



The Annual Audit Letter for Kent County Council

Year ended 31 March 2020

21 January 2021



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Your key Grant Thornton
team members are:

Paul Dossett

Key Audit Partner

T: 020 7728 3180

E: paul.dossett@uk.gt.com

Tina James

Audit Manager

T: 020 7728 3307

E: tina.b.james@uk.gt.com

Tosin Orekoya

Assistant Manager

T: 020 7865 2522

E: tosin.o.orekoya

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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Kent County Council (the Council) and its subsidiaries and joint venture (the group) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the group and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Governance and Audit Committee as those charged with governance in our Audit Findings Report on 8 October 2020.

Our work

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Materiality	We determined materiality for the audit of the group's financial statements to be £35m, which is 1.5% of the group's prior year gross expenditure.
Financial Statements opinion	We gave an unqualified opinion on the group's financial statements on 27 November 2020. We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and the property assets of its pension fund given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.
Whole of Government Accounts (WGA)	We are in the process of completing work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 27 November 2020.
Certificate	We are unable to certify that we have completed the audit of the financial statements of Kent County Council in accordance with the requirements of the Code of Audit Practice until the WGA assurance has been submitted.

Working with the Council

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the group and Council. The Council has dealt with the administration of grants, getting PPE to frontline carers, the closure of schools, building additional mortuary capacity, staff re-deployment, the provision of critical-only services during lockdown, and then the additional challenges of reopening services under new government guidelines. We updated our audit risk assessment to consider the impact of the pandemic on our audit and we reported a financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach.

Restrictions for non-essential travel has meant both Council and audit staff have had to work remotely, including the remote accessing of financial systems, video calling, and verifying the completeness and accuracy of information produced by the entity through screensharing.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff .

Grant Thornton UK LLP
January 2021

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the group's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to be £35m, which is 1.5% of the group's prior year expenditure. We determined materiality for the audit of the Council's financial statements to be £34m, which is 1.5% of the Council's prior year gross expenditure. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

We also set a lower level of specific materiality for the Council's senior officer remuneration. We set a lower threshold of £100,000, above which we reported errors to the Governance and Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the group's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Covid-19</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • Worked with management to understand the implications the response to the Covid-19 pandemic had on the Council's ability to prepare the financial statements and update financial forecasts and assessed the implications on our audit approach; • Liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arose; • Evaluated the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic; • Evaluated whether sufficient audit evidence using alternative approaches could be obtained for the purposes of our audit whilst working remotely; • Evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances; and • Evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment. 	<p>There are no issues to bring to your attention.</p>
<p>Management override of internal controls</p>	<p>As part of our audit work we have;</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>There are no issues to bring to your attention.</p>

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • wrote to the valuer to confirm the basis on which the valuation was carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding and engaged our own valuer to assess the instructions to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation. • tested revaluations made during the year to see if they had been input correctly into the Authority's asset register • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. • Considered the implications of Brexit on the valuations of the Authority's asset portfolio; and • Considered the implications of Covid-19 on the valuations of the Authority's asset portfolio 	<p>The valuer included in their report a material uncertainty paragraph with regards to the movement of property prices and valuations as a result of Covid-19. Given the magnitude of the PPE valuation to the balance sheet and the caveat made by the valuer in his valuation report, we highlighted the material uncertainty in our audit report, in an Emphasis of Matter (EOM) paragraph, drawing attention to the disclosure made in the statement of accounts.</p> <p>The EOM paragraph does not qualify the opinion but refers to the matter of the disclosure on the material uncertainty stated by the valuer included in the final version of the accounts that, in our judgement, is of such importance that it is fundamental to users' understanding of the financial statements.</p>

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of net pension liability</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtained assurances from the auditor of Kent Pension Fund (Grant Thornton) as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>We have also considered the movements within the IAS 19 report described as 'experience' items arising due to the triennial review and updates to the issues arising from the McCloud case. Following discussion with the actuary and management we have sufficient assurance.</p> <p>The Kent Pension Fund accounts included a material valuation uncertainty disclosure with regards to the valuation of directly held property and pooled property investments as a result of Covid-19. Given the Council's share of these assets is material, we requested that the Council refer to this in the notes to the accounts and we highlighted the material uncertainty in our audit report, in an Emphasis of Matter (EOM) paragraph, drawing attention to the disclosure made in the statement of accounts.</p> <p>The EOM paragraph does not qualify the opinion but refers to the matter of the disclosure on the material uncertainty stated by the valuer included in the final version of the accounts that, in our judgement, is of such importance that it is fundamental to users' understanding of the financial statements.</p>

