



Doncaster Council

Agenda Item 9

Date: 30th January, 2020

To the Chair and Members of the
AUDIT COMMITTEE

EXTERNAL AUDITOR (GRANT THORNTON) AUDIT PLAN 2019/20 AND ARRANGEMENTS FOR THE PREPARATION OF THE 2019/20 ACCOUNTS

EXECUTIVE SUMMARY

1. The external auditor – Grant Thornton – will undertake a programme of work in order to deliver their Code of Audit Practice audit which will cover work on the financial statements and the value for money conclusion for the 2019/20 financial year.
2. Attached to this report, at Appendix A, is Grant Thornton's plan for completing this review of the Council's financial statements and associated disclosure notes and providing an audit opinion on the Council's 2019/20 Statement of Accounts.
3. This report also provides details of the audit plan and timetable for producing the 2019/20 Statement of Accounts. The statutory deadlines for producing the unaudited accounts and the approved audited accounts are set out in regulation and are currently 31st May and 31st July respectively.
4. The Accounts and Audit Regulations 2015 brought forward the timetable for the preparation and approval of the 2019/20 unaudited accounts to the current dates. The Government believes that this change will reduce the burden of the closure process, enabling finance staff to give more time to in-year financial management.
5. The Council moved to the 31st July deadline from 2016/17; a year earlier than required. The unaudited accounts for 2019/20 will be certified and published by 29th May (31st May is a Sunday) with the audited accounts to be finalised and published by 23rd July.

EXEMPT REPORT

6. Not applicable.

RECOMMENDATIONS

7. The Audit Committee is asked to note: -
 - a. the content of Grant Thornton's Audit Plan 2019/20;
 - b. the arrangements, including the draft timetable, to produce the 2019/20 accounts.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

8. The audit programme of work is necessary to enable Grant Thornton to satisfy themselves that the Council has secured good governance and value for money in its use of public resources.
9. These arrangements will contribute towards the Council receiving an unqualified opinion on their accounts and secure good governance and value for money in its use of resources.

BACKGROUND

External Auditors Audit Plan

10. The External Audit Plan covers how the audit is performed in terms of the risks identified, key deliverables, timeline and fees for the audit.
11. Grant Thornton are required to satisfy themselves that the Council's accounts comply with statutory requirements and that proper practices have been observed in their compilation. The statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities.
12. The Code of Audit Practice covers two main responsibilities requiring Grant Thornton to review and report on the Council's: -
 - a. Financial statements (including the Annual Governance Statement) providing an opinion on the Council's accounts; and
 - b. Use of Resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources (the 'value for money' or VfM conclusion).
13. There are no significant changes to the accounting standards and financial reporting framework in 2019/20. Based on initial planning work, Grant Thornton have identified four significant risks for the audit: -
 - a. Management override of controls
 - b. Fraudulent revenue recognition
 - c. Property, Plant and Equipment valuation; and
 - d. The pension fund net liability valuation.
14. Further details on these and the impact on the audit are provided on pages 6 to 8 of the Audit Plan.
15. Grant Thornton have identified two significant VfM risks: -
 - a. Financial Standing; and
 - b. Brexit.
16. Further details on this and the impact on audit are provided on page 12 of the Audit Plan.

17. The main year-end audit is currently planned to commence in June 2020. The interim visit will take place in February and March 2020.
18. The proposed audit fee for 2019-20 at the planning stage, is £149,280, which has been agreed with the Director of Corporate Services and is subject to Public Sector Audit Appointments (PSAA) agreement. Further details are provided on page 14 to 15 of the Audit Plan.

Timetable for the Preparation of the Accounts

19. The accounts and audit regulations 2015 require that the responsible financial officer, by no later than 31st May, signs and certifies that the statement of accounts presents a true and fair view of the financial position of the council for the year to 31st March previous, subject to the views of the external auditor (Grant Thornton).
20. The regulations further require that on or before the 31st July, approval needs to be given to the Statement of Accounts by resolution of the Audit Committee. This approval will take into account the views of Grant Thornton. This is done so that the Statement of Accounts can then be published.
21. To achieve this, a draft timetable has been developed which will enable the closedown process for the 2019/20 accounts to be proactively managed. Appendix B provides a summary version of the timetable showing the key dates and deadlines.
22. The date for the sign off of the unaudited 2019/20 accounts has been set as Friday, 29th May 2020 with the audited 2019/20 accounts expected to be presented to this Committee on Thursday, 23rd July 2020. It is expected that future years' accounts will be produced in line with these dates.
23. The timetable continues to be extremely challenging. However, the professionalism, knowledge and experience of key finance officers; and the continued development of the ERP financial system will assist in making these future deadlines achievable.
24. The Council moved to the 31st July deadline, see paragraph 4, from 2016/17; a year earlier than required. Meeting this deadline again will be subject to embedding changes to internal procedures, doing as much as possible in advance of the year-end, e.g. production of notes that are not dependent on the year-end position and the early availability of external audit resources.
25. The preparation and production of last year's Statement of Accounts went well and Grant Thornton highlighted officers' hard work and the high quality of working papers as major contributory factors. Grant Thornton issued an unqualified opinion on both the Statement of Accounts and the Council's Value for Money conclusion following the presentation of the accounts to this Committee on 24th July 2019.
26. Work to improve the quality and timeliness of both the Statement of Accounts and associated working papers continues. Internal Financial Management Final Accounts meetings are held on a regular basis over the four month period to May to ensure that accounting procedures are applied consistently; best practice is shared; there is a shared understanding of any difficulties or delays that are happening and to disseminate updated information quickly and consistently.

