Grant Thornton

The Audit Findings for Doncaster Metropolitan Borough Council

Year ended 31 March 2019
16 July 2019

Contents

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Doncaster Metropolitan Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2019 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; and • 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.	Our audit work was completed on site during June and July. Our findings are summarised on pages 5 to 16. We have identified five adjustments to the financial statements: • an undercharge of depreciation relating to Schools and Children's Centres of £5.7m; • an impairment of £17.5m relating to the valuation of the CAST Theatre which relates to 2013/14 and requires a Prior Period Adjustment (PPA); • an increase to the value of Council housing of £6.4m resulting from the valuation not being uplifted from 1 April 2018 to 31 March 2019 {awaiting supporting evidence from the valuer}; • an impairment of £14.5m to Council housing resulting from capital spending not adding value to Council housing; • an increase in the Council's pension fund liabilities of £14.5m relating to the McCloud judgement. None of the above adjustments impact on the Council's General Fund position. Further details of the audit adjustments are included on pages 7 to 9 and at Appendix B. We have also raised three recommendations for management as a result of our audit work at Appendix A. Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix D), or material changes to the financial statements, subject to the following outstanding matters: • completing our work on the financial instruments, employee remuneration, PPE, Pension fund assets and liabilities, group accounts, capital expenditure and financing and cash flow; • procedures for Whole of Government Accounts; • reviewing the final version of the financial statements; • obtaining and reviewing the management letter of representation; and • 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. Our anticipated audit report opinion will be unmodified.

Headlines – continued

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').	We have completed our risk based review of the Council's value for money arrangements. We have concluded that Doncaster Metropolitan Borough Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We therefore anticipate issuing an unqualified value for money conclusion, as detailed at Appendix D. Our findings are summarised on pages 17 to 21.
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 have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Acknowledgements

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

Summary

Overview of the scope of our audit

This Audit Findings 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.

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 business 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 of St Leger Homes of Doncaster Ltd; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not had to alter or change our audit plan, as communicated to you on 11 January 2019.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit Committee meeting on 24 July 2019, as detailed at Appendix D. These outstanding areas are listed on page 3.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Materiality calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Doncaster Metropolitan Borough Council.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	12,075k	12,000k	Materiality has been based on 1.5% of the Authority's gross expenditure
Performance materiality	7,849k	7,800k	Our performance materiality has been set at 65% of our overall materiality
Trivial matters	604k	600k	This is set at 5% of financial statements materiality and reflects a level below which stakeholders are unlikely to be concerned by uncertainties.
Materiality for specific transactions, balances or disclosures.	-	15k	The senior officer remuneration disclosure in the Statement of Accounts has been identified as an area requiring a lower materiality due to its sensitive nature

Significant findings – audit risks

	Risks identified in our Audit Plan	Commentary
1	**The revenue cycle includes fraudulent transactions (rebutted)** Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.	**Auditor commentary** We rebutted the risk at the planning stage of our audit. No circumstances arose that indicated we would need to reconsider this judgement. **Findings** There are no issues to bring to your attention.
2	**Management over-ride of controls** 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 identified management over-ride of controls as a risk requiring special audit consideration.	**Auditor commentary** 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 accounting estimates and critical judgements applied and made by management and considered their reasonableness with regard to corroborative evidence; and – evaluated the rationale for any significant changes in accounting policies, estimates or significant unusual transactions. **Findings** There are no issues to bring to your attention.