Audit of the Financial Statements

Pension Fund Significant Audit Risks

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Covid-19</p>	<p>As part of our audit work we have;</p> <ul style="list-style-type: none"> • worked with management to understand the implications the response to the Covid-19 pandemic had on the pension fund's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 31 May 2020; • evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic; • evaluated whether sufficient audit evidence could be obtained through remote technology; • evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as the asset valuations; • evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; and • discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence. 	<p>There are no issues to bring to your attention. The accounts disclose a material valuation uncertainty in relation to directly held property and pooled property investments.</p>
<p>Management override of internal controls</p>	<p>As part of our audit work we;</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements made by management and consider their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our audit work has not identified any issues in respect of management override of controls.</p>

Audit of the Financial Statements

Pension Fund Significant Audit Risks

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of level 3 investments (Annual revaluation)</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> evaluated management's processes for valuing Level 3 investments reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met independently requested year-end confirmations from investment managers and the custodian for all but one of the Level 3 investments, tested the valuation by obtaining and reviewing the audited accounts (where available) at the latest date for individual investments and either agreed these to the fund manager reports at that date or used the March valuation and adjusted for transactions to reconcile to the audited accounts. No audited accounts were available for the LF Woodford Equity Income Fund (now renamed Link Equity Fund); evaluated the competence, capabilities and objectivity of the fund manager as valuation expert tested revaluations made during the year to see if they had been input correctly into the Pension Fund's asset register where available reviewed investment manager service auditor report on design effectiveness of internal controls. 	<p>With regards the Woodford Equity Income Fund, we reviewed the accounting for movements in the investment and the year end valuation. We agreed the transactions and performed an evaluation of the fund manager as a management expert for the purposes of valuation.</p> <p>We have considered the work being undertaken as a result of the internal audit report produced following the suspension of the fund in June 2019 and we were provided with an update on progress against the internal audit recommendations by the Pension Fund management team. Whilst some of the recommendations have been completed there are a number where the date of completion has been delayed, primarily those relating to recommendations surrounding the governance processes. We confirmed that work has been performed to respond to the recommendations and we are aware that the fund has started the process of appointing an external advisor to conduct a governance review the outcome of which will form part of the response to the internal audit report. This governance review is expected to report later in 2020. We will be following up on the outcome of this review as part of our 2020/21 audit.</p> <p>Addressing the recommendations of the Internal Audit Review , and any that follow the governance review are , in our view a key priority that needs to be addressed in 20/21 where appropriate.</p> <p>There are no further issues to bring to your attention.</p>

Audit of the Financial Statements

Pension Fund Significant Audit Risks

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of Directly Held Property (Level 2 Investment) Annual valuation</p>	<p>As part of our audit work we;</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work independently requested year-end confirmations from investment managers and the custodian evaluated the competence, capabilities and objectivity of the valuation expert wrote to the valuer or investment manager to confirm the basis on which the valuations were carried out challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding and engaged our own valuer to assess the instructions to the Fund's valuer, the Fund's valuer's report and the assumptions that underpin the valuation. tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Fund's financial records 	<p>The valuer included in their report a material uncertainty paragraph with regards to the movement of property prices and valuations as a result of Covid-19. Given the magnitude of the PPE valuation to the balance sheet and the caveat made by the valuer in his valuation report, we highlighted the material uncertainty in our audit report, in an Emphasis of Matter (EOM) paragraph, drawing attention to the disclosure made in the statement of accounts. This also covers the same uncertainty in relation to the valuation of pooled property investments.</p> <p>The EOM paragraph does not qualify the opinion but refers to the matter of the disclosure on the material uncertainty stated by the valuer included in the final version of the accounts that, in our judgement, is of such importance that it is fundamental to users' understanding of the financial statements.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the group's financial statements on 27 November 2020.

Preparation of the financial statements

The Council presented us with draft financial statements and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit. There were audit challenges due to new remote access working arrangements e.g. remote accessing financial systems, video calling, and completeness and accuracy testing of information produced by the entity.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Governance and Audit Committee on 8 October 2020 and an updated report on 21 January 2021.

