



City of Doncaster Council

Report

Date: 27th April 2023

To the Chair and Members of the AUDIT COMMITTEE

AUDIT COMMITTEE ANNUAL REPORT 2022/23

EXECUTIVE SUMMARY

1. The production of an annual report allows the Audit Committee to demonstrate it has fulfilled its terms of reference and share its achievements with the whole Council. The production of such a report also complies with current best practice for audit committees. This report asks Members to note and approve the draft Audit Committee Annual Report for 2022/23, attached to this report.
2. This Annual Report is a very encouraging report, recognising the positive outcomes achieved in an again challenging year, the positive assurance it has received over the Council's, risk, governance and control arrangements and notes the effective contribution made by the Audit Committee during the year.

EXEMPT REPORT

3. Not applicable, for information only.

RECOMMENDATION

4. The Audit Committee is asked to make comment on and consider for approval the attached Audit Committee Annual Report 2022/23 and for it to be suitably published.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

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

BACKGROUND

6. The Audit Committee is a key part of the governance arrangements of the Council. It is appropriate that the important work of the Committee is shared with the rest of the Council and other stakeholders. The draft Annual Report of the Audit Committee, attached at **Appendix 1** to this report, sets out key aspects of the work undertaken by the Committee during 2022/23.

OPTIONS CONSIDERED

7. Not applicable, for information only.

REASONS FOR RECOMMENDED OPTION

8. Not applicable, for information only.

9. Legal Implications [Officer Initials: SRF | Date: 31.03.23]

The Audit Committee is a key part of the Council's governance controls and the work it does contributes to the Council's overall responsibility to maintain an adequate and effective system of internal controls. Further specific legal advice can be provided on any matters arising as required.

10. Financial Implications [Officer Initials: SJT | Date: 31.03.23]

There are no identified financial implications arising from this report.

11. Human Resources Implications [Officer Initials: SH | Date: 29.03.23]

There are no HR implications associated with this report.

12. Technology Implications [Officer Initials: PW | Date: 29.03.23]

There are no identified technology implications arising from this report.

RISKS AND ASSUMPTIONS

13. The Audit Committee contributes to the effective management of risks. The ways in which it does this are summarised in the attached draft report.

CONSULTATION

14. This report consults with the Audit Committee over the production of an Annual Report.

BACKGROUND PAPERS

15. Various Audit Committee Reports from July 2022 to April 2023 Audit Committees.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

16. None.

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Annual Report of the Audit Committee 2022/23



Councillor Austen White
Chair of the Audit Committee, 2022/23

FOREWORD

I am pleased to present this report which demonstrates the contribution this Committee has made during 2022/23 to the achievement of good governance and internal control within the Council.

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

It also maintains oversight of Internal and External audit, helping to ensure that efficient and effective assurance arrangements are in place.

In this respect, we have gained these assurances in these still continuing unprecedented times through the following reports / arrangements

External Audit

- We have continued to work well with our External Auditors, Grant Thornton, given the constraints of increasingly technical complex audit issues around property, plant and equipment valuations and also of pension funds together with other staffing issues highlighted within the Redmond Review. We were very pleased to yet again receive, an unqualified opinion on the Council's Statement of Accounts and the associated commentary over our Value for Money arrangements which was particularly reassuring.

Internal Audit

- A strong and positive opinion from the Head of Internal Audit in his Annual Report;
- A strong and positive Annual Preventing and Detecting Fraud and Error report indicating low level values and incidents of fraud. This remains particularly reassuring given the heightened risk of fraud in these difficult times. I was particularly pleased to note the outcome of the Business

Support Grant fraud checks disclosing only 0.6% of the £112M had been subject to fraud or error and over half of this has already been recovered which reflects very well on all the teams involved.

- continued lower level of overdue management actions due to several factors including the vigorous pursuit of outstanding management actions, a reduction in the number of recommendations being raised due to advisory and consultative work and high levels of substantial assurance opinions generating low levels of recommendations

Annual Governance Statement

- An overall strong and positive Annual Governance Statement but one which also highlights areas of concern.
- The Committee has been provided with regular updates in this key area which has helped maintain oversight of our key governance concerns.

Other Areas

- Improvement in risk, governance and control is also apparent in the continuing reduced number of unplanned reports presented to committee.

In addition to the formal reports presented to the Committee we have continued to have active engagement with the Head of Internal Audit and other senior officers during this period.

Where relevant, the Committee has made recommendations for action to address any deficiencies identified by or reported to the Audit Committee. The Committee continues to request officers to

attend Committee meetings during the year to provide additional information on particular areas of concern.

Where relevant, the Committee also makes recommendations for action to address any deficiencies identified by or reported to the Audit Committee. The Committee has requested officers to attend Committee meetings during the year to provide additional information on particular areas of concern.

A review of the effectiveness of the Audit Committee was carried out with positive outcomes. A further review and update of the Self-Assessment against best practice from CIPFA “Audit Committees / Practical Guidance for Local Authorities and Police 2022” also was positive.