Significant findings – audit risks

	Risks identified in our Audit Plan	Commentary
3	**Valuation of land and buildings (rolling revaluation) including the Council's 3 PFI schemes in the first year of audit** The Authority revalues 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 (over £1 billion) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	**Auditor commentary** 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 experts; • discussed with the valuers the basis on which the valuation was carried out; • challenged the information and assumptions used by the valuers to assess completeness and consistency with our understanding; • tested revaluations made during the year to see if they had been input correctly into the Authority's asset register; • considered how management has confirmed assets valued at 1 April 2018 have not significantly changed in value by the year end, 31 March 2019; • 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; and • reviewed the Authority's 3 PFI schemes to consider the appropriateness of the accounting entries. **Findings** Our audit work to date has not identified any issues except for: • Schools and Children's Centres have been valued as at 1st April 2018 and then again as at 31 March 2019. The approximate valuation as at 31 March 2019 is £220m. No depreciation has been charged on these assets for 2018/19 and the net cost of services is consequently understated and the revaluation reserve overstated by £5.7m. Management has agreed to amend the accounts for this error; • The valuation of the CAST Theatre was previously undertaken in 2013 and prior to a 23 year lease being granted at a peppercorn rent later in the same year. The Theatre has not been valued since 2013 other than this year as part of the five yearly valuation. The current year valuation recognises the Theatre is subject to a lease at a peppercorn rent and has resulted in a downward revaluation of £17.5m reflecting the leasehold nature of the facility. The Theatre should properly have been valued on a leasehold basis in 2013, at which time, the impairment resulting in the downward revaluation should have been recorded in the 2013/14 financial statements. To correctly account for this impairment, a Prior Period Adjustment is required impacting on the Authority's opening balances. Management has agreed to amend the accounts for this error; • Council Dwellings have been revalued as at 1st April 2018 using the Beacon methodology. The District Valuer Services (DVS), has stated that there was no impairment in Beacon values to 31 March 2019. DVS initially did not provide an indication of whether Beacon values had increased. Further correspondence with DVS indicates Beacon Values have increased between 0% and 2%. The Council consider the midpoint, 1%, is an appropriate increase in asset values which equates to £6.4m. Management has agreed to amend the accounts for this error and also include a disclosure note in the financial statements to explain the increase; • Capital additions to Council housing total £22m for 2018/19 of which the Council had impaired £6m as adding no value. Following audit work, management has undertaken a further review of capital additions which indicates an additional impairment to the CIES is required of £14.5m. Management has agreed to amend the accounts for this error.

Significant findings – audit risks

	Risks identified in our Audit Plan	Commentary

4	**Valuation of the pension fund net liability**
	The pension fund net liability, as reflected in the Authority balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.
	
	We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.
		Auditor commentary
		We have:
		– updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls (refer also to our detailed review of estimation process in key judgements and estimates section on page 12);
		– 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 liability;
		– 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; and
		– undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary PwC (as auditor's expert) and performing additional procedures suggested within the report. This has included:
		  – review of the scope of the actuary's work;
		  – review of the source data provided to the actuary to confirm its validity and completeness;
		  – performed checks on accounting policy disclosures in relation to IAS 19;
		  – reviewed the duration of liabilities of the Council to ensure assumptions used are appropriate to the asset and liability profile of the authority;
		  – reviewed if there are any departures from the actuary's recommended assumptions; and
		  – performed additional tests in relation to accuracy of contribution figures, benefits paid, and investment returns to gain assurance over roll-forward valuation.
		
		Findings
		Our audit work identified that the Council used the figures for its pension fund net liability of £457.1m, issued by its actuary in April 2019. The figures provided by the actuary were based on asset valuations as at 28 February 2019 and projected to 31 March 2019. Following audit work, we asked the Council to obtain an updated asset valuation as at 31 March 2019 to identify any material difference in pension fund asset values between the projected figures used by the actuary for the last month of the year and the actual position at the year end. The Council's actuary has confirmed the difference between their estimate of asset values at 31 March 2019 based on a projection for the final month of the year, and the actual outturn is a difference of £235,000. Given the difference is not material, the Council are not proposing any amendments to the financial statements. We are content with this approach.
		
		In the 'Significant findings – other issues' on page 9 we set out the potential impact of the McCloud judgement on the pension fund net liability.

Significant findings - other issues

Issue	Commentary	Auditor view
Potential impact of the McCloud judgement The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members. The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy. The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds but also for other pension schemes where they have implemented transitional arrangements on changing benefits.	Discussion is ongoing in the sector regarding the potential impact of the ruling on the financial statements of Local Government bodies. The Council has requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of £14.5m, and an increase in service costs for the 2019/20 year of £2.5m. Management's view is that the impact of this change is material. The Council is awaiting the updated IAS19 Report from Mercers and will incorporate the changes into the 2018/19 financial statements.	We have reviewed the analysis performed by the actuary, and consider that the approach that has been taken to arrive at this estimate is reasonable. Given the change in liability resulting from the McCloud judgement, management has agreed to process the adjustment of £14.5m on receipt of the updated IAS19 report. We consider this an appropriate adjustment to the Council's financial statements. We have included this as an adjusted misstatements.

