



Direct Dial/Ext: 03000 422252
e-mail: katy.reynolds@kent.gov.uk
Ask for: Katy Reynolds
Date: 9 May 2024

Dear Member

GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 16 MAY 2024

I am now able to enclose, for consideration at next Thursday, 16 May 2024 meeting of the Governance and Audit Committee, the following report that was unavailable when the agenda was printed.

Agenda Item No

12 **External Audit Progress Report (Pages 1 - 8)**

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Watts', is written over a faint circular stamp.

Benjamin Watts
General Counsel

This page is intentionally left blank

Kent County Council

Audit progress report

16 May 2024



Contents

Section	Page
Introduction	03
Progress at May 2024	04
Audit Deliverables	06

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Introduction

Your key Grant Thornton team members are:

Page 3



Paul Dossett

Key Audit Partner

T: D [+44 \(0\)20 7728 3180](tel:+44(0)2077283180)

E: paul.dossett@uk.gt.com

This paper provides the Governance and Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Governance and Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

<https://www.grantthornton.co.uk/industries/public-sector/local-government/>

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact your Engagement Lead .

Progress at May 2024

Financial Statements Audit

2022/23 Kent County Council Audit

We have encountered a number of issues in the completion of our 2022/23 financial statements audit, which have been reported to previous Governance and Audit Committees. The 2022/23 financial statements audit is now completed with the audit opinion being signed on 18 March 2024.

2023/24 Kent County Council Audit

We have completed our planning procedures for the 2023/24 audit. This has included the issuing of group audit instructions to the Council's subsidiary auditors, UHY Hacker Young. We have also completed work on IT General Controls, with no significant issues arising. We expect to start our final audit fieldwork on 1 July 2024.

National Issues - Dealing with the backstop

Nationally, as we have previously reported to this Committee, there are a significant number of local authorities that have not had an audit completed for a number of years. DLUHC have made a number of proposals as to how the sector address the local audit backlog.

Under the DLUHC proposals, the 2023/24 accounts must be published and audited by 31 May 2025 or a further backstop will be implemented. It will be vital for taxpayer accountability that the Council is able to prepare accounts that can be audited in full by this deadline. We will work constructively with management to make sure this is achieved in an efficient manner.

Value for Money

Our Value for Money work for 2022/23 is complete and was reported to the Governance and Audit Committee in February 2024. Significant weaknesses were identified in the Council's Value for Money arrangements across all three criteria:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness

We made a number of key recommendations in our Annual Audit Report and will follow up the Council's progress in implementing them during our 2023/24 Value for Money work, which is in the early planning stages. Our VFM findings will be reported in our Annual Audit Report, scheduled to be reported to this committee in November 2024.

Progress at March 2024 (cont.)

Grants

We are working closely with officers to complete the outstanding work on the Council's returns as soon as possible.

We reported in March 2024 that Teachers Pensions returns for 2019/20, 2020/21, 2021/22 and 2022/23 were all outstanding and that for all of which queries are with officers for response. Officers have confirmed that our queries are being reviewed and responded to.

Since March 2024, the 2019/20 return has been completed and submitted to Teachers Pensions. Due to delays in the Teachers Pension audits and subsequent queries, the authority has struggled to obtain all the information due to schools changing payroll providers and a change in the authority's overall administering provider from Capita to HR Connect. Officers are working with the audit team to resolve this in a timely manner.

Other areas

Meetings

We continue to meet with senior officers at the Council on a regular basis on what is always a constructive dialogue. We recognise the significant issues that need to be addressed at the Council.

Planning meetings have been held with Officers in the finance team in preparation for the final audit fieldwork.

Audit Fees

PSAA have published their scale fees for 23/24 [2023/24 auditor appointments and audit fee scale – PSAA](#).

For Kent County Council these fees are £433,444 for the Council audit and £112,629 for the Pension Fund. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Audit Deliverables

2023/24 Deliverables	Planned Date	Status
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Governance and Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2023/24 financial statements.</p>	March 2024	Delivered
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the Governance and Audit Committee.</p>	November 2024	TBC
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	November 2024	TBC
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.</p>	November 2024	TBC

*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period. However, our expectations is to complete all necessary work in advance of 31/05/2025, the backstop date set by DHLUC for 2023/24 audits

** The NAO consultation on the Code of Audit Practice requires auditors to deliver an annual VFM report by 30 November of each year. This may be a complete report, a progress report or a risk assessment depending on local circumstances



© 2024 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

This page is intentionally left blank