

DONCASTER METROPOLITAN BOROUGH COUNCIL

AUDIT COMMITTEE

THURSDAY, 28TH JULY, 2022

A MEETING of the AUDIT COMMITTEE was held at the COUNCIL CHAMBER, CIVIC OFFICE, WATERDALE, DONCASTER, on THURSDAY, 28TH JULY, 2022, at 10.00 am.

PRESENT:

Chair - Councillor Austen White

Councillors John Healy, Barry Johnson and Dr. Stuart Green, Co-opted Member.

APOLOGIES:

Apologies for absence were received from the Vice-Chair, Councillor Glenn Bluff and Councillor Dave Shaw.

53 TO CONSIDER THE EXTENT, IF ANY, TO WHICH THE PUBLIC AND PRESS ARE TO BE EXCLUDED FROM THE MEETING

There were no items were the public and press were to be excluded.

54 WELCOME

The Chair extended a warm welcome to Councillor John Healy, former Member of the Committee and Dr Stuart Green, newly appointed Independent co-opted Member, to their first meeting of the Audit Committee for this term.

55 DECLARATIONS OF INTEREST, IF ANY.

There were no declarations made at the meeting.

56 MINUTES OF THE MEETING HELD ON 28TH APRIL, 2022

RESOLVED that the minutes of the Audit Committee meeting held on 26th April 2022 be approved as a correct record and signed by the Chair.

57 AUDIT COMMITTEE ACTION LOG

The Committee considered the Actions Log report, introduced by Peter Jackson, Head of Internal Audit, which updated Members on actions agreed at previous Audit Committee meetings.

It was reported that all actions had been completed and there were no actions outstanding from previous meetings.

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

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

Neil Concannon, Head of Service, Litigation and Regulatory, presented the annual update report on the use of the Council's statutory powers provided under the Regulation of

Investigatory Powers Act 2000. In addition, the report provided the outcome of a remote inspection undertaken by the Investigatory Powers Commissioner's Office in April 2022, and provided details of any proposed changes required to the Council's RIPA Policy and procedures.

Local authorities were required to put in place appropriate arrangements in place relating to RIPA authorisations and covert surveillance, and that it was properly and lawfully carrying out covert surveillance if requested. In addition, the Home Office issued statutory codes of practice on the use of RIPA powers that must be complied with, including requiring Elected Members to have oversight of the use of RIPA powers and to agree the RIPA Policy/Procedures on an annual basis.

Since the last RIPA update report to the Committee in January 2022, one surveillance application had been authorised by Magistrates in March 2022, concerning illicit sales of tobacco products on 8 premises. The test purchase operation had confirmed that 5 out of the 8 premises were selling illicit tobacco products in contravention of legislation, and appropriate enforcement action would be taken.

The Investigatory Powers Commissioner's Office had carried out a remote inspection of the Council on 14th April 2022. The Council's policies, Audit Committee reports, recent authorisations and training details, had been provided to the Inspector for his consideration in advance of the inspection.

The Inspection report dated 26th April 2022 had found the Authority to be in a good place with no recommendations necessary.

Members noted that no further changes were proposed to the RIPA Policy and procedures since the last minor amendments approved by the Committee in June 2019, following the Investigatory Powers Commissioners previous inspection recommendations in March 2019 and the recent inspection made, recommending no changes.

The Chair, on behalf of the Committee, commended Officers for an excellent report and congratulated the Head of Service, Litigation and Regulatory, the Principal Legal Officer and her team, regarding the positive outcome of the investigation.

RESOLVED:-

- (1) to note that the Council has had one surveillance application authorised under the Regulation of Investigatory Powers Act (RIPA) since the last report to the Audit Committee on the 26th January 2022;
- (2) to note that the Investigatory Powers Commissioner's Office has carried out a remote inspection on 14th April 2022. The report dated 26th April 2022 states 'Your authority has been found to be in a good place' with no recommendations necessary; and
- (3) to note that there are no changes proposed to the Council's Regulation of Investigatory Powers Act (RIPA) Policy and Procedure. The last minor amendments were approved by the Committee in June 2019, following the Investigatory Powers Commissioner's Inspection recommendations.