Significant findings – key judgements and estimates

Accounting area	Summary of management's policy	Audit Comments	Assessment
Provisions for NNDR appeals - £5.1m	The Council is responsible for repaying a proportion of successful rateable value appeals. Management calculates the level of provision required and is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates. There has been an increase in provision of £936k during the year.	• the underlying information used to determine the estimate appears appropriate; • the calculation of the NNDR provision is consistent with the approach taken last year; • an appropriate accounting policy is included in Note 2 of the Statement of Accounts.	Green
Land and Buildings – Council Housing - £637.1m	The Council is required to revalue its Council housing in accordance with DCLG's 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. The Council has engaged its valuer, District Valuer Services (DVS), to complete the valuation of these properties. The valuation was at 1 April 2018 and valued Council Housing at £637.1m, a net decrease of £8.6m from 2017/18 (£645.7m).	• The Council's valuer DVS last valued the entire housing stock on 1 April 2018 using the beacon methodology. DVS confirmed that there has been no impairment in Beacon values to 31 March 2019, and based on their assessment, Beacon Values have increased between 0% and 2% in Doncaster for the year to 31 March 2019. The Council had previously not processed an increase in value to Council housing but consider a 1% increase, the midpoint of the valuers estimate, is an appropriate increase across its stock. The impact of this adjustment equates to an increase in asset values of £6.4m. Management has agreed to amend the accounts for this error and also include a disclosure note in the financial statements to explain the increase; • Capital additions to Council housing total £22m for 2018/19 of which the Council had impaired £6m as adding no value. Following audit work, management has undertaken a further review of capital additions which indicates an additional impairment to the CIES is required of £14.5m. Management has agreed to amend the accounts for this error. • We have assessed the Council's valuer, District Valuer Services, 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 and have no issues to report; • The valuation method remains consistent with the prior year; • We have agreed the HRA valuation report to the Statement of Accounts. Our 'Red Assessment' was based on the Council's draft accounts. Management has agreed the amendments identified and the position in now considered satisfactory.	Red

Assessment

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

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Land and Buildings – Other - £716.1m	Other land and buildings comprises £462.4m 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. The remainder of other land and buildings (£253.7m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged its inhouse valuer to complete the valuation of properties as at 1 April 2018 on a five yearly cyclical basis. 67% of total assets were revalued during 2018/19. Management has considered the year end value of non-valued properties, and the potential valuation change in the assets revalued at 1 April 2018, based on the market review provided by the valuer as at 31 March 2019, to determine whether there has been a material change in the total value of these properties. Management's assessment of assets not revalued has identified no material change to the properties value.	• 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 and have no issues to report; • The valuation method remains consistent with the prior year; • We confirm consistency of the estimate against the Gerald Eve report, and reasonableness of the increase in the estimate; • We have agreed the General Fund valuation report to the Fixed Asset Register and to the Statement of Accounts. As set out on page 7, our audit work identified: • Schools and Children's Centres have been valued as at 1st April 2018 and then again as at 31 March 2019. The approximate valuation as at 31 March 2019 is £220m. No depreciation has been charged on these assets for 2018/19 and the net cost of services is consequently understated and the revaluation reserve overstated by £5.7m. Management has agreed to amend the accounts for this error; • The valuation of the CAST Theatre was previously undertaken in 2013 and prior to a 23 year lease being granted at a peppercorn rent later in the same year. The Theatre has not been valued since other than this year as part of the five yearly valuation. The current year valuation recognises the Theatre is subject to a lease at a peppercorn rent and has resulted in a downward revaluation of £17.5m reflecting the leasehold nature of the facility. The Theatre should properly have been valued on a leasehold basis in 2013, at which time, the impairment resulting in the downward revaluation should have been recorded in the 2013/14 financial statements. To correctly account for this impairment, a Prior Period Adjustment is required impacting on the Authority's opening balances. Management has agreed to amend the accounts for this error. Our 'Red Assessment' was based on the Council's draft accounts. Management has agreed the amendments identified and the position in now considered satisfactory.	● Red

Assessment

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

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Net pension liability – £918.7m	The Council's net pension liability at 31 March 2019 is £918.7m (PY £841.8m) comprising the South Yorkshire Local Government Pension Scheme. The Council uses Mercers 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 in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £80.8m net actuarial loss during 2018/19.	• We have assessed the Council's actuary, Mercers, to be competent, capable and objective. • We have performed additional tests in relation to accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the 2018/19 roll forward calculation carried out by the actuary and have no issues to raise. • We have used PwC as our auditor expert to assess the actuary and assumptions made by the actuary – see table below for our comparison of actuarial assumptions:	●