“

I conclude this year's foreword in hoping that this committee continues to discharge its responsibilities and add value to the Council

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CONTENT

1.	Introduction	6
2.	Terms of Reference	6
3.	Committee Information	6 - 7
	<ul style="list-style-type: none">• Audit Committee Membership• Audit Committee Meetings	
4.	Committee Achievements	7 - 9
	<ul style="list-style-type: none">• Internal Audit• External Audit• Regulatory Framework• Core Function – Accounts• Other Issues• Compliance With Best Practice	
	Appendix A - Audit Committee Activity 2022/23	11
	Appendix B - Audit Committee Improvement plan	12



INTRODUCTION

This annual report on the work of the Council's Audit Committee shows:

- How the Audit Committee has fulfilled its terms of reference
- How the Council's arrangements comply with national guidance relating to audit committees
- How the Audit Committee has contributed to strengthening risk management, internal control and governance arrangements.

TERMS OF REFERENCE

During 2019, the Terms of Reference for the Audit Committee, were subject to a comprehensive review against guidance issued by Chartered Institute of Public Finance and Accountancy in 2018. The revisions adopted at the Annual Meeting of Council in May 2019 generally reflected terminology changes following auditing standards revisions. The new terms adopted still reflected local requirements with regard to discharging the role of the Standards Sub-Committee.

Some relatively minor changes for clarification were made to the Terms of Reference for the Audit Committee at the Annual Meeting of Council in May 2022.

The current Terms of Reference and more details about the responsibilities relating to Standards can be found on the Council's website.

COMMITTEE INFORMATION

The constitution and membership of the Audit Committee changed during the 2022/23 year.

Audit Committee Membership

The Committee has five elected members. At the start of the year, these were:



Councillor Austen White (Chair)
Councillor Glenn Bluff (Vice Chair)
Councillor Barry Johnson
Councillor Sophie Liu
Councillor David Shaw

Following the committee appointment process in May 2022, Councillor John Healy replaced Councillor Sophie Liu. The following are the current five elected members:



Councillor Austen White (Chair)
Councillor Glenn Bluff (Vice Chair)
Councillor John Healy
Councillor Barry Johnson
Councillor David Shaw

The Committee has one independent co-opted member with non-voting rights serving on the Audit Committee, Doctor Stuart Green who replaced Kathryn Smart in May 2022.

Audit Committee Meetings

The Committee has met on four occasions during the year:



28th July 2022
27th October 2022
26th January 2023
27th April 2023

This frequency of meetings is agreed to ensure the Audit Committee can fulfil its responsibilities in an efficient and effective way.

The committee timetable has run broadly to pre-pandemic timings with the exception to this being the approval of the 2021/22 Statement of Accounts and to recommend the adoption of the 2021/22 Annual Governance Statement.

This was done at the October 2022 meeting of the Audit Committee making this meeting particularly important in the committee fulfilling one of its key responsibilities.

Various other reports are fundamental to the Audit Committee, including:



- Internal and External Audit Plans for the year.
- The External Auditor's Annual Audit Letter.
- The Head of Internal Audit's Annual Report.

The Audit Committee has fulfilled its mandatory obligations during 2022/23.

COMMITTEE ACHIEVMENTS

A list of the reports considered by the Audit Committee can be found in **Appendix A**.

The main outcomes of the Committee's work in relation to its core functions and discharging its terms of reference can be summarised as follows:

Internal Audit

The Audit Committee:

- Received and considered the 2022/23 Annual Report of the Head of Internal Audit, which included his opinion on the Council's Risk, Governance and control arrangements.
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress in delivering the planned work and summaries of reports issued and approved any necessary changes to the plan as a result of new and emerging risks and special investigations. The reports also provided monitoring information on the implementation of agreed audit recommendations.
- Received and considered the Counter Fraud Report
- Continued to provide support to the Internal Audit Team to ensure management was responsive to agreed actions arising from audit recommendations.
- Agreed the Internal Audit Annual Plan for 2022/23.
- The positive assurance from these reports were particularly helpful in this year again where the Council's risk governance and control arrangements continued to be put to such tests.

External Audit

The Audit Committee:

- Received and considered reports on the External Auditor's progress and sector update.
- Received and considered a report over Arrangements for the Appointing of External Auditors.

- Received and considered report to Those Charged with Governance (ISA 260 Report) 2021/22.
- Received and considered the Auditor Annual Report 2021/22
- Received and considered report covering the Audit Plan 2022/23
- Received and considered progress reports and sector updates
- Continued to provide support to the External Auditors to ensure management was responsive to recommendations made and agreed.

The positive assurance from these reports was also welcome given the financial challenges faced by this and other Local Authorities and the commentary over our Value for Money arrangements was particularly reassuring in this respect.