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

The Head of Internal Audit presented the Audit Committee's Prospectus, as attached at Appendix A of the report, which set out the scope, standards applicable to the Committee and indicative work programme for the 2022-23 Municipal Year. The report also informed the

Committee of minor changes made to the Terms of Reference of the Committee, as approved by the Council at its Annual Meeting on 20th May 2022. The changes were minor in nature and sought to clarify or make more specific the existing Terms of Reference, rather than representing any changes to the actual responsibilities of the committee

The Prospectus included a draft work programme which demonstrated how the Committee would fulfil its Terms of Reference for the year and also provided an indicative work programme of training and awareness sessions for Members of the Committee.

Members' attention was drawn to an error in relation to the recommendation in the report, which was amended to read as 'and to note the minor change to the Terms of Reference for the Audit Committee for the 2022/23 Municipal Year, to reflect that a change had been made to the Terms of Reference.

Dr Stuart Green highlighted the importance of the Committee's Work Plan in ensuring that the Council met its statutory deadlines and discharged its responsibilities under its Terms of Reference. He sought clarity whether there was a need to modify the Work Plan during the year and what processes were in place to accommodate any changes. In response, the Head of Internal Audit advised that the Chair and Vice-Chair of the Committee would be consulted on any proposed changes to the work plan and those changes would be included in the Action Log report reported to the Committee, and also be incorporated into the Committee's work programme.

In noting the update briefings and training provided to Members of the Committee as part of the indicative work programme, the Chair asked Members to review those areas identified in the work plan, as set out at Appendix 1, and to notify the Head of Internal Audit if they wished any further training/awareness sessions to be included in the list.

RESOLVED:-

- (1) that the Prospectus setting out the Audit Committee's scope, standards and work programme for the year, be approved; and
- (2) to note the minor changes made to the Terms of Reference for the Audit Committee for the 2022/23 Municipal Year, as approved by full Council at its Annual Meeting on 20th May 2022.

60 INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD: APRIL TO JUNE 2022

The Committee received a report, introduced by the Head of Internal Audit, which provided the Committee with an update on progress of the work undertaken by Internal Audit for the period 1st April to 30th June 2022 and showed this in the context of the Audit Plan for the year. The report also included progress on the implementation of management actions arising from Internal Audit recommendations and Internal Audit performance information, as detailed in sections 3 and 4 of the report.

The Head of Internal Audit summarised the key points relating to each of the four sections of the report and responded to questions and comments from Members as follows:-

Section 1: The Audit Plan / Revisions to the Plan

In noting the reduction of staffing resources in the Internal Audit team and the incoming work with the transition of services of the DCST to the Council, Dr Green asked whether there were sufficient resources in the Internal Audit team to complete the planned work. The Head of Internal Audit advised that a review of the resources in the Internal Audit team was currently being carried out and having completed an assessment of the audit and taking into account any newly emerging issues, and excessive demands on the team for investigative work,

confirmed that the team could manage the current revised work plan with less resource. However, if the situation became unsustainable, steps would be taken to bring additional resources in to the team. Members were informed that the Head of Internal Audit had also looked at future workforce planning in terms of further training and apprenticeship opportunities being incorporated in to the team to bring sustainability. Internal Audit would also be working with the external contractors to DCST, to utilise their skills, external expertise and knowledge to ensure work was not duplicated within the Council.

Dr Green, in commenting on the agility of the Audit Plan, expressed the view that the Plan compared well to the plans that he had seen in local authorities elsewhere. In response to a further question, the Head of Internal Audit clarified that all requests received from directorates to delay the planned audits were assessed on a case by case basis, and the Internal Audit team endeavoured to accommodate those requests as far as possible. However, he explained that if operational problems arose by delaying the audit, or better value could be achieved by carrying out the audit, sometimes circumstances dictated that the audit had to take place, and the reasons for that were clearly outlined and understood with the senior management team.

