of the draft accounts shows a depreciation charge of £42.6m for 2022-23 compared to £9.7m in 2021-22. The increase relates to the change in accounting policy for infrastructure assets. However, this significant movement has not been explained for the reader of accounts.</p>	<p>The note should be expanded to explain the movement in the depreciation charge between years and the reason for the increase.</p> <p>Management response</p> <p>Agreed, to be updated.</p>	✓
<p>Note 36 – Leases</p> <p>The minimum lease payment included in the table on page 78 for both 2020-22 and 2022-23 are incorrectly disclosed as they incorrectly include finance costs.</p>	<p>The disclosure for minimum lease payments should be corrected and exclude finance costs.</p> <p>Management response</p> <p>Agreed, to be corrected.</p>	✓
<p>Note 31 – Audit Fees</p> <p>Audit fees are shown within note 31 at £213,000 whereas they should be £212,000.</p>	<p>Audit fees should be corrected in note 31 to show £212,000.</p> <p>Management response</p> <p>Agreed, now updated.</p>	✓
<p>Group Accounts – Note g</p> <p>The financial statements for St Leger Homes of Doncaster Limited (SLHD) for 2022-23 have not incorporated the pension fund net asset valuation. We have raised this with Council management to discuss with the management of SLHD and to update their draft accounts to incorporate the net pension asset valuation.</p>	<p>The draft accounts for SLHD should be updated to incorporate the net pension asset valuation.</p> <p>Management response</p> <p>Following discussions with SLHD management, the accounts for SLHD have now been signed off and no amendments can be made. However, the Council will incorporate the net pension valuation as part of consolidation of the group accounts.</p>	✓

D. Audit Adjustments

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

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<p>Note 39 Defined Benefit Pension Schemes</p> <p>The table included on page 81 of the draft accounts shows the reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code. The amount disclosed is currently £(56,276)k but should be £(33,544)k.</p>	<p>The note should be updated to show the correct reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits.</p> <p>Management response</p> <p>Agreed, to be updated.</p>	✓

D. Audit Adjustments (continued)

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022-23 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
As last year, the South Yorkshire pension fund auditor noted in their IAS19 report an unadjusted error relating to Pooled Investment Vehicles (PIVs) of £46.4m relating to all admitted bodies. For Doncaster this unadjusted error totals £6.2m, representing the Council's share - (an increase to investment assets).	-	6,200	-	-	This is not considered material.
Overall impact	Nil	£6,200	Nil	Nil	-

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2021-22 financial statements. This adjustment has no ongoing implications for the Council's accounts as it is taken into account in the 2022-23 valuation. Please see issue above.

Detail	Comprehensive Income and Expenditure Statement £000	Statement of Financial Position £000	Impact on useable reserves £000	Reason for not adjusting
The South Yorkshire pension fund auditor noted in their IAS19 report an unadjusted error relating to Pooled Investment Vehicles (PIVs) of £27.3m relating to all admitted bodies. For Doncaster MBC this unadjusted error totals £3.6m - representing the Council's share - (an increase to investment assets).	-	3,600	-	This is not considered material.
Overall impact	Nil	3,600	Nil	-



E. Fees and non-audit services

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non-audit services.

Audit fees 2022-23	Proposed Planned fee £	Proposed Final fee £
Council Audit	212,180	222,180*
Total audit fees (excluding VAT)	212,180	222,180

* Given the significance of the national issue of accounting for pension fund asset valuations and IFRIC14 for both the group and the Council, and the work required by us on your housing benefit transactions (as we do not audit the housing benefit claim), we have proposed an additional £10k from our original planned audit fee. Our work remains ongoing at the time of this report, as does work in respect of the valuation of land and buildings and pensions. We will update management and the Audit Committee, at the point we conclude our audit with our final proposed audit fee.

Note: All variations to the scale fee (see overleaf) will need to be approved by PSAA. Please also note that DLUHC has continued to set aside £15m of funding to deal with the expected increase in 2022-23 audit fees, a direct response to one of the key findings of the Redmond Review into local authority external audit.

The 2022-23 planned fees reconcile to the revised version of the financial statements following an amendment to the draft accounts in Note 31 - External Audit Costs with a £10k reconciling difference as detailed above.