OPTIONS CONSIDERED

27. Grant Thornton's Audit Plan includes information about planned audit work and the related fees for this work which Grant Thornton deem to be necessary to fulfil their legal obligations. The Council is required to meet such fees.

REASONS FOR RECOMMENDED OPTION

28. 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

29. These are detailed in the table below: -

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<p>The audited Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p>
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>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>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce 	

	<ul style="list-style-type: none"> • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	
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RISKS AND ASSUMPTIONS

30. Grant Thornton identifies respective risks which their work is intended to consider. Assumptions about these risks have been made by Grant Thornton in the planning of this work and the calculation of the respective fees.
31. Materiality for planning purposes has been set at £11.1 million which equates to 1.5% of gross expenditure
32. Failure to meet the statutory deadlines for signing, producing and/or publishing the accounts would attract adverse comments from Grant Thornton, who could issue a public interest report.
33. Grant Thornton need to be confident that the information in the accounts is accurate and reliable otherwise they may not be able to give an unqualified opinion on the accounts.

LEGAL IMPLICATIONS [Officer Initials...SRF... Date...22.01.20]

34. The Council is subject to statutory external audit and performance evaluation by Grant Thornton in their role as the external auditor for the Council.
35. The statutory responsibilities and powers governing this work are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities.

FINANCIAL IMPLICATIONS [Officer Initials...RS... Date...22.01.20]

36. The proposed fee for this work for the 2019/20 audit is £149,280, compared to £133,430 for 2018/19.

HUMAN RESOURCES IMPLICATIONS [Officer Initials...KG... Date...22.01.20]

37. There are no immediate HR implications associated with this report.

TECHNOLOGY IMPLICATIONS [Officer Initials...JG... Date...22.01.20]

38. There are no immediate technology implications in relation to this report. However, if tools are required for data interrogation and to extract data directly from technology systems, consultation with the ICT service will be required to achieve.

HEALTH IMPLICATIONS [Officer Initials...RS... Date...22.01.20]

39. Good governance is important for healthy organisations and for healthy populations. Specific health implications should be addressed through individual audits and action plans.

EQUALITY IMPLICATIONS [Officer Initials...RS... Date...22.01.20]

40. This report has no equality implications.

CONSULTATION

41. This report consults with members of the Audit Committee in these matters. There is consultation with managers at the outset, throughout and at the conclusion of the annual audit in order to ensure that key audit issues are identified and resolved and that adjusted / unadjusted audit differences and performance improvement recommendations are adequately communicated.

BACKGROUND PAPERS

42. None.

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Final Accounts Summary Timetable 2019/20

Date	Item	Responsibility
01/04/2020	Final valuation report signed, certificate and supporting schedules	DMBC
09/04/2020	Capital funding agreed for all capital programmes including all capital financing	DMBC
17/04/2020	HRA outturn	SLHD
17/04/2020	Deadline for finalising Revenue Outturn Position and Balance Sheet	DMBC
07/05/2020	Completion of Core Statements	DMBC
07/05/2020	Draft Statement of Accounts (excluding Cash Flow Statement) sent to RFO	DMBC
15/05/2020	Completion of Cash Flow Statement and supporting notes	DMBC
22/05/2020	Draft Statement of Accounts (including Cash Flow Statement) sent to RFO	DMBC
29/05/2020	Draft Statement of Accounts signed by RFO	DMBC
29/05/2020	Draft Statement of Accounts distributed to Audit Committee members	DMBC
29/05/2020	Draft Statement of Accounts published on Council website	DMBC
01/06/2020	Public inspection of accounts starts for statutory six week period	DMBC
01/06/2020	Audit of Statement of Accounts starts	Grant Thornton
03/06/2020	Audit Committee report & draft accounts deadline	DMBC
17/06/2020	Audit Committee – draft Statement of Accounts for endorsement	DMBC / Audit Committee
tbc	Unaudited Whole of Government Accounts (WGA) deadline	DMBC
10/07/2020	Public inspection of accounts finishes	DMBC
10/07/2020	Finalise WGA with audit adjustments	DMBC
10/07/2020	Audit of Statement of Accounts finishes - IAS260 issued	Grant Thornton
13/07/2020	Date of representation to external audit	Grant Thornton
13/07/2020	Audit Committee report & ISA260 deadline	DMBC
tbc	Audited WGA return submitted to CLG by Grant Thornton	Grant Thornton
23/07/2020	Audit Committee – to approve and certify final audited Statement of Accounts, Letter of Representation	DMBC / Audit Committee
23/07/2020	Final audited Statement of Accounts published on Council website (subject to audit opinion being received)	DMBC