Further to a request from the Chair, the Head of Internal Audit provided an update on two items that had been removed from the Audit Plan. It was noted that Internal Audit was to carry out a review of the North Bridge Stores. An Improvement Plan had been established at the Stores, however, due to a delay in appointing to the Stores Manager post, the implementation of the Improvement Plan had stalled against the original timescales therefore, a decision had been made to defer the audit until a later date. The Trading Standards and Food and Animal Safety Re-review had also been delayed following a request by the Assistant Director of Economy and Development, due to there being a back log of routine work in the team as a result of Covid-19 pandemic, and due to Internal Audit's operational capacity. Assurance was provided that the audit was not time critical and implementation of the remaining actions was being monitored.

## Section 2: Audit Work Undertaken During the Period

Members were pleased to note the positive position and that no limited assurance had been given for the period and there were no reportable items relating to irregularities in the report.

## Section 3: Implementation of Management Actions arising from Audit Recommendations

In referring to the audit relating to the Trading Standards and Food and Animal Safety, as set out at Appendix B of the report, Councillor John Healy made reference to the shortfall in staffing levels and in view of the Chief Executive in January 2022 having agreed to extend the deadlines for the 4 residual overdue management actions that had become problematic, sought assurance as to when this situation would be resolved, pointing out that particular areas of work in the service required training prior to undertaking the job and asked the reasons why there was a problem recruiting and retention of staff in this particular service area. It was noted that there had been a long standing issue for some time which was a problematic area in having suitably qualified Environmental Officers in post, which was both a local and national issue appointing to the roles. This issue had been included on the AGS for the last 2 years. However, it was no longer a significant risk and had been removed from the AGS. The posts had since been recruited to the team and structures had been established and there was now additional resources within the team and therefore, the actions had now been implemented. It was noted that the Chief Executive had agreed to introduce a change in the process to ensure that there was rigor in respect of implementation of the dates which was a standard process. The final overdue action was targeted for implementation at the end of October and it was anticipated to report positively on progress in this area at the next meeting of the Committee in October.

The Committee was reassured that the total number of overdue medium and low level management risks had reduced to 6, and noted that was the lowest number of overdue actions ever before this Committee. The Chair spoke positively on the overall improved situation, however noted that there was some residual actions in the Economy and Environment directorate with revised timescales to be completed. The Chair, on behalf of the Committee, thanked Officers involved in bringing about the improvements.

#### Section 4: Internal Audit Performance

Members noted that the key operational indicators were positive and Internal Audit's work had not identified any issues for inclusion in the 2021/22 AGS for approval by the Committee at its meeting in November with the Statement of Accounts. The Head of Internal Audit had provided assurance that sufficient work would be delivered to be able to provide his opinion on the Council's, risk governance and control arrangements. However, he noted that if the situation changed, the Committee would be alerted to those changes.

RESOLVED to note:-

- (1) the position of the Internal Audit Plan;
- (2) the Internal Audit work completed in the period;
- (3) the position with regards the implementation of management actions arising from Internal Audit recommendations; and
- (4) the current position regarding the ability to deliver the annual opinion over the Council's risk, governance and control arrangements.

#### 61 NORTH BRIDGE STORES TRANSFORMATION PROJECT - PROGRESS REPORT

Scott Cardwell, Assistant Director of Economy and Environment and Dave Stimpson, Head of Property Services, introduced a report which provided an update on the quarterly progress on the North Bridge operational activities instigated following the Stores Management Review in response to the internal audit carried out in 2019, and their involvement in the Personal Protective Equipment (PPE) stocktaking in 2020. The report was the fifth update provided to Members on the activities that had commenced. Since the last update provided to the Audit Committee in April 2022, paragraph 9 of the report outlined the key milestones identified to be completed by the end of June 2022.