None of the above services were provided on a contingent fee basis. This covers all services provided by us and our network to the Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard [ES 1.69]).

We confirm that no non-audit or audited related services have been undertaken for the Council or group.

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

E. Fees and non-audit services

PSAA Scale fee for 2022-23	£150,680
Increased challenge and depth of audit work and testing in order to meet the audit quality challenge of the regulator	£3,750
Enhanced audit procedures for Property, Plant and Equipment, including the use of an Auditor's Expert	£5,000
The revised Value for Money (VfM) approach, introduced under the new NAO Code in 2020-21 (after the 2017 PSAA tender)	£20,000
Increased audit requirements relating to ISA 540 Revised - Auditing Accounting Estimates and Related Disclosures	£6,000
Enhanced audit procedures for journals and grants testing, given the risk of management override of controls	£5,000
Enhanced audit procedures for Payroll – Change of circumstances	£500
Enhanced audit procedures for Collection Fund – reliefs testing	£750
Increased audit requirements of ISA 315 Revised - identifying and assessing the Risks of Material Misstatement	£6,000
Technical 'hot review' of the draft 2022-23 accounts given the audit sits within the FRC population of a 'major' audit	£1,500
Enhanced audit procedures for Infrastructure assets	£2,500
Additional testing within the Housing Revenue Account	£500
Accounting for the significant risk of the transition of Doncaster Children's Service Trust into the Council on 1 September	£10,000
Additional audit work in respect of the Group & Council's share of the Pension Fund asset position & the implications of IFRIC14	£5,000
Performing sufficient and appropriate audit work on housing benefit related transactions (as we do not audit the HB claim)	£5,000
Total proposed audit fees 2022-23 (excluding VAT)	£222,180

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	<p>The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of:</p> <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assess and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	<p>Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.</p>
Professional scepticism	<p>The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible.
Definition of engagement team	<p>The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor.</p> <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	<p>The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance.
Documentation	<p>The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.</p>

G. Management Letter of Representation (draft)

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

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

[Date] – (TO BE DATED SAME DATE AS AUDIT COMMITTEE)

Dear Grant Thornton UK LLP

City of Doncaster Council Financial Statements for the year ended 31 March 2023

This representation letter is provided in connection with the audit of the financial statements of City of Doncaster Council and its subsidiary undertakings, St Leger Homes of Doncaster Limited for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the group and Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law

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

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.

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

G. Management Letter of Representation (draft)

- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. **We have considered the unadjusted misstatements schedule included in your Audit Findings Report . We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end.** The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have considered whether the Council is required to reflect a liability in respect of equal pay claims within its financial statements. We confirm that we are satisfied that no liability needs to be recognised on the grounds that:
- The Council settled all such claims prior to and during 2016-17 and there are no such existing claims from the work done by the Council
 - After 2016-17, the Council has not received notification of any potential equal pay claims through the Advisory, Conciliation, and Arbitration Service (ACAS), Early Conciliation process, through it's Employment Relations Forum or through it's internal governance process
 - The Council has undertaken work such as job evaluation schemes to identify any such potential liabilities and non has been found.
- xiv. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xv. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

- a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
- b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

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

- xvi. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.
- xvii. The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

Information Provided

- xviii. We have provided you with:
- a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.

G. Management Letter of Representation (draft)

- xix. We have communicated to you all deficiencies in internal control of which management is aware.
- xx. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xxi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxv. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.
- xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 23 November 2023.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council

H. Audit opinion (proposed)

Our proposed audit opinion is included below.

We anticipate we will provide the group and Council with an unmodified 'clean' audit report

Independent auditor's report to the members of City of Doncaster Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of City of Doncaster Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise, the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Comprehensive Income and Expenditure Account, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2023 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the Chief Financial Officer and Assistant Director of Finance and Technology's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

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

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

Our responsibilities and the responsibilities of the Chief Financial Officer and Assistant Director of Finance and Technology with respect to going concern are described in the relevant sections of this report.

