

Charter Trustees for the City of Durham

6 December 2023

External Audit Annual Review of the Return for the year ended 31 March 2023



City of Durham

Report of Jeff Garfoot, Treasurer

Purpose of the Report

- 1 This report presents to the Charter Trustees for the City of Durham the External Auditors (PKF Littlejohn LLP) Annual Review of the Annual Governance and Accountability Return (AGAR) for the financial year ended 31 March 2023.

Executive Summary

- 2 In June 2023 the Annual Governance and Accountability Return 2022/23 was submitted to PKF Littlejohn LLP for audit under the limited assurance audit regime.
- 3 The audit has been completed and a copy of the final return is attached at Appendix 2.
- 4 The audit opinion states that the return has been completed in accordance with proper practices and there is no cause for concern that relevant legislation and regulatory requirements have not been met.
- 5 There were three exceptions highlighted by the auditors which will need to be addressed before the 2023/24 return is completed.

Background

- 6 In accordance with the Accounts and Audit Regulations 2015 (as amended), the Annual Governance and Accountability Return 2022/23 was approved at the meeting held on 21 June 2023.

- 7 Following approval at the meeting, the return was submitted to PKF Littlejohn LLP for audit under the limited assurance audit regime. The audit has now been completed and a copy of the final return is attached at Appendix 2.
- 8 The audit opinion states that the return has been completed in accordance with proper practices and there is no cause for concern that relevant legislation and regulatory requirements have not been met.
- 9 There were three exceptions highlighted by the auditors which will need to be addressed before the 2023/24 return is completed:
 - Unpresented cheques as per the bank reconciliation have not been deducted from Section 2, Box 8. As the smaller authority operates on an Income and Expenditure accounting basis, unpresented cheques should be included within Boxes 6, 7 and 8 and shown as reconciling items on the bank reconciliation rather than as creditors on the Box 7/8 reconciliation. This was also raised in the external auditor report for 2020/21 and 2021/22.
 - Section 1, Assertion 5 has been incorrectly completed. Information received from the internal auditor and confirmed by the smaller authority highlights that the risk assessment was not reviewed and approved during the year under review. As a result, the answer to this assertion should have been 'No'. The smaller authority has confirmed that this is now being addressed.
 - The minute references for Section 1 and 2 have been incorrectly recorded on the AGAR. The minutes of the meeting at which the AGAR was approved have been reviewed and demonstrate that Sections 1 and 2 have been approved in the correct order. The smaller authority should ensure that the correct dates are recorded on the AGAR in future.

Proposed Actions

- 10 The following actions will be taken to ensure that the three exceptions are addressed before the 2023/24 return is completed:
 - The figure for unpresented cheques was included in the the wrong box within the accounting statements of the return, however this did not impact upon reported balances of the Trust. Processes have already been implemented to ensure that this is correctly reported in future returns.

- A risk assessment for the Trust is being prepared by the Clerk and will be presented to the Charter Trustees at the March 2023 meeting.
- Dates will be correctly recorded on future Annual Governance and Accountability Returns.

Recommendations

- 11 It is recommended that the City of Durham Charter Trustees:
- (a) Approve the Annual Governance and Accountability Return for the year ended 31 March 2023 including the External Auditor's Report and Certificate 2022/23 (attached at Appendix 2).
 - (b) Note the actions to be taken to address the issues highlighted by the external auditors in the 2022/23 return.

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Appendix 1: Implications

Legal Implications

The Accounts and Audit Regulations set out the legal and regulatory framework in which the accounts are prepared. The proposals within this report seek to strengthen compliance with these.

Finance

The Annual Return was completed in line with the Accounts and Audit Regulations. Financial planning and management is a key component of effective corporate governance.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

None