



Doncaster Council

Report

28th July 2022

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

AUDIT COMMITTEE PROSPECTUS, TERMS OF REFERENCE AND WORK PROGRAMME 2022/23

Relevant Cabinet Member(s)	Wards Affected	Key Decision
n/a	n/a	No

EXECUTIVE SUMMARY

1. The report contains a 'Prospectus' which sets out the scope and standards applicable to the Audit Committee, and shows 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.
2. The Prospectus includes a draft work programme, which demonstrates how the Committee will fulfill its Terms of Reference for the year. It also schedules an indicative programme of training and awareness sessions for Audit Committee members.

EXEMPT REPORT

3. The report does not contain exempt information.

RECOMMENDATIONS

4. The Audit Committee is asked:
 - to agree the Prospectus setting out the Audit Committee's scope, standards and work programme for the year and note the unchanged Terms of Reference for the Audit Committee for the 2022/23 Municipal Year.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER

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

BACKGROUND

Terms of Reference

7. In 2018, CIPFA (Chartered Institute of Public Finance and Accountancy) issued a publication, "Audit Committees; Practical Guidance for Local Authorities and Police". This publication contained a model set of Terms of Reference for an Audit Committee. The Terms of Reference are in line with this CIPFA guidance but still reflect local requirements e.g. to discharge the role of the Standards Sub-Committee.
8. At its Annual Meeting on 17th May 2019, the Council approved the Terms of Reference for Council Committees and Sub-Committees, which included the Audit Committee. Only minor changes to the Audit Committee Terms of reference have been identified as being needed since then, the latest of which the Council approved at its Annual Meeting on 20th May 2022.
9. A link to the Terms of Reference for the Audit Committee is here for ease of reference to demonstrate how the work programme delivers the Terms of Reference of the Audit Committee.

<https://doncaster.moderngov.co.uk/mgCommitteeDetails.aspx?ID=146>

Prospectus and Draft Work Programme

10. The Terms of Reference are augmented by the draft Audit Committee Prospectus, attached at **Appendix A**. The Prospectus is a public facing document that sets out the role, scope and standards of the Audit Committee, as well as some of the expected outcomes from its work during the year.
11. The Work Programme is also an integral part of the Prospectus and demonstrates the Committee's coverage of the areas identified in its Terms of Reference, as follows:
 - a. Internal Audit
 - b. External Audit
 - c. Regulatory Framework
 - d. Accounts
 - e. Ethical Governance
12. Within the work programme, it is proposed as a default to maintain reporting the following regular items to the Audit Committee on a six monthly basis:

- Regulation of Investigatory Powers Act 2000 (RIPA) surveillance.
 - Breaches and Waivers to the Council's Contract Procedure Rules
13. However, if there are any significant issues in any of these areas they will be reported immediately to the Audit Committee.
14. Update briefings and/or training for Members will be provided as required, an indicative programme is set out in the work programme.
15. Internal Audit Update reporting for 2022/23 is scheduled for July 2022, October 2022 and January 2023, with an annual report of the Head of Internal Audit in April 2023.

OPTIONS CONSIDERED AND RECOMMENDED OPTION

16. In order to discharge its functions effectively, the Committee is required to operate within an agreed Terms of Reference.
17. The work programme is designed to ensure that, where appropriate, the Audit Committee is able to ensure the Council meets certain statutory deadlines and also discharge its responsibilities under its Terms of Reference, whilst achieving a balanced and manageable work load.
18. It should be noted that the programme of work may have to be varied in response to any issues emerging during the course of the year.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

19. The Audit Committee assesses how effectively the Council is managing risks that threaten the achievement of the Council's objectives. Any improvement in the management of the risks will have a positive impact thereby increasing the likelihood of the Council achieving its objectives. The Audit Committee's work is, therefore, relevant to all priorities but in particular the following:

	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</p>	

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

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

RISKS AND ASSUMPTIONS

20. 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.