The Head of Property Services summarised the salient points in the report, advising that since the publication of the report, interviews had been held for the Stores Manager position and the Council had been successful in appointing a suitable candidate into the role. However, due to personal reasons, the candidate had since decided not to accept the position. In light of this, discussions had been held with the Head of Internal Audit, Assistant Director of Economy and Enterprise and Board Members, at the recent Stakeholder Board meeting, where it was agreed that arrangements be put in place for a further recruitment exercise. It was anticipated that recruitment to the post would commence within the next week, with shortlisting for candidates during the first week in September and to have someone in post mid-September, with the Implementation Plan to be progressed thereafter.

The Head of Property Services then reported on the current progress made with regard to:-

#### Implementation of the Improvement Plan

Stakeholder management meetings had been strengthened to deal with routine issues and improvement areas by the creation of a third tier. Meetings were now being held with senior managers, in addition to the meetings being held with team leaders and respective key holder

personnel on a monthly basis, which had proved a useful approach to strengthen relationships. Work continued with the stocktakes, with 35 stocktakes programmed before the next reporting period, which continued to show low variances of a small value. Processes were also in place to map out a timetable for implementation of the Plan. Officers were currently looking at what further improvements to be made, pending the Stores Manager post being appointed to in September and at what point to re-issue the timetable for delivery of the Plan, to ensure that the Plan was deliverable, and was delivered in a timely manner, setting out the rigorous targets to be met. The Head of Property Services gave an undertaking to provide Members of the Committee with a copy of the revised timetable as an interim position, prior to the next scheduled meeting of the Committee, in order that progress be reported at future meetings. He highlighted that the outstanding items mainly related to procedural issues in terms of strengthening the processes in place rather than the fundamental risks identified at the commencement of the audit process relating to stock control and variances.

#### Key Performance Indicators (KPI's)

Further to the development of the Key Performance Indicators implemented in May 2022, two indicators identified were linked and related to call backs from customers on orders that had been received and goods awaiting pick up, which had scored low. Both issues had involved a resource intensive exercise. Therefore, provision had since been put in place for customers via a self-help process, in addition to the processes already in place, for customers to find out about the current progress of goods ordered and when or not they would receive goods ordered via a shared folder. This would allow the service to use the existing resource more efficiently and effectively to deal with calls regarding at what stage in the process orders were being dealt with.

#### Next Steps

The results of the mid-year stock takes to be carried out in September, would be reported to the Committee's meeting in October. Further to discussions with the Head of Internal Audit, monthly Stakeholder Board meetings would continue, with monthly key performance indicator information reported and reviewed at the meeting. It was anticipated that additional assurance would be provided to the Committee in the autumn.

Following the presentation of the report, the Chair invited questions from Members. In response to a question from Councillor Barry Johnson, it was reported that ongoing support had been provided to the interim Stores Manager, with weekly meetings taking place with the Head of Property Services. Processes had been established for management of the stores budget, supported by Officers in Finance and additional support from Human Resources. In the short term, the Head of Property Services was confident that appropriate support was being provided to support the Stores function.

Further to a query in relation to progress with regard to the Standard Operating Procedures (SOPs), Members were advised that whilst there had been a pause in terms of improvements being made in this area, which was due to staff sickness from Covid, staff were now clear of the expectations of the team in relation to the delivery of the SOPs, to ensure good practice. A consistent approach had since been applied, involving Finance for transactional processes, the Procure to Pay (P2P) team and the Stores team was working collaboratively to manage the SOPs and any variances emanating from this rather than working in isolation. An initial interim review of the procedures would be carried out in September and at Quarter 4, a more fundamental review would follow to ascertain whether the established systems were still relevant.

The Chair, whilst acknowledging that there had been a pause in implementing the actions in the Plan due to difficulty recruiting to the Stores Manager position and that some progress had been made in that the SOPs had been implemented and signed up to for all staff, raised concerns regarding the lack of supervision of staff, which he felt was fundamental to progressing the Plan and spoke of the need of the Store Manager position being resolved as a

matter of urgency. He also asked whether a new training plan had been developed for staff in relation to SOPs. The Assistant Director of Economy and Environment provided assurances that the Stores Manager's post would be to transform the Stores service and also to embed new practices at the Stores. Whilst an Improvement Plan was at a development stage, due to unforeseen circumstances, recruitment to the Stores Manager post had now been delayed. However, he advised there was a continued commitment from Senior management to ensure transformation of the Stores service. The Stakeholder Board continued to meet on a monthly basis to progress the actions in the plan. Officers were working to expedite to recruit to the Stores Manager post.