H. Audit opinion

Other information

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Authority and the Chief Financial Officer and Assistant Director of Finance and Technology

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer and Assistant Director of Finance and Technology. The Chief Financial Officer and Assistant Director of Finance and Technology is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer and Assistant Director of Finance and Technology determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer and Assistant Director of Finance and Technology is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

H. Audit opinion

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003, the Local Government and Housing Act 1989, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.

We enquired of management and the Audit Committee, concerning the group and Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:

- material closing journals posted during the preparation of the financial statements including periods 12 and 13

- material and unusual journals which fall outside the auditor's expectations which are considered as high risk journals such as journals posted by senior management, journals posted by staff not in the journals posting approval list, journals with no descriptions, journals with unusual descriptions which are outside our expectations and non-routine.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on above high-risk journals
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings valuation and pension asset and liability valuation; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector in which the group and Authority operates

H. Audit opinion

- understanding of the legal and regulatory requirements specific to the Authority and group including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

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

We cannot formally conclude the audit and issue an audit certificate for City of Doncaster Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

H. Audit opinion

- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2023.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature

Gareth Mills, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Leeds

Date: TBC

I. Audit letter in respect of delayed VFM work



Councillor Austen White
Chair of Audit Committee
City of Doncaster Council
Floor 2, Civic Office
Waterdale
Doncaster
DN1 3BU

28 September 2023

Dear Cllr White

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, as in the prior years, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected.

The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many opinions on the financial statements as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to finalise our report with management by the end of December 2023, with a presentation of the Report expected to take place at the 1 February 2024 meeting of the Audit Committee. This timing would be well within the NAO's requirements to finalise our VFM work within three months of signing the opinion on the Council's 2022-23 accounts.

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

Yours faithfully

Gareth

Gareth Mills

Key Audit Partner and Engagement Lead for City of Doncaster Council

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City of
Doncaster
Council

ANNUAL GOVERNANCE STATEMENT 2022/23

Introduction

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

Scope of responsibility

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 or can be obtained from The Policy, Insight and Change Team, 01302 862533

The purpose of the governance framework

The governance framework comprises of systems and processes culture, and values by which we are directed and controlled, and through which we account to, engage with and lead our communities. It enables us to monitor the achievements of our strategic objectives and to consider whether those objectives have led us to deliver appropriate services that are value for money.

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

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

Financial Management Code

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

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

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

Our Governance Framework

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

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

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

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

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

- Helping to maintain and improve the Council's system of risk, governance and control by reviewing internal and external audit work carried out during the year; This includes ensuring for Internal Audit that assurance arrangements conform with the governance requirements of the CIPFA Statement on the role of the Head of Internal Audit (2019) and that the Internal Audit function operates to their relevant professional standards which are the United Kingdom Public Sector Internal Audit Standards. The Committee received this assurance independently last year through the External Quality Assessment carried out by the Head of Internal Audit from Rotherham Council who assessed Doncaster's Internal Audit team to be operating at the highest level of conformance with these standards. For this year that assurance is provided by a self assessments by the Head of Internal Audit;
- Supporting improvement in the Council's control arrangements by ensuring appropriate action is taken to implement management actions arising from audit recommendations and calling officers to account where explanations over any lack of progress are required;
- Critically assessing the Council's governance arrangements and supporting the production of an Annual Governance Statement;
- Supporting the maintenance of the good standards achieved in producing the Council's Statement of Accounts;
- Supporting the Council's antifraud, bribery and corruption arrangements and noting low incidents of fraud and error area as set out in the annual fraud report. This was especially important this year again with the cost of living crisis heightening fraud risk and the conclusion of the post payment assurance checks over £112M of Business Support Grant payments from the Covid-19 pandemic demonstrating strong and effective controls with only 0.6% fraud and error rates;
- Ensuring the Council's surveillance policies are kept up to date and reviewing surveillance carried out by the Council;
- The committee has continued to be actively engaged with the Head of Internal Audit and other officers during this period to understand the nature and depth of challenges relevant to the committee.

The Audit Committee produces an Annual Report, which is available [doncaster.gov.uk](https://www.doncaster.gov.uk)

Governance Group

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

Role of Internal and External Audit

The City of Doncaster Council has both internal and external auditors. Internal Audit and External Audit aim to co-ordinate their work to get best value from the resources available and aim to work closely together to achieve the Council's objectives.