LEGAL IMPLICATIONS (SRF 07/07/22)

21. There are no specific legal implications associated with this report.

FINANCIAL IMPLICATIONS (SJT 11/07/22)

22. There are no specific financial implications associated with this report

HUMAN RESOURCES IMPLICATIONS SH 08/07/22)

23. There are no specific human resources issues associated with this report.

TECHNOLOGY IMPLICATIONS (PW 06/07/22)

24. There are no specific technology implications associated with this report.

EQUALITY IMPLICATIONS (PJ 29/06/22)

25. We are aware of the Council's obligations under the Public Sector Equalities Duties and there are no identified equal opportunity issues within this report.

HEALTH IMPLICATIONS (RS 11/07/22)

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

CONSULTATION

27. The Council's Governance Group were consulted in the production of the Terms of Reference with the Chair of the Audit Committee being consulted on the changes to the Terms of Reference prior to these being presented to May 2019 Annual Council.

BACKGROUND PAPERS

28. None.

REPORT AUTHOR & CONTRIBUTORS

Peter Jackson, Head of Internal Audit

Tel 01302 862938, Email: peter.jackson@doncaster.gov.uk

Faye Tyas
Assistant Director of Finance

Appendix 1



Doncaster
Council

Audit Committee Prospectus, Terms of Reference and Work Plan 2022/23

The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.
CIPFA 2018

The Audit Committee at Doncaster Council

The Audit Committee has primary responsibility for ensuring there are effective governance arrangements in place and operating throughout the organisation, and is the principal advisory function to the Council and Executive on governance related matters.

This Prospectus sets out the scope and the standards of the Audit Committee, which are consistent with Local Government standards. It also describes the approach that will be taken by the Audit Committee and outlines its 2022/23 work programme.

Scope and Standards

In accordance with the Chartered Institute of Public Finance and Accountancy's Position Statement and guidance on Audit Committees, the Audit Committee will:

- ✓ Satisfy itself and others that the Annual Governance Statement reflects the Council's arrangements and position.
- ✓ Monitor the effectiveness of the risk, governance and control arrangements and assurances obtained about its operation.
- ✓ Consider the accuracy and effectiveness of risk management.
- ✓ Ensure Internal Audit is independent and effective. In particular the Committee will:
 - review and approve the responsibilities of the internal audit function and ensure the function has the necessary resources to enable it to perform in accordance with appropriate professional standards.
 - review and assess the annual internal audit work plan.
 - receive a report on the results of the internal auditor's work including management actions in response to audit recommendations and its compliance with its professional standards on a periodic basis.
- ✓ Review the arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters (whistleblowing).

- ✓ Review the Council's arrangements for managing the risk of fraud.
- ✓ Review and approve the external auditor's annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- ✓ Review the findings of the external auditor's work with the external auditor, including a discussion of any major issues which arise during the audit.
- ✓ Review the financial statements and the external auditor's opinion on the statements. In particular, the Committee will review and challenge where necessary:
 - the consistency of, and any changes to, significant accounting policies.
 - the methods used to account for significant or unusual transactions where different approaches are possible.
 - whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
 - the clarity and completeness of disclosure in the financial reports and the context in which statements are made.
- ✓ Consider external audit and inspection recommendations and ensure these are fully responded to.

The Audit Committee has *Terms of Reference* that reflect the scope and standards, and agrees an annual work-plan showing how the Committee will deliver its responsibilities. The 2022/23 work-plan, which is a 'live' document that is updated throughout the year, is attached at **Appendix 1**.



The Audit Committee has a current membership of five Council Members and one independent Co-opted member. It will meet five times this year. The Committee's operating model ensures that it:

- ✓ Has clear rights of access to other committees and functions, for example scrutiny.

- ✓ Will have as regular attendees, the Director of Corporate Resources, the Assistant Director of Finance, the Head of Internal Audit and the External Auditor. Other attendees may include the Chief Executive and the Monitoring Officer.
- ✓ Is able to meet privately and separately with the External Auditor and with the Head of Internal Audit.
- ✓ Has the right to call on any other officers as required.
- ✓ Will report regularly on its work to the Council.
- ✓ Demonstrable implementation of agreed management actions arising from audit and inspection recommendations.
- ✓ A clear risk-based Internal Audit plan that is subject to regular ongoing review and is adequately delivered.
- ✓ The achievement of a positive opinion from the external audit on the Financial Arrangements.
- ✓ An Annual Governance Statement, external audit Value for Money opinion and Internal Audit opinion of the risk, governance and control arrangements that fairly reflect the Council's position.