Regulatory Framework and Ethical Governance

The Audit Committee has:

- Considered and noted the Audit Committee Prospectus, Terms of Reference and Work Programme.
- Noted and approved the Annual Report of the Audit Committee.
- Overseen the production of and recommended the adoption of the Annual Governance Statement.
- Received reports on Compliance with the Council's Contract Procedure Rules, including breaches and waivers of these Rules.
- Received and considered the Preventing and Detecting Fraud and Error Report for the Council.
- Received regular reports on surveillance conducted by the Council under the Regulation of Investigatory Powers Act 2000.
- Considered and noted the Annual report of the Monitoring Officer.
- Received and considered a report on the Councils Performance Management Framework.

Core Function - Accounts

The Audit Committee has:

- Received reports on the Statement of Accounts and accounting policies used to prepare the accounts.
- Approved the Statement of Accounts by the Section 151 Officer
- Received and considered reports from the External Auditor on the Statement of Accounts.

Other Issues

The Audit Committee also considered reports on the following specific issues which arose in the period:

- Progress Reports on North Bridge Stores Transformation Project

Compliance with Best Practice

In March 2023, a self-assessment was carried out against checklists from the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance "Audit Committees / Practical Guidance for Local Authorities and Police 2022 Edition."

This identified the committee was generally operating to best practice with minimal actions to develop the committee further. These are set out in Appendix B

All audit committee meetings have been held in person in our Council Chamber again this year whereas the training and updates sessions which are provided to the Audit Committee have been maintained virtually. The training and update sessions were based around the agenda items being considered at the forthcoming committee meeting so members had an understanding of the background to these areas. Topics included:

- Accounts Preparations and Training/Awareness on the Statement of Accounts

- Preparation of the Draft Annual Governance Statement
- Work of the Internal Audit Team
- Work of the Strategic Procurement team and Contract Procedure Rules.
- Self-assessment against best practice for audit committees
- Internal Audit Planning 2022/23
- Head of Internal Audit Opinion for 2021/22
- Governance Updates
- Additionally, there has been regular attendance by the Chair at Yorkshire & Humberside Audit Committee Chairs Forum



AUDIT COMMITTEE ACTIVITY – 2022/23

Appendix A

Agenda Item	July 2022	Oct 2022	Jan 2023	Apr 2023
Audit Committee Actions Log	Received	Received	Received	Received
External Auditor (Grant Thornton) Audit Plan 2021/22 and Arrangements for the preparation of the 2021/22 Accounts	Received			
Unaudited Statement of Accounts 2021/22	Received			
Audit Committee Prospectus, Terms of Reference and Work programme 2022/23	Received			
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update	Received		Received	
Internal Audit Progress Report	Received	Received	Received	
Progress Report on North Bridge Stores Transformation Project	Received	Received		
The Council's Performance Management Framework		Received		
Breaches and Waivers to the Council's Contract Procedural Rules		Received		Received
Statement of Accounts and Annual Governance Statement 2021/22 – Draft ISA 260 Report to Those Charged With Governance		Received		
Preventing and Detecting Fraud and Error: October 2021 to September 2022			Received	
External Auditor (Grant Thornton) Auditor Annual Report 2021/22			Received	
Arrangements for the Appointing of External Auditors			Received	
Annual Report of the Monitoring Officer 2021/22				Received
Draft Annual Governance Statement 2022/23				Received
Audit Committee Annual Report 2022/23				Received
Annual Report of the Head of Internal Audit 2022/23				Received
Counter Fraud Activity Report				Received
Internal Audit Plan 2023/24				Received
External Auditor (Grant Thornton) Audit Plan 2022/23 and Arrangements for the preparation of the 2022/23 Accounts				Received
External Auditor (Grant Thornton) Audit Committee Progress Report and Sector Update				Received

City of Doncaster Council – Audit Committee Improvement Plan

Ref	Finding	Agreed Action	Timescale
1.	Terms of Reference Review The Audit Committee's Terms of Reference require some slight updates in line with the CIPFA 2022 Guidance on Audit Committees.	The Audit Committees Terms of Reference will be updated in line with the CIPFA 2022 Guidance on Audit Committees for approval at full Annual Council	19 th May, 2023
2.	Evaluation of Knowledge, Skills and Training Needs of Audit Committee Members The last evaluation of Audit Committee Members Knowledge, Skills and Training needs was undertaken approximately 2 years ago. The CIPFA 2022 guidance for Audit Committees recommends such an evaluation be carried out within a 2 year period.	An evaluation of Audit Committee Members Knowledge, Skills and Training Needs will be carried out after committee membership is confirmed at Full Annual Council in May 2023.	31 st July, 2023
3.	Composition of the Audit Committee Attendance at Audit Committee Meetings has been lower than previous years, which has resulted in concerns regarding meetings consistently being quorate.	Options to address this issue will be explored as part of the annual appointments process for Full Annual Council in May 2023.	19 th May, 2023