



City of Doncaster Council

Report

Date: 23rd November, 2023

To the Chair and Member of the
AUDIT COMMITTEE

STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT 2022/23 – DRAFT ISA 260 REPORT TO THOSE CHARGED WITH GOVERNANCE

EXECUTIVE SUMMARY

1. In accordance with International Standard on Auditing (ISA) 260, the Council's external auditor is required to issue a report detailing the findings from the 2022/23 audit and the key issues that the Committee should consider before the external auditor issues their opinion on the financial statements.
2. The 'Communication with those charged with governance' report (draft ISA 260 report attached as Appendix A) has to be considered by 'those charged with governance' before the external auditor can sign the accounts which, under normal circumstances, legally has to be done by 31st July. The Accounts and Audit (Amendment) Regulations 2022 amended this date to 30th September for the 2022/2023 financial year.
3. Grant Thornton expects to issue an unqualified audit opinion on the Council's financial statements for 2022/23; subject to all outstanding queries being resolved to their satisfaction.
4. Grant Thornton have provided an update on the timescales for the Value for Money (VfM) for 2022/23 and issuing the Auditor's Annual Report (AAR). Grant Thornton expect to issue the AAR in time for the Audit Committee on 1st February, 2024.
5. Overall the draft ISA 260 report is a positive one, with 1 material adjustment.
6. Attached to this report is the draft ISA 260 report. The Audit Committee will be updated on any changes to the report.
7. The Section 151 Officer, as the responsible financial officer, re-confirms on behalf of the Council that she is satisfied that the Statement of Accounts presents a true and fair view of:
 - a. the financial position of the Council at the end of the 2022/23 financial year; and
 - b. the Council's income and expenditure for the 2022/23 financial year.

Annual Governance Statement

8. The Council is required to prepare, approve and publish an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations and professional accounting practice. The Council's governance arrangements in place during 2022-23 have been reviewed in line with the guidance and an Annual Governance Statement has been produced (Appendix B). This document demonstrates our governance compliance by: -
 - a. **1** key area of improvement has been completed or has been effectively managed to the extent that it is no longer significant (page 13);
 - b. **5** new significant issues arising from the 2022-23 review of effectiveness of the corporate governance arrangements (pages 6-10);
 - c. Updates on the **2** key area identified during previous years that remain an issue in 2022-23 (page 11).
9. Last year's AGS contained 3 significant issues and 1 of these has been effectively managed and removed from the AGS. During this year's process we have identified 5 new areas of significant risks and these have been added. This gives us a total of 7 key areas of focus on our current AGS, an increase of 3 compared with last year.
10. Since the draft AGS was presented at Audit Committee in April 2023, we have consulted with key governance colleagues and partners to seek additional assurance and there have been no further significant issues identified. We have also reviewed the content of the current AGS to reflect the latest position.

EXEMPT REPORT

11. Not applicable.

RECOMMENDATIONS

12. It is recommended that the Audit Committee: -
 - a. Note the contents of the draft external audit ISA 260 report;
 - b. Consider the Letter of Representation included in the draft ISA 260 report, and endorse for signature by the Chair of the Audit Committee and the Chief Financial Officer;
 - c. Approve the Statement of Accounts 2022/23; and
 - d. Approve the Annual Governance Statement 2022/23, for signature by the Mayor and the Chief Executive; and
 - e. Delegate authority to the Chief Financial Officer, in consultation with the Chair, to agree any adjustments to the Statement of Accounts 2022/23, following the completion of the audit by Grant Thornton, should any changes be necessary, prior to signing by the Chief Financial Officer and the Chair of the Audit Committee.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

13. An unqualified audit opinion on the Council's financial statements and a good VfM conclusion resulting from the annual audit process would indicate that there is excellent internal control in place safeguarding Council resources.

BACKGROUND

Preparation of the Accounts

14. The Council's 2022/23 accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards ('IFRS') for 2022/23 (the Code) and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy ('CIPFA'). They were approved by the Council's responsible financial officer (Chief Financial Officer & Assistant Director of Finance & Technology) and published on the Council's website on 31st May 2023. This was in line with the statutory deadline of 31st May 2023.
15. The unaudited accounts were presented to this Committee for information on 27th July, 2023. Grant Thornton were presented with these draft accounts on 31st May, 2023.

Outcomes of the Audit

16. The external audit began in July and included examination of evidence relevant to the amounts and disclosures in the financial statements and related disclosure notes. It also included an assessment of the significant estimates and judgments made by the Council in the preparation of the financial statements and related notes and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed. This has resulted in the findings and conclusions contained in the draft ISA 260 report.
17. Throughout the audit process the Council's Financial Management team have responded promptly to audit queries which have contributed positively to the audit's satisfactory conclusion. Key finance officers take a proactive role in identifying potential risks so that a dialogue can take place with Grant Thornton at an early stage to discuss and seek agreement on significant and often highly complex, accounting issues affecting the year's accounts.
18. Grant Thornton have made 1 recommendation this year, which is a Low priority. This relates to the accounting for the disposal of assets. This is detailed in the draft ISA 260 report page 31.
19. There was 1 adjusted misstatement relating to the recognition of the pension asset and the application of the asset ceiling. This is detailed in the draft ISA 260 report page 33.
20. There were 22 misclassification and disclosure changes. These are detailed in the draft ISA 260 report pages 34-39.
21. An updated unaudited Statement of Accounts is attached at Appendix C. This has been updated for the adjustments referred to in the draft ISA 260 report.