The Role of the Audit Committee

The Audit Committee has a lead role in ensuring risks are managed effectively across the Council. The Committee challenges the Council and its managers to demonstrate their awareness, reporting and controlling of any risks that could either prevent the Council from achieving its objectives or could cause major disruption of any nature.

For 2022/23, the Committee will:

- ✓ Keep an active interest in the maintenance of the Council's overall risk management framework, policy and strategy.

In addition, the Committee aims to strengthen its own contribution. It will:

- ✓ Receive regular, detailed, update sessions on relevant topics throughout the year.
- ✓ Receive other development and support as required, individually and/or collectively.

How will we know we have succeeded?

The role of the Audit Committee is crucial. The Committee has primary responsibility for ensuring there are effective governance arrangements in place and operating throughout the organisation.

The Audit Committee will be accountable for meeting its responsibilities. We expect the following outcomes to be achieved:

- ✓ Comprehensive risk registers, including fraud risks, with risks demonstrably controlled.

The Audit Committee will produce an Annual Report which will show how the Audit Committee is delivering these success measures and contributing positively to improving risk, governance and control and adding value to the organisation.

.....
Councillor Austen White, Chair

.....
Councillor Glenn Bluff, Vice-Chair

28th July 2022

APPENDIX 1

Doncaster Council - Audit Committee Work Plan 2022/23

Objective and Agenda Item	July 2022	Oct 2022	Nov 2022	Jan 2023	April 2023
Internal Audit					
Internal Audit Charter and Strategy					
Internal Audit Progress Report for the period: April to June 2022	✓				
Internal Audit Progress Report for the period: July to September 2022		✓			
Internal Audit Progress Report for the period: October to December 2022				✓	
Annual Report of the Head of Internal Audit 2022/23 (includes Internal Audit Progress January 2023 to March 2023)					✓
Internal Audit Plan 2023/24					✓
External Audit					
Grant Thornton - Progress Report and Sector Update		✓			✓
Audit Findings Report (ISA260) 2021/22 and Letter of Management Representation			✓		
Grant Thornton Annual Audit Report 2021/22				✓	
External Auditor (Grant Thornton) Audit Plan 2021/22 and Arrangements for the preparation of the 2021/22 Accounts	✓				
External Auditor (Grant Thornton) Audit Plan 2022/23 and Arrangements for the preparation of the 2022/23 Accounts					✓
Regulatory Framework					
Audit Committee Actions Log	✓	✓	✓	✓	✓
Audit Committee Prospectus, Terms of Reference and Work programme 2022/23	✓				
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update	✓			✓	
North Bridge Stores Transformation Project - Progress Report	✓	✓			
Breaches and Waivers to the Council's Contract Procedure Rules		✓			✓
Audit Committee Annual Report 2022/23					✓
Draft Annual Governance Statement 2022/23					
Draft Annual Governance Statement 2022/23					✓

Objective and Agenda Item	July 2022	Oct 2022	Nov 2022	Jan 2023	April 2023
Accounts					
Unaudited Statement of Accounts 2021/22	✓				
Statement of Accounts and Annual Governance Statement 2021/22			✓		
Ethical Governance					
Monitoring Officer Annual Whistleblowing and Standards Report 2022/23					✓
Preventing and Detecting Fraud and Error - October 2021 to September 2022			✓		
Proposed Committee Member Training/Awareness Session					
Understanding the Council's Draft Accounts	✓				
Covert Surveillance – Regulation of Investigatory Powers Act 2000 and the Work of the Trading Standards Team					
Internal Audit / Audit Committee updates	✓	✓	✓	✓	✓
The Council's Contract Procedure Rules and topical procurement issues		✓			
Update on any changes to the Council's Final Accounts and the final Audit Opinion			✓		
Annual Governance Statement review and reporting			✓		
The Council's Counter Fraud Arrangements			✓		
Internal Audit Annual Opinion and Audit Plan Process					✓