Assumption	Actuary Value	PwC comments	Assessment
Discount rate	2.40% - 2.5%	Assumption appears reasonable.	● Green
Pension increase rate	2.30% - 2.20%	Assumption appears reasonable and methodology appropriate.	● Green
Salary growth	3.35% - 3.45%	Lies within the 3.1% to 4.35% range.	● Green
Life expectancy – Males currently aged 45 / 65	Pensioners: 23.1 Non-pensioners: 25.3	Overall mortality assumptions appear reasonable.	● Green
Life expectancy – Females currently aged 45 / 65	Pensioners: 25.9 Non-pensioners: 28.3	Overall mortality assumptions appear reasonable.	● Green

Assessment

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

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Net pension liability – continued		• We have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate. • We have confirmed there were no significant changes in 2018/19 to the valuation method. • Reasonableness of increase in estimate – following the McCloud ruling, as detailed on page 9, the Council has agreed to revise its estimate and increase the pension liability by £14.5m; • The disclosure of the IAS 19 estimate in the Statement of Accounts will be revised to the final position issued by the actuary in July 2019.	●

Assessment

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

Significant findings – Going concern

Going concern commentary	Auditor commentary
Management's assessment process	
Management has an established process in place and prepare a detailed budget each year which is approved by Members. The budget is developed based on a number of assumptions including funding from Government, cost improvement programmes required to be delivered and the pressures facing the Council. To ensure effective management, the budget is broken down by service area and routinely monitored on a monthly basis with performance reported to Cabinet. Cash flow is also routinely monitored as part of the Council's treasury management arrangements. The Council has in place a three year Medium Term Financial Strategy to 2020/21 to allow it to effectively plan its finances ahead and ensure it is able to effectively manage its financial position. In assessing its going concern position, management look ahead twelve months from its reporting date and have regard to its future cash flow position including whether current spending is in accordance with budget.	• Following its review of going concern, management has concluded it remains a going concern and it is appropriate to continue to prepare its accounts on a going concern basis; • The Council has delivered its in year savings target and has managed the financial pressures faced to ensure expenditure remains within the approved budget. The Council delivered an underspend of £2.1m for 2018/19 and increased general fund balances at the year end; • We have considered management's assessment of going concern as a basis for compiling the financial statements. The arrangements management has in place appear appropriate; • The budget setting processes used to prepare the annual budget and the monitoring arrangements in place are considered appropriate and adequate; • The Chief Financial Officer and Assistant Director of Finance routinely monitors the Council's financial position and reports regularly to Members.
Work performed	
We considered management's going concern assessment including the assumptions used.	• Our work confirmed the management's arrangements for assessing going concern are adequate and management's use of the going concern basis of preparation is reasonable. • We have not identified any material uncertainties that may cast significant doubt on the Authority's ability to continue as a going concern for the foreseeable future.
Concluding comments	• On the basis of our work, it is appropriate to issue an unmodified audit opinion on going concern.

Other communication requirements

We set out below 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
1	**Matters in relation to fraud**	We have discussed the risk of fraud with the Chief Financial Officer and Assistant Director of Finance and have also written to the Chair of the Audit Committee. We have not been made aware of any material incidents in the year and no other issues have been identified during the course of our audit.
2	**Matters in relation to related parties**	We are not aware of any related parties or related party transactions which have not been disclosed.
3	**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.
4	**Written representations**	A letter of representation has been requested from the Council which is included in the Audit Committee papers.
5	**Confirmation requests from third parties**	We requested from management permission to send confirmation requests to the Council's bank (Lloyds). This permission was granted and the confirmation has been received, however the confirmation excludes short term investments and we have requested this information be provided. We also requested permission to send direct confirmations for investments held by the Council, these were issued earlier in the year and a large number have been received but three remain outstanding. In addition, three loan confirmations also remain outstanding.
6	**Disclosures**	Our review found no material omissions in the financial statements.
7	**Audit evidence and explanations/significant difficulties**	All information and explanations requested from management was provided.

Other responsibilities under the Code

	Issue	Commentary
1	**Other information**	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix D.
2	**Matters on which we report by exception**	We are required to report on a number of matters by exception in a numbers of areas: • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit; and/or • If we have applied any of our statutory powers or duties. We have nothing to report on these matters.
3	**Specified procedures for Whole of Government Accounts**	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. As the Council exceeds the specified group reporting threshold we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements. Our work in this area is in progress and will be complete in line with the national deadline.
4	**Certification of the closure of the audit**	We intend to certify the closure of the 2018/19 audit of Doncaster Metropolitan Borough Council in the audit opinion, as detailed at Appendix E.

