



## Report

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**Date: 27<sup>th</sup> July 2023**

**To: The Chair and Members of the Audit Committee**

**Report Title: AUDIT COMMITTEE PROSPECTUS, TERMS OF REFERENCE AND WORK PROGRAMME 2023/24**

### **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 updated Terms of Reference for the Audit Committee for the 2023/24 Municipal Year

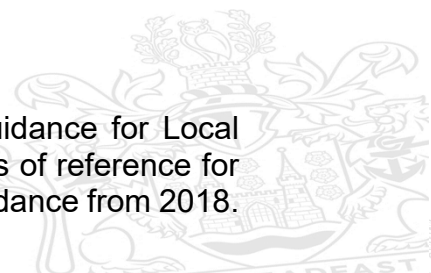
### **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

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**

6. In late 2022, CIPFA published "Audit Committees: Practical Guidance for Local Authorities and Police" 2022 edition which contained model terms of reference for audit committees, updating the model terms from the previous guidance from 2018.



In the main, the new model terms have been reordered to reflect the core functions of the committee and provide greater clarity on the overarching responsibilities and accountability arrangements.

Where required, the model terms of reference have been expanded to incorporate City of Doncaster Councils specific local arrangements including responsibility for the Hearings Sub-Committee.

One minor change is also reflected in these proposed terms of reference whereby the monitoring of compliance with the Regulation of Investigatory Powers Act 2020 has been reduced from bi-annually to annually, as agreed by the Audit Committee on 26th January 2023. These changes were approved by Council at its Annual Meeting on 19th May 2023.

7. A link to the Terms of Reference for the Audit Committee is here for ease of reference to demonstrate how the work programme delivers on the responsibilities: <https://doncaster.moderngov.co.uk/mgCommitteeDetails.aspx?ID=146>

### **Prospectus and Draft Work Programme**

8. 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.
9. 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
10. Within the work programme, it is proposed as a default to maintain reporting the following regular item to the Audit Committee on a six monthly basis:
  - Breaches and Waivers to the Council's Contract Procedure Rules
11. However, if there are any significant issues in any of these areas they will be reported immediately to the Audit Committee.
12. Update briefings and/or training for Members will be provided as required, an indicative programme is set out in the work programme.
13. 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**

14. In order to discharge its functions effectively, the Committee is required to operate within an agreed Terms of Reference.

15. 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 workload.

16. 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.

### **REASONS FOR RECOMMENDED OPTION**

17. Not applicable – this report is primarily for noting.

### **Legal Implications**

18. Legal implications were not requested in relation to this report

### **Financial Implications**

19. Financial implications were not requested in relation to this report

### **Human Resources Implications**

20. Human Resource implications were not requested in relation to this report.

### **Technology Implications**

21. Technology implications were not requested in relation to this report

### **RISKS AND ASSUMPTIONS**

22. 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.

### **CONSULTATION**

23. The Chair and Vice of the Audit Committee were consulted on the changes to the Terms of Reference prior to these being presented to May 2023 Annual Council.

### **BACKGROUND PAPERS**

24. None

### **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

25. N/A

### **REPORT AUTHOR & CONTRIBUTORS**

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Doncaster  
Council

# Audit Committee Prospectus, Terms of Reference and Work Plan 2023/24

*Our Audit Committee is a key component of City of Doncaster Council's Corporate Governance. The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective. The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.*

**CIPFA 2022**

## 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 2023/24 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 financial 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.
- ✓ Review the findings of the external auditor's work, including a discussion of any major issues which arise during the audit. To also consider the external auditor's annual report, including their commentary on the Council arrangements for securing economy, efficiency and effectiveness in the use of resources.
- ✓ Consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code
- ✓ 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 2023/24 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 and Technology, 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.

## 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 2023/24, 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.
- ✓ 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, Auditor's Annual report and Internal Audit opinion of the risk, governance and control arrangements that fairly reflect the Council's position.

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.

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**Councillor Austen White, Chair**

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**Councillor Glenn Bluff, Vice-Chair 27<sup>th</sup> July 2023**

## APPENDIX 1

### Doncaster Council - Audit Committee Work Plan 2023/24

Objective and Agenda Item	July 2023	Sept 2023*	Nov 2023	Feb 2024	April 2024
<b>Internal Audit</b>					
Internal Audit Charter and Strategy			✓		
Internal Audit Progress Report for the period: April to June 2023	✓				
Internal Audit Progress Report for the period: July to September 2023			✓		
Internal Audit Progress Report for the period: October to December 2023				✓	
Annual Report of the Head of Internal Audit 2023/24 (includes Internal Audit Progress January 2024 to March 2024)					✓
Internal Audit Plan 2024/25					✓
<b>External Audit</b>					
Grant Thornton – Informing the Audit Risk Assessment	✓				
Grant Thornton - Progress Report and Sector Update			✓		✓
Draft Audit Findings Report (ISA260) 2022/23			✓		
Grant Thornton Auditor’s Annual Report 2022/23				✓	
External Auditor (Grant Thornton) Audit Plan 2023/24 and Arrangements for the preparation of the 2023/24 Accounts					✓
<b>Regulatory Framework</b>					
Audit Committee Actions Log	✓		✓	✓	✓
Audit Committee Prospectus, Terms of Reference and Work programme 2023/24	✓				
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Annual Report	✓				
Review and Updates to Contract Procedure Rules (CPRs) and Financial Procedure Rules (FPRs)		✓*			
Breaches and Waivers to the Council’s Contract Procedure Rules			✓		✓
Audit Committee Annual Report 2023/24					✓
<b>Draft Annual Governance Statement 2023/24</b>					
Draft Annual Governance Statement 2023/24					✓

Objective and Agenda Item	July 2023	Sept 2023*	Nov 2023	Feb 2024	April 2024
<b>Accounts</b>					
Unaudited Statement of Accounts 2022/23	✓				
Statement of Accounts and Annual Governance Statement 2022/23			✓		
<b>Ethical Governance</b>					
Monitoring Officer Annual Whistleblowing and Standards Report 2023/24					✓
Preventing and Detecting Fraud and Error - October 2022 to September 2023			✓		
<b>Proposed Committee Member Training/Awareness Session</b>					
Understanding the Council's Draft Accounts	✓				
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					✓

\* Please note this is an extraordinary joint Audit Committee / Elections and Democratic Structures Committee with a single item agenda