The Chair further highlighted that the report, initially submitted to the Committee in 2021, with a commitment by management that all operational issues would be resolved by December 2021 and the operational model was to be determined by March 2022, however, expressed his disappointed that some of the objectives in the Plan had not been met. In addition, in noting the next steps for the July to September implementation period, the Chair sought clarity regarding the proposals for implementation for the next 2 month period (August and September) and the 3 months thereafter. In order that the Committee and Internal Audit could monitor progress and identify any slippage of actions against delivery of the set timescales, the Chair requested that management provide them with an updated Plan, clearly setting out the agreed actions, with realistic achievable timescales. This would provide assurance of the actions scheduled for delivery against the agreed and realistic timescales.

The Head of Property Services provided assurance and clarified that an Action Plan was currently being developed and would provide an indication of the progress made pre and post recruitment of the Stores Manager, including continuation of day to day issues, and what was expected to be delivered in the next 3 months and provided assurances that this was to be expedited. He explained that the operation of the Stores was in a transitional period and whilst changes had been made in relation to reviewing how the stores operated as a baseline position, Officers were not at a stage to implement the procedures. He gave an undertaking to provide the Committee with an update at future meetings on progress, in relation to the SOPs adopted by the staff, how they were being embedded and tested.

The Head of Internal Audit confirmed that the planned audit of the North Bridge Stores had been deferred until 2023, to allow progress to be made in this area. Following recent discussions, it was agreed that Internal Audit would maintain oversight over the operations and the interim management arrangements, and had agreed with the Head of Property Services that clear monitoring of the Stores operations would be undertaken and that the monthly stakeholder monthly Board meetings be maintained so that the KPIs could be reviewed, which would provide an indication of the progress being maintained, together with information in relation to ongoing quarterly reporting to the Audit Committee, to monitor the situation as it progresses.

RESOLVED to note the updates to the report and support the outlined approach.

## 62 UNAUDITED STATEMENT OF ACCOUNTS 2021/22

The Committee considered a report which set out the Council's unaudited Statement of Accounts for the 2021/22 financial year. The report highlighted the overall position for the year, a summary accounts closure timetable and information relating to the Council's performance, including improvements achieved in terms of accuracy and quality of the accounts. Details of the key changes to the accounts were set out at paragraphs 16 to 36 and Appendices A-D of the report.

In accordance with the Accounts and Audit (Amendment) Regulations 2021, the publication date of the unaudited 2021/22 accounts had been extended from 31st July to 30th September 2022 for all local authority bodies. In December 2021, the Department of Levelling-up,

Housing and Communities, announced an intention to further extend the deadline for publication of the audited statement of accounts to 30th November 2022.

The Chief Financial Officer and Assistant Director of Finance provided a brief overview of the report. She highlighted the importance of the draft accounts being presented to the Committee at an early stage in line with good practice guidance. It was noted that dedicated training on the accounts had been provided to Members of the Audit Committee in order that the Committee had sufficient time to understand and review the statements, and provide the opportunity to ask questions. The unaudited Statement of Accounts was published on the Council's website on 6th July 2022 and provided to the Council's External Auditor Grant Thornton. The Chief Financial Officer and Assistant Director of Finance wished to place on record her thanks to the Financial Management team for completing the draft accounts in challenging circumstances and in meeting the statutory deadline. The Financial Planning and Control Manager was also in attendance to respond to Members questions.