Value for Money

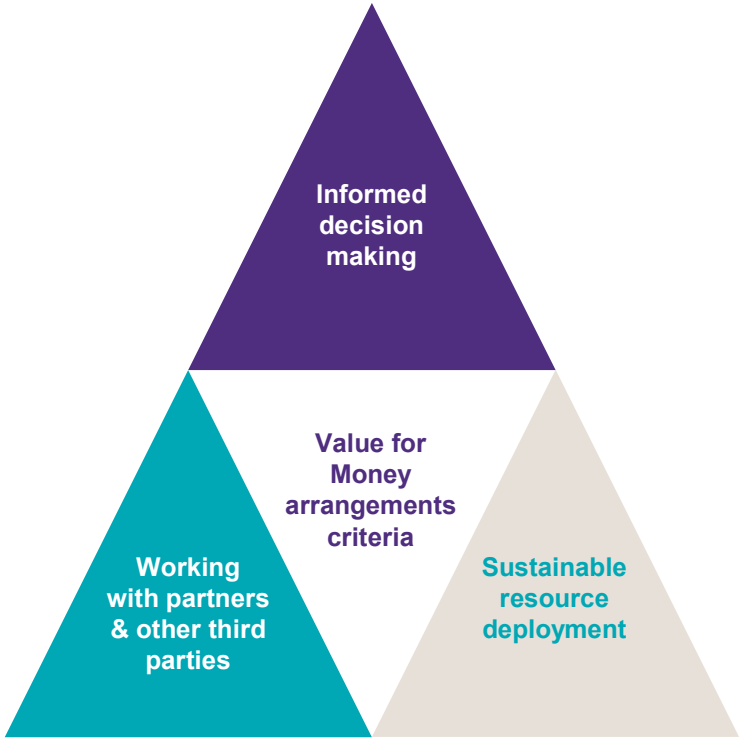
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in December 2018 and identified two significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated January 2019.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- Financial standing - Doncaster Metropolitan Borough Council as other authorities, continues to operate under significant financial pressures;
- Brexit - the UK is due to leave the European Union on 29 March 2019 (now 31 October). This will have national and local implications that will impact on Doncaster Metropolitan Borough Council.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 19 to 21.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix D.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

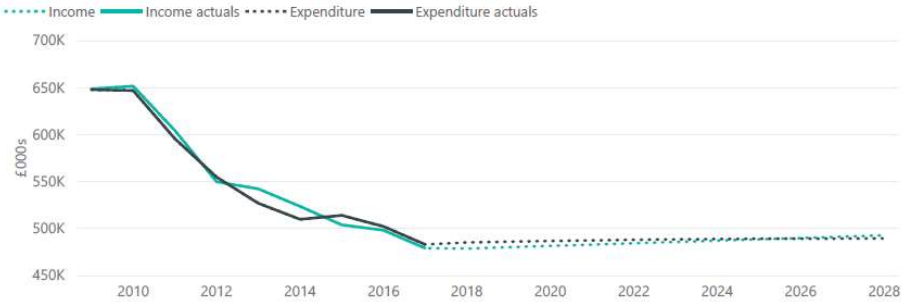
We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