The role of Internal Audit is to:

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

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

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

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

Overall, the Grant Thornton Annual Audit Report was an extremely positive one as it has been in previous years and with the "unqualified audit opinion", recognising the ongoing strong arrangements within the Council in preparing the Statement of Accounts for audit. The quality of the working papers and the supporting information has improved year-on-year with the working papers, once again, meeting the standards specified in the Accounts Audit Protocol with a clear audit trail provided. Responses to audit queries were also provided in a timely manner.

The 2022/23 audit starts after the unaudited accounts have been published by 31st May 2023. Grant Thornton will conclude their audit of the accounts by the 30th November 2023 and the Auditor's Annual Report on Value for Money arrangements will be provided by the 31st December 2023.

Our Approach to Risk Management

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

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

Review of effectiveness

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

Effectiveness of arrangements and level of assurance

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

The draft AGS was produced in April 2023. To ensure the final draft reflects the current position, we sought additional assurance from key governance colleagues and partners, during this additional process no further significant issues identified, however we are aware of the recent concerns being raised in particular in relation to schools containing Reinforced Autoclaved Aerated Concrete (RAAC). As such we have arranged for our remaining asset portfolio to be assessed and those considered at most risk, a detailed condition survey to be complete.

Significant governance issues identified in 2022-23

Whilst we are satisfied with the effectiveness of corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance the following new issues have been identified for improvement as part of the 2022-23 Annual Governance Statement process:

ISSUE: Workforce Recruitment and Retention Challenges

Within this context the council needs to ensure it has the right people, with the right skills, working in the right way, within effective roles, programmes and flexible structures. As an organisation we need to systematically identify and address critical skills gaps now and for the future; retain, develop and deploy resources to ensure services can be delivered to a high standard and provide value for money.

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

Actions:

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

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

Responsible Officer:

Lee Tillman – Assistant Director of Policy Insight & Change

Rebecca Hardwick – Head of Service, Human Resources

Completion

Date:

March 2024

ISSUE: Social Care Data Quality

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

To be clear this 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. This is related to ensuring the MOSAIC system can be effective in capturing and reporting information to ensure good service performance in the aftermath of major changes in the system and reporting. It is also a critical part of the inspection process linked to Children’s Social Care and the information that will be needed as part of any future process. It is also worthy to note that inspections for Adult Social Care nationally are likely over the following 12 months and our data quality process will be part of that process.

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

Actions:

- Go Live Reporting Plan to support an April launch – This will allow the basics to be reported e.g., Annex A
- Training programme of staff to support correct use of the system – a programme is ongoing in preparation of the new forms but there is a need for mop up and support through the early implementation period
- Systems Review group set up to monitor requests and prioritise reporting/system developments in the Reporting Plan
- Reporting Plan to build out from the basics and restore the reporting infrastructure that is needed by Service Managers
- Statutory Returns delivered effectively for Adult and Children’s Social Care from the Mosaic system
- After Action Review of Statutory Returns for Childrens and Adults to build upon strength and identify areas of improvement to implement

Completion Date:

April 23
April 23
July 23
July 23
August 23
March 24

Responsible Officer:

Lee Tillman – Assistant Director of Policy Insight & Change
Allan Wiltshire – Head of Service, Policy Insight & Change

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

As seen nationally, the Councils budget continues to be heavily impacted by cost pressures, including the impact of inflation, both pay and contract price inflation. Service pressures are being 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. The current overspend forecast for 2023/24 is £4.1m.

Although the Council has sufficient reserves to fund the 2023/24 overspend, it recognises that this it is not a sustainable solution, and at the same time reduces the one-off resources available for transforming services.

Pressures identified as part of the 2022/23 budget setting process were reflected in the 2023/24 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 Children’s Social Care, due to the complexity of the savings and previous non-delivery track record. The additional and increasing pressures which were identified, post the production of the budget proposals, have been incorporated into 2023/24 monitoring, including the impact of the final employers pay agreement.