In answer to questions from Dr Green, it was noted that nothing unexpected or of particular concerns had come to light when producing the accounts other than the impact from Covid-19 from the previous year. In relation to the sufficiency of the balance position of the Council's General Fund reserves, Members were informed that Doncaster was in an extremely positive year-end position and based on Grant Thornton's Value for Money report issued in February 2022, which was considered by the Committee at its meeting in April, had provided comparative information in relation General Fund Balance reserves of other local authorities, which had found that Doncaster was in the top quartile of all local authorities in the country. An undertaking was given to provide Dr Green and Members of the Committee, with a copy of the report for comparative purposes. Members noted that the Internal Audit team would be reviewing CIPFA guidance in the future. The General Fund Balance Reserves would also be reviewed as part of the budget process and the Section 151 Officer would consider whether the reserves were reasonable and sufficient.

Arising from concerns raised by Councillor Healy regarding future potential cost pressures and the impact on the Council's budget and implications for the Council post Brexit and given the potential rise in energy costs which was increasing and the rise in inflation, the Director of Corporate Resources highlighted the challenges posed as a consequence of Brexit and made reference to the difficulties in the Council recruiting to the workforce in some areas of the Council which was attributed to a reduced active workforce as EU citizens, that had worked in the UK had since left the UK. Therefore, there was a skills shortage, and also the costs in relation to construction and problems in the supply chain.

With regard to inflation and in response to question from the Chair whether there would be any material changes to the accounts from the figures reported as at 31st March 2022, up until the accounts being finalised in October, Members were advised that the Council needed to be assured that following an evaluation of the final accounts in October, that there had been no material changes to the original figures as at the end of March due to inflation and other factors. It was noted that the main areas where there may be potential changes were figures relating to the Council's pension and property plant and equipment valuations. The Council was currently working to try to quantify the impact of inflation in the next financial year 2022/23, and in future years in order that they could plan and prepare for any potential changes to the budget. The Council was currently drafting the Quarter 1 Finance and Performance report which would be reported to Cabinet in September, and it was likely that there would be inflationary pressures. The Medium Term Financial Strategy would be reviewed in the autumn to take into account of the recent changes in inflation and its impact.

Further to questions from the Chair, the External Auditor confirmed that he was confident to be in a position to sign off the accounts by the statutory deadline of 30th November 2022, subject to there being sufficient resource in the team. He spoke of the continuing challenges faced by both the public sector and External Auditors in recruiting staff. It was noted that the ISA 60 report would be presented to the Committee in October prior to the completion of the audit of



the accounts in November. The External Auditor advised that no significant problems had been identified in any areas of their work on the accounts to date, and that it was at an early stage in the audit process to be able to provide a judgement on the Council's arrangements in relation to the production of the accounts, and the quality and reliability of the working papers. However, he welcomed the draft accounts being provided in advance of the national deadline which was a credit to the Chief Financial Officer and Assistant Director of Finance and Financial Management Team.

RESOLVED that:-

- (1) the 2021/22 draft Statement of Accounts be noted' and
- (2) it be noted that the Committee was satisfied with the responses in the 'Informing the audit risk assessment for Doncaster Metropolitan Borough Council 2021/22' report.

63 EXTERNAL AUDITOR (GRANT THORNTON) AUDIT PLAN 2021/22 AND ARRANGEMENTS FOR THE PREPARATION OF THE 2021/22 ACCOUNTS

The Committee received an update on the External Auditor's 2021-22 Audit Plan for the year ending 31st March 2022 which provided an overview of progress on their work in delivering its responsibilities as the Council's External Auditor.

Gareth Mills, Key Audit Partner and Engagement Lead and Perminder Sethi, Engagement Senior Manager, Grant Thornton, were in attendance and outlined some of the key messages from the report.