	Significant risk	Findings	Conclusion
1	**Financial standing** • Doncaster Metropolitan Borough Council as other authorities, continues to operate under significant financial pressures. For 2018/19, the Council is planning to deliver a balanced outturn position but to achieve this, needs to deliver savings of some £7.8m whilst managing cost pressures within Children's Services and Adult Social Care at a time of reduced funding; • The Chief Financial Officer is planning a balanced budget in 2019/20, however, he has concerns about on-going budget pressures and the impact on the medium-term financial strategy for 2019/20; • We will continue to monitor the Authority's financial position through regular meetings with officers and consider how the Authority manages overspends within both Children's and Adult Social Services. We will continue to assess progress in the identification and delivery of the £7.8m savings required and plans in place to identify cost improvements into 2019/20 and beyond.	• The Council delivered an outturn General Fund underspend for 2018/19 of £2.1m compared to a budgeted balanced position for the year on gross expenditure of £495.6m. Whilst there were some overspends in directorates including Adult Health and Wellbeing (£0.7m) and Children and Young People (£0.5m), the main areas of underspend were Corporate Resources (£1.4m) and Regeneration and Environment (£1.5m). The small overspend on the Adult Health and Wellbeing budget was after the use of one off Council funding of £4m and a further £6m receipt of additional government funding; • Actual savings delivered by directorates totalled some £9.9m compared to a savings target of £7.8m for 2018/19. The Council contributed £2.1m to the General Fund Reserve at the year end increasing the General Fund Reserve to £14.4m at 31 March 2019. This increase supports the Council's strategy to increase reserves to strengthen its financial resilience; • The Housing Revenue Account also delivered an outturn underspend of £1.4m for 2018/19 mainly due to lower management fees (£0.4m), lower bad debts (£0.4m) and general underspends in other areas (£0.4m) with a marginal increase in income of £0.2m; • Capital spend during the year totalled £87.1m (General Fund) compared to a budget of £100.2m, the variance arose as a result of a number of high values sales expected in 2018/19 slipping into 2019/20 and delaying capital spending. Key developments during 2018/19 include the new central library and museum and the Herten Triangle development; • The Council approved the 2019/20 budget in March 2019, Council Tax for 2019/20 increased by 1.99% plus an additional 2% for the Adult Social Care precept, a total increase of 3.99%. The Council Tax increase generates an additional £3.95m of local funding during the year; • The budget gap for 2019/20 is £21.4m, the Council proposes to use £3.2m of one-off reserves in year reducing the savings required to £18.2m for the year;	The Council continues to operate under significant financial pressures, however, it has effective arrangements in place to routinely monitor its budget and take appropriate action to mitigate against any significant variances or additional calls on resources. This has helped deliver an underspend of £2.1m for 2018/19. Whilst the Council has a challenging savings target for 2019/20 of £18.2m, it has a good record of delivering the savings required and considers the savings achievable. Our forward look at the Council's future financial position using our Insights and Analytics team indicates the Council will continue to maintain reserves above 5% of net revenue expenditure.

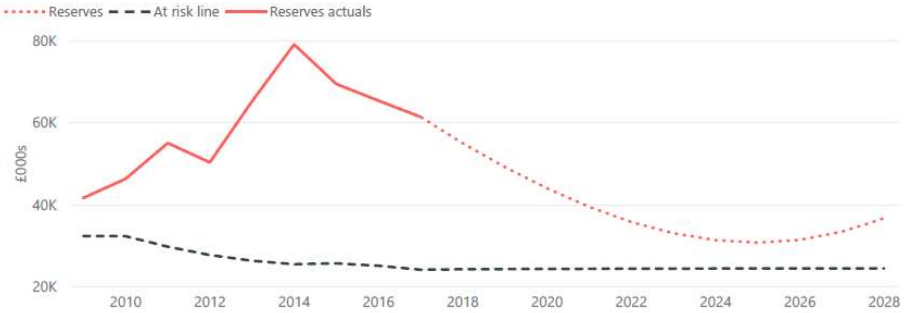
Key findings

	Significant risk	Findings	Conclusion
1	**Financial standing continued**	• We asked our Insights and Analytics team to run a Financial Foresight report for Doncaster Metropolitan Borough Council based on publicly available information. This analysis indicates that whilst expenditure and income have reduced over the last 7 years, the Council's level of reserves remain well above 5% of net revenue expenditure (below which the Council could be considered at risk). Future projections based on income and spending patterns, also confirm reserves remain over 5% as can be seen below.	

Historic income and expenditure (2009/10 - 2017/18) and future baseline projection.



Historic reserves (2009/10 - 2017/18) and future baseline projection.



Key findings

	Significant risk	Findings	Conclusion

2	**Brexit**
	
	The UK is due to leave the European Union on 29 March 2019 (now 31 October 2019). There will be national and local implications resulting from Brexit that will impact on the Authority, which the Authority will need to plan for;
	