22. Grant Thornton expects to issue an unqualified audit opinion on the Council's financial statements for 2022/23; subject to all outstanding queries being resolved to their satisfaction.
23. The accounts were made available for public inspection for 30 working days (in accordance with the Accounts and Audit (England) Regulations 2015) on 1st June, 2023, during which, members of the general public were able to inspect the accounts and raise questions on the financial statements and the associated disclosure notes. During this period no inspection visits were made.
24. Grant Thornton expect to complete their work on Value For Money (VfM) for 2022/23 and issue the Auditor's Annual Report (AAR) in time for the Audit Committee meeting on 1st February 2024.
25. The Letter of Representation requires endorsement by the Committee as an important final stage in the audit of the Council's 2022/23 Statement of Accounts. The letter is from the Section 151 Officer to Grant Thornton and is an assurance from management that the accounts have been prepared correctly and to bring to the auditors' attention any further matters that need to be taken into account prior to their opinion being issued. The draft letter is included at the end of the draft ISA260 report.

OPTIONS CONSIDERED



26. Not applicable.

REASONS FOR RECOMMENDED OPTION

27. 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

28. These are detailed in the table below: -

| Great 8 Priority | Positive Overall | Mix of Positive & Negative | Trade-offs to consider – Negative overall | Neutral or No implications |
|--|-------------------------|---------------------------------------|--|-----------------------------------|
|  Tackling Climate Change | | | | ✓ |
| Comments: | | | | |
|  Developing the skills to thrive in life and in work | | | | ✓ |
| Comments: | | | | |

| | | | | | |
|---|---|--|--|--|---|
|  Making Doncaster the best place to do business and create good jobs | | | | | ✓ |
| Comments: | | | | | |
|  Building opportunities for healthier, happier and longer lives for all | | | | | ✓ |
| Comments: | | | | | |
|  Creating safer, stronger, greener and cleaner communities where everyone belongs | | | | | ✓ |
| Comments: | | | | | |
|  Nurturing a child and family-friendly borough | | | | | ✓ |
| Comments: | | | | | |
|  Building Transport and digital connections fit for the future | | | | | ✓ |
| Comments: | | | | | |
|  Promoting the borough and its cultural, sporting, and heritage opportunities | | | | | ✓ |
| Comments: | | | | | |
| Fair & Inclusive | ✓ | | | | |
| Comments: The audited Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services. 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. | | | | | |

Legal Implications [Officer Initials: SRF | Date: 14/11/23]

29. The Statement of Accounts is prepared in accordance with the appropriate regulations and the Council is subject to statutory external audit and

performance by Grant Thornton. Further specific legal advice can be provided on any matters arising.

Financial Implications [Officer Initials: RLI | Date: 14/11/23]

30. The Council's Statement of Accounts are prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards ('IFRS') for 2022/23 (the Code) and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy ('CIPFA') and published in line with the Accounts and Audit (Amendment) Regulations 2022.
31. The audit fee budget is managed by the Director of Corporate Resources and this review is included in the planned expenditure for the 2022/23 audit.

Human Resources Implications [Officer Initials: SH | Date: 14/11/23]

32. There are no specific HR implications relating to the contents of this report.

Technology Implications [Officer Initials: PW | Date: 14/11/23]

33. There are no specific technology implications relating to the contents of this report.

RISKS AND ASSUMPTIONS

34. The table below highlights the most significant risks that could have a negative impact on the deliverability of the Council's financial position and the action taken to mitigate them: -

| Risks / Assumptions | Probability | Impact | Proposed Action |
|--|--------------------|---------------|--|
| Robustness of correct outturn figure | Low | Medium | Work has been undertaken during monitoring and closedown process to process all transactions and prepare for audit. This included senior officer quality assurance review and control; and internal verification and checks by finance and technical officers. |
| The Audit identifies a material / significant finding or inaccuracy in the production of the accounts. | Low | High | Continuous dialogue with Grant Thornton throughout the year. Specific discussions on key complex / technical areas are as part of the monthly audit liaison group meetings |

CONSULTATION

35. Not applicable.

BACKGROUND PAPERS

36. Following background papers: -

- Unaudited Statement of Accounts 2022/23 published on the Council website: - <http://www.doncaster.gov.uk/services/the-council-democracy/statement-of-accounts>
- Accounts and Audit Regulations 2015
- Accounts and Audit (Amendment) Regulations 2022
- The Code of Practice on Local Authority Accounting 2022/23 ('The Code')
- based on IFRS

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

| | |
|-------|--|
| AGS | Annual Governance Statement |
| AAR | Auditor's Annual Report |
| CIPFA | Chartered Institute of Public Finance Accountancy |
| DLUHC | Department for Levelling-up, Housing and Communities |
| IFRS | International Financial Reporting Standards |
| ISA | International Standard on Auditing |
| VfM | Value for Money |

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