Members' attention was drawn to key matters, setting out the Council's outturn position for 2021/22 which had shown an underspend of £8.9m. The Council was to update its Medium Term Financial Strategy (MTFS) during the summer in preparation for the 2023/24 budget setting process. Since the approval of the Council's budget in February 2022, the financial outlook had worsened due to inflation and the impact of rising energy and fuel costs, and also the recent pay award for local government sector employees had created significant financial pressures on Local authorities budgets. However, it was reported that Doncaster was in a better position than other local authorities in terms of the budget. It was reported that a key area of focus for External Audit next year was Children's Services in terms of the Value for Money arrangements. As part of the Council's requirement of the Group Audit accounts, financial Statements had been prepared for St. Leger Homes of Doncaster (SLHD) and Doncaster Children's Services Trust (DCST). The External Auditor would be undertaking targeted audit work regarding the key material differences between the group accounts and the Council accounts in relation to pension liability of these respective organisation. The External Auditor outlined the significant risks for the Council with regard to management override of controls, valuation of land and buildings, and valuation of the net pension fund liability.

Members were informed that there has been a reduction in materiality of the Council to that of previous years, which was because of changes to the way materiality was calculated which had been brought in to line to that of other authorities by using the net gross expenditure. In relation to Value for money arrangements, the Auditors had not identified any significant areas of risks or weakness to date. This would be kept under review as the audit progressed and the Committee would be kept informed of any issues arising from this work.

With regard to audit logistics, External Audits interim visit had taken place in March and April 2022 and it was envisaged that the audit work be completed by the end of September, to be finalised by end of October and November 2022. The ISA 260 report would be presented to the Audit Committee in October 2022, followed by the Council's VFM arrangements report in January 2023. It was noted that the 2022/23 financial year would be the final year of the 5-year contract that Grant Thornton were awarded by the Public Sector Appointments

Committee (PSAA). Grant Thornton had submitted a bid to the PSAA for the next round of contracts covering the audits for financial years 2023/24 to 2027/28 and was happy to answer any questions from Members regarding the tender.

In response to questions from the Chair, the External Auditor confirmed that they were not envisaging any changes in materiality would significantly impact on Grant Thornton's work. The Chair made reference to the significant risk identified by the External Auditor last year, who had challenged the Council's land and asset valuation assumptions, and asked whether the Council had put arrangements in place to improve the Council's processes for the calculation of the valuation of the buildings and property assets. It was reported that the Council had challenged the Council's internal valuers and external valuers about the information and assumptions used in relation to property valuations, and had taken additional steps to ensure that the valuations of Council buildings were accurate. Members were informed that the property valuations in Doncaster had increased significantly this year, with Doncaster's housing market had risen at a greater pace than the rest of the country, which had confirmed to the Council that the valuations received from the Council's District Valuer were accurate. The External Auditor explained the rationale for the impairment or changes in the value of Council assets in particular, those relating to new property assets such as schools and hospitals. It was noted that the regulator would closely scrutinise the External Auditor's work with regard to Council land and buildings and pension liability which can result in material changes to the accounts. The External Auditor would be challenging the Council on these 2 areas of the accounts.

Further to clarification being sought by the Chair, the External Auditor explained the reasons why the External Auditor's annual report on VFM arrangements was to be presented to the Committee in January 2023, instead of being presented alongside the audit of accounts to the Committee in November 2022. It was noted that the deadlines for the accounts and VFM work had previously taken place at the same time. However, due to operational challenges faced by auditors in preparing the accounts as a consequence of the Covid-19 pandemic last year, the introduction of the new VFM Code of practice and due to the timing of the signing of the accounts in the Local Authority sector, the National Audit Office, as a temporary relief, had agreed a range of measures to support the timely completion of the accounts. Therefore, had extended the statutory deadline for publishing the accounts by 3 months to 30th September, which subsequently had been further extended to 30th November 2022 by the DLUHC, and that the VFM deadline moved to February 2023. This meant that the deadline dates for the accounts and VFM work had been separated to that of previous years. The interim audit report had been presented to the Audit Committee in April. The Chief Financial Officer and Assistant Director of Finance gave an undertaking to provide a copy of this report to Councillor Healy and Dr Green. It was further noted that the external audit market was under significant pressures to complete audits. It was anticipated that both the deadline of the audit of the accounts and VFM work would be brought back under one deadline date in 2023/24.

RESOLVED that the External Audit Plan for 2021-22 be noted.

CHAIR: \_\_\_\_\_

DATE: \_\_\_\_\_