



Report

Date: 25th April 2024

To the Chair and Members of the AUDIT COMMITTEE

AUDIT COMMITTEE ANNUAL REPORT 2023/24

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 2023/24, attached to this report.
2. This Annual Report is again encouraging, recognising the positive outcomes achieved in another challenging year, and the positive assurance it has received over the Council's, risk, governance and control arrangements. It also 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 2023/24.

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 2023/24.

OPTIONS CONSIDERED

7. Not applicable, for information only.

REASONS FOR RECOMMENDED OPTION

8. Not applicable, for information only.

9. Legal Implications

Legal Implications were not requested in relation to this report.

10. Financial Implications

Financial Implications were not requested in relation to this report.

11. Human Resources Implications

Human Resources Implications were not requested in relation to this report.

12. Technology Implications

Technology Implications were not requested in relation to 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 2023 to April 2024 Audit Committees.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

16. LGA – Local Government Association
DSG - Dedicated Schools Grant.

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Annual Report of the Audit Committee 2023/24



Councillor Austen White
Chair of the Audit Committee, 2023/24

FOREWORD

I am pleased to present this report which demonstrates the contribution this Committee has made during 2023/24 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 assurances in these ongoing 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 pension funds together with other staffing issues highlighted within the Redmond Review. We were very pleased to receive yet again, an unqualified opinion on the Council's Statement of Accounts and the associated commentary over our Value for Money arrangements which was particularly reassuring, completing all prior to the end of January. We recognise the area of concern highlighted regarding the Dedicated Schools Grant (DSG) increasing deficit due to pressures on the High Needs Block budgets, which is in common with the majority of Local Authorities with responsibility for Education. We will continue to robustly monitor our arrangements to manage and reduce this liability over the coming years.

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.
- 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 specific 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” was also positive.

I am also pleased to have been offered and accepted the role of lead authority for the Local Government Authority (LGA), Yorkshire & Humberside Audit Committee Chairs Forum.

“

I conclude this year's foreword to confirm this committee's ongoing commitment to discharge its responsibilities and add value to the Council.

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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

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."

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 2023/24 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 John Healy
Councillor Barry Johnson
Councillor David Shaw

Following the committee appointment process in May 2023, Councillor Sue Farmer replaced Councillor Barry Johnson. The following are the current five elected members:



Councillor Austen White (Chair)
Councillor Glenn Bluff (Vice Chair)
Councillor Sue Farmer
Councillor John Healy
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:



27th July 2023
23rd November 2023
1st February 2024
25th April 2024

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 2022/23 Statement of Accounts and the Value for Money Assessment.

These were done at the November 2023 and February 2024 meetings of the Audit Committee respectively making these meetings 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 Annual Governance Statement

The Audit Committee has fulfilled its mandatory obligations during 2023/24.

COMMITTEE ACHIEVEMENTS

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 2023/24 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 because 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 2023/24.
- 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 report to Those Charged with Governance (ISA 260 Report) 2022/23.
- Received and considered the Auditor's Annual Report 2022/23
- Received and considered report covering the Audit Plan 2023/24
- 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 whilst also reflecting the challenges faced in managing the Dedicated Schools Grant (DSG) deficit.

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 the annual report 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:

- Taxi Licencing Service Progress Report
- CYPF Commissioning Arrangements

Compliance with Best Practice

In March 2024, 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 now fully operating to best practice with no new actions required and actions from the previous year review now fully complete. 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 update 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 have 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.
- Taxi Licencing Progress report
- CYPF Commissioning arrangements.
- Update by the External Auditor on the National Picture on Local Authority Accounts Audit delivery and Annual Audit Report – Key Messages
- Self-assessment against best practice for audit committees

Additionally, there has been regular attendance by the Chair and Head of Internal Audit at Yorkshire & Humberside Audit Committee Chairs Forum. Doncaster have been invited and have accepted to being the lead authority for the next two years with a view to reviewing after one year.



AUDIT COMMITTEE ACTIVITY – 2023/24

Appendix A

Agenda Item	July 2023	Nov 2023	Feb 2024	Apr 2024
Audit Committee Actions Log	Received	Received	Received	Received
Covert Surveillance – Regulation of Investigatory Powers Act 2000 (RIPA) Update	Received			
Audit Committee Prospectus, Terms of Reference and Work programme 2023/24	Received			
Internal Audit Progress Report	Received	Received	Received	
Unaudited Statement of Accounts 2022/23 incorporating Grant Thornton – Informing the Audit Risk Assessment	Received			
Breaches and Waivers to the Council’s Contract Procedural Rules		Received		Received
Preventing and Detecting Fraud and Error: October 2022 to September 2023		Received		
Statement of Accounts and Annual Governance Statement 2022/23 – Draft ISA 260 Report to Those Charged With Governance		Received		
External Auditor (Grant Thornton) Audit Committee Progress Report and Sector Update		Received		
Taxi Licensing Service Progress Report			Received	
CYPF Commissioning Arrangements			Received	
External Auditor (Grant Thornton) Auditor Annual Report 2022/23			Received	
Final Audit Findings (ISA 260) Report			Received	
Annual Report of the Monitoring Officer 2022/23				Received
Draft Annual Governance Statement 2023/24				Received
Audit Committee Annual Report 2023/24				Received
Annual Report of the Head of Internal Audit 2023/24				Received
Counter Fraud Activity Report				Received
Internal Audit Plan 2024/25				Received
External Auditor (Grant Thornton) Audit Plan 2023/24 and Arrangements for the preparation of the 2023/24 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	Status
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	Completed
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.	Completed
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.	Completed – no longer considered an issue