	We will consider the Authority's arrangements and plans to mitigate any risks on Brexit. We will consider areas such as workforce planning, supply chain analysis, regulatory risk and the impact on finances including investment and borrowing as well as any potential impact on the valuation of the Council's assets.
		• The UK was initially expected to leave the European Union on 29 March 2019, this was then extended to 12 April 2019, after which EU leaders agreed a further extension to 31 October 2019;
		• Following the result of the June 2016 referendum, Doncaster MBC continued to monitor developments. The first report on Brexit was presented to the Scrutiny and Overview Management Committee on 27 February 2018. This report recognised the possibility of a no deal Brexit and highlighted that planning was underway for a range of possible scenarios relating to an EU Exit. It also confirmed a multi-agency approach, which included all local authorities and blue light services in the region, who had been working together for the last few months to understand the consequences of an EU Exit, including a possible No Deal EU exit and the preparation of contingency plans. A further update during February 2019 highlighted four areas of focus: Economy; Goods and Services; Community Resilience; Planning, Risk Assessment and Co-ordination;
		• The majority of the Council's work to prepare for Brexit has been undertaken as part of normal business arrangements at the Council. However, co-ordination of activity has been undertaken by the existing teams based within the Corporate Services and Regeneration Directorates. There is also recognition that should an emergency situation arise, Council officers may need to be temporarily redeployed as part of response and recovery arrangements. The Council received £210,000 from the Ministry of Housing Communities and Local Government (MHCLG) for Brexit preparedness.
		• A report to Cabinet on 7 May 2019 provided an update on the Council's preparations for Brexit and set out to:
		  • provide dedicated support to businesses using the Government funding received to both mitigate any negative impacts of Brexit and take advantages of opportunities (for example to increase exports). This proposal also levers in match funding from Doncaster Chamber of Commerce;
		  • established a flexible Contingency Fund to allow Doncaster to address the challenges created by Brexit as they emerge.
			The Council has continued to monitor Brexit developments following the referendum in June 2016 and has continued to liaise with neighbouring authorities and other agencies to ensure a co-ordinated approach to an EU exit.
			
			Given the date of Brexit has now been extended to 31 October 2019, the Council continues to monitor developments and liaise with its partners to ensure it remains prepared for Brexit.
			
			The Council recognises Brexit may impact on local businesses and has set up a fund to support the challenges faced as they arise and has also secured matched support from the private sector through Doncaster Chamber of Commerce.

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 December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed at Appendix C.

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 Council. The following non-audit services were identified.

	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefits Subsidy return	£15,500*	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £15,500 in comparison to the total fee for the audit of £126,930 and in particular relative to Grant Thornton UK LLP's turnover overall. These factors all mitigate the perceived self-interest threat to an acceptable level.

* Estimate

Action plan

We have identified three recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Issue and risk	Recommendations
1.	●	The valuation of the Council's housing stock had not been updated to reflect the increase in valuation from 1 April 2018 to 31 March 2019. There is a risk that asset values are not correctly recorded in the financial statements.	Management should introduce a formal process to review all asset values from the date of the valuation and consider whether any changes have taken place requiring a revision to the valuation at the year end. Management Response The Council accepts the recommendation identified. The District Valuer has been instructed to provide valuations of the Council's housing stock as at 31 March rather than 1 April in future.
2.	●	The valuation of the CAST Theatre had been carried in the Council's accounts for five years at an inflated value resulting from a failure to recognise a lease had been granted at a peppercorn rent. There is a risk that asset values are not correctly recorded in the financial statements.	Management should introduce a formal process to review leases granted and consider whether there is any effect on the valuation basis of the asset. This exercise should be undertaken each year. Management Response The Council accepts the recommendation identified. A comprehensive review of the Council's commercial lease portfolio is being undertaken in 2019/20. This will set a baseline position with reference to consider any impact / effect on valuation bases. Any new leases granted will then be subject to the same assessment at the point of completion and any asset valuation amends carried out in the same year.
3.	●	Capital additions to Council housing included spending which added no value requiring an additional impairment. There is a risk that assets are carried at the year end in the financial statements at an inappropriate valuation.	Management should introduce a formal process to review capital additions at the year end and consider whether capital spending has increased the value of assets or whether an impairment is required. This exercise should be undertaken each year. Management Response The Council accepts the recommendation identified. A formal process will be introduced for Financial Management and Strategic Asset Management as part of the Asset Valuation process to capture capital additions. All additions will be subject to review and where relevant Asset Valuations undertaken to reflect in year changes.

Controls
- ● High – Significant effect on control system
- ● Medium – Effect on control system
- ● Low – Best practice

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.

1. 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 2019.

	Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
1	Depreciation Schools and Children's Centres have been valued as at 1st April 2018 and then again as at 31 March 2019. No depreciation has been charged on these assets for 2018/19 and the net cost of services is consequently understated and the revaluation reserve overstated by £5.7m.	(£5,701)	(£5,701)	0
2	CAST Theatre valuation The valuation of the CAST Theatre was previously undertaken in 2013 and prior to a 23 year lease being granted at a peppercorn rent. The current year valuation recognises the Theatre is subject to a lease at a peppercorn rent and has resulted in a downward revaluation of £15m reflecting the leasehold nature of the facility. The Theatre should properly have been valued on a leasehold basis in 2013, at which time, the impairment resulting in the downward revaluation should have been recorded in the 2013/14 financial statements. To correctly account for this impairment, a Prior Period Adjustment is required impacting on the Authority's opening balances.	*£17,470 **(£17,470)	*£17,470 **(£17,470)	0
3	Council Dwellings Council Dwellings have been revalued as at 1st April 2018 using the Beacon methodology. The District Valuer Services (DVS), has stated that there was no impairment in Beacon values to 31 March 2019. However, DVS did not initially indicate whether Beacon values had increased. Further correspondence with DVS indicates Beacon Values have increased between 0% and 2%. The Council consider the midpoint, 1%, is an appropriate increase in asset values which equates to £6.4m,	£6,417	£6,417	0

* Current Year 2018/19
** Prior year opening balances

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.

1. 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 2019.

	Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
4	Council Dwellings – Impairment Capital additions to Council housing total £22m for 2018/19 of which the Council had impaired £6m as adding no value. Following audit work, management has undertaken a further review of capital additions which indicates an additional impairment to the CIES is required of £14.5m. Management has agreed to amend the accounts for this error.	(£14,453)	(£14,453)	0
5	Potential impact of the McCloud judgement The legal ruling around age discrimination (McCloud - Court of Appeal) has implications for pension schemes where transitional arrangements on changing benefits have been implemented. The Council has received an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of £14.5m, and an increase in service costs for the 2019/20 year of £2.5m.	0	(£14,536)	0
	Overall impact	**£13,737**	**£28,273**	**£0**

Audit Adjustments

2. 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.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Group Accounts	An introduction to the start of the Group Accounts would help explain what is included within the Group Accounts and the additional notes provided.	The Group Accounts should include an introduction to explain the Group Accounts and what is included.	TBC
Critical Judgements	Accounting for non-current schools assets is included as a critical judgement.	We have questioned the appropriateness of including as a critical judgement and whether this should more appropriately be included as an accounting policy.	TBC
Note 17 - Inventories	The note sets out the Council's inventories which are not material.	The Council should consider removing this note.	TBC
Note 12 – Property, Plant and Equipment	The Council's valuer has indicated Council housing has increased between 0% and 2%. The Council consider the midpoint, 1%, is an appropriate increase in asset values which equates to £6.4m.	A disclosure note should be included in the financial statements to explain the Council's approach and the increase applied.	TBC

Audit Adjustments

3. Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit which have not been made within the final set of financial statements. The Audit and Advisory Standards 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	Reason for not adjusting
1	NONE	-	-	-	-
	Overall impact	**£X,XXX**	**£X,XXX**	**£X,XXX**	**-**

Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit Fees

	Proposed fee	Final fee
Council Audit	£126,930	£133,430
Total audit fees (excluding VAT)	**£126,930**	**£133,430**

Note: The additional work required on fixed assets and the McCloud Pensions issue has resulted in additional time being incurred on the audit. The additional time incurred amounts to £6,500 and is included in the final fee.

Non Audit Fees

Fees for other services	Proposed fee
Audit related services	
Grants:	
• Housing Benefit Subsidy return *	£15,500
	£15,500

* Estimate

Audit opinion

We anticipate we will provide the Group with an unmodified audit report

Independent auditor's report to the members of Doncaster Metropolitan Borough Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Doncaster Metropolitan Borough Council (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2019 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 2018/19.

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 2019 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; 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. 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 FRC'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report and the Annual Governance Statement, other than the Authority and group financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 of the group and Authority 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 or a material misstatement of the other information. 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 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 the 'Delivering Good Governance in Local Government: Framework (2016)' 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.

Audit opinion

Opinion on other matter 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 and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement 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, the Chief Financial Officer and Those Charged with Governance for the financial statements

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. The Chief Financial Officer 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 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer 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 is responsible for assessing the group's and the Authority'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 there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

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.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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.

Audit opinion

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Doncaster Metropolitan Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

[OR]

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2019. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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 43 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]

Paul Dossett, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
Leeds
xx July 2019