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

<p>Actions:</p> <p>Short horizon: We will continue to closely monitor and manage the impact of the cost pressures in 2023/24, maintaining specific focus on the key areas of risk including Adults and Children’s Social Care and the delivery of specific budget savings.</p> <p>We have reviewed current arrangements to deliver identified savings and have taken appropriate action where needed.</p> <p>We will also continue to focus on the main sources of income e.g., income from council tax and business rates.</p> <p>Longer horizon: As part of the 2024/25 budget setting process, we will be reviewing the extent to which current pressures on budgets continue into future years and impact on the MTFS, including identifying mitigating actions, for approval by Council in February 2024.</p> <p>Responsible Officer: Debbie Hogg – Director of Corporate Resources Faye Tyas – Assistant Director of Finance</p>	<p>Completion Date: March 2024 (Overall March 2024 and ongoing)</p> <p>Review governance arrangements for high risk cost pressures and budget savings – End of April 2023 – complete</p>
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ISSUE: Doncaster Children's placement sufficiency

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

Actions:

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

Review of the White Rose framework effectiveness.

The review of the 3 internal frameworks

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

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

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

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

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

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

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

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

Responsible Officer:

Riana Nelson – Director of Children, Young People and Families

Rebecca Wall – Assistant Director Children's Social Care

Completion

Date:

March 2024

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

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

Actions:

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

Responsible Officer:

Riana Nelson – Director of Children, Young People and Families
Leanne Hornsby – Assistant Director Education & Skills

Completion

Date:

March 2024

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

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

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

Actions:

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

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

Responsible Officer:

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

Completion

Date:

March 2024

ISSUE: Adult Social Care Market Sustainability

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

Actions:

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

Responsible Officers:

Phil Holmes – Director of Adults Wellbeing & Culture
Kathryn Anderson Bratt – Assistant Directors Adults Wellbeing & Culture

Completion

Date:

March 2024

Statement of Commitment

We have been advised of the implications of the result of the 2022-23 review of the effectiveness of the governance and internal control frameworks by the Audit Committee and of the plans to address identified weaknesses and ensure continuous improvement of the system in place. We propose over the coming year to take steps to address the above matters to enhance further the Council's governance and internal control arrangements.

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

Signed on behalf of City of Doncaster Council:



Ros Jones
Mayor of Doncaster



Damian Allen
Chief Executive

Key Areas of Improvement from previous Statements that have been completed

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

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

City of Doncaster Council Audit Progress Report

6 November 2023



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

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1. Introduction

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

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

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

2. Progress as at 6 November 2023

Financial Statements Audit

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

Given this situation, we have previously highlighted to you that we would not be in a position to complete the 2022-23 accounts audit by the national statutory date of 30 September 2023 (only five local authority audits met this deadline in the whole of England).

We have instead planned to complete our sign off of the 2022-23 accounts audit for late November 2023 which is a more realistic and achievable date and one which we have continued to previously report to you. We believe we remain on track to deliver to this date for the 2022-23 accounts audit.

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

Value for Money

The National Audit Office (NAO) issued Auditor Guidance Note 3 (AGN 03) in relation to Auditors' Work on Value for Money (VFM) Arrangements for 22-23 audits.

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

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

The Auditor's Annual Report should be issued no more than three months after the date of the opinion on the financial statements for all local government bodies.

As previously discussed with the Audit Committee, we anticipate issuing our Auditor's Annual Report by the end of December 2023, and will present our findings to the Audit Committee meeting in the new year. This proposed timeline ensures we meet the NAO timetable.

Progress at 6 November 2023 (cont.)

Other areas

Meetings

We continue to meet with senior officers including the Chief Executive, the Monitoring Officer and the Chief Financial Officer and Assistant Director of Finance as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. Our last meeting with the Chief Executive, the Monitoring Officer and the Chief Financial Officer and Assistant Director of Finance was on 26 September 2023.

Events

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

Audit Deliverables

2022-23 Deliverables

Planned Date

Status

Audit Plan

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

April 2023

Completed
Issued on 19 April 2023

Audit Findings (ISA260) Report

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

November 2023

On-track
To be presented to the
Audit Committee on
23 November 2023

Auditors Report

This is the opinion on your 2022-23 financial statements.

November 2023

On-track
We expect to issue by
30 November 2023

Auditor's Annual Report

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

December 2023

Not yet due



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