In addition to the key audit risks reported above, we identified the issues in Appendix A throughout our audit that we have asked the Council's management to address for the next financial year.

Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Pension fund accounts

We gave an unqualified opinion on the pension fund accounts of Kent Pension Fund on 27 November 2020. We also reported the key issues from our audit of the pension fund accounts to the Council's Governance and Audit Committee on 27 November 2020.

In addition to the key audit risks reported above, we identified the status of progress of the response to the recommendations in the internal audit report on governance as an issue during our audit that we asked management to address for the next financial year.

Whole of Government Accounts (WGA)

We carried out work in line with instructions provided by the NAO . The work is currently ongoing.

Certificate of closure of the audit

We are unable to certify that we have completed the audit of the financial statements of Kent County Council in accordance with the requirements of the Code of Audit Practice until the WGA assurance has been submitted.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in November 2020, we agreed recommendations to address our findings.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

However we noted that the progress against the internal audit recommendations relating to the Kent Pension Fund governance processes have not progressed to the original timetable and a number remain in progress. We therefore intend to follow upon this risk in 2020/21.

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Overall Financial Position – Medium Term Financial Plan</p>	<p>As part of our work we have:</p> <ul style="list-style-type: none"> Reviewed the assumptions behind the latest MTFP Reviewed savings plans and revenue generating schemes. Discussed plans and outcomes with management, as well as reviewed how finances are reported to Councillors discussed with management the expected impact of Covid-19 on the budget and measures that are being taken to mitigate the risk to provision of services 	<p><u>Budget for 2020/21</u></p> <p>We have analysed your detailed breakdown of the reductions in income and increased expenditure budgeted for 2020/21. We looked at the assumptions behind these and concluded that they were realistically and prudently estimated but remain challenging. It has been noted that the deficit on the Dedicated Schools Grant (DSG) return has increased in 2019-20 and the Council has to monitor this and develop a plan to reduce the deficit.</p> <p><u>Impact of Covid-19</u></p> <p>As a result of the pandemic it is expected that service directorates will experience income and expenditure pressures in 2020/21. The magnitude of the pressures will depend on the severity and length of the pandemic. The Council has reviewed its 2020/21 budget and has been tracking costs and impact on income as well as considering the impact on reserves and capital programmes. The Council has been providing regular updates to MHCLG on costs and income pressures.</p> <p>A revised budget was presented to the Council in September 2020. The budget was balanced but included amendments to reflect the additional cost pressures and underspends arising from the impact of the pandemic. This identified net pressures of £23.8m related to Covid-19, this included £96.3m of additional spending , delayed savings and loss of income offset by additional funding from central government of £75.3m. In addition to the additional pressure from Covid-19 the revised budget also identified a further £20.3m of non-Covid-19 overspends. Overall the analysis has concluded that there is a gross impact to the budget from Covid and non-Covid variances of £116.7m of which £75.3m is offset by additional funding leaving a balance of £36.3m which requires an increase in the 2020-21 budget. This will be funded by further government grants and other non-Covid grants already confirmed.</p> <p>The Council is also experiencing additional pressures, both in costs and capacity, relating to unaccompanied asylum seekers. The Council is forecasting reserves of £212m at the end of 2020-21 after the drawdowns required in the revised budget. This comprises general fund reserves of £37m and earmarked reserves of £175m. .</p>

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Woodford Equity Income Fund</p>	<p>Kent County Council is the administering authority for Kent Pension Fund which holds investments in the above fund. We will review the accounting for the movements on the investment in the fund, the management assessment of the year end valuation and any related disclosures.</p> <p>We will discuss with management and the internal auditors the progress made against the Internal Audit recommendations.</p>	<p>We were provided with an update on progress against the internal audit recommendations by the Pension Fund management team. Whilst some of the recommendations had been completed there are a number where the date of completion has been delayed from the initial date of June 2020 to September 2020, primarily those relating to recommendations surrounding the governance processes. We confirmed that work has been performed to respond to the recommendations and we are aware that the fund has started the process of appointing an external advisor to conduct a governance review the outcome of which will form part of the response to the internal audit report. This governance review is expected to report later in 2020. The Pension Fund losses are estimated at circa £75m at this stage. We are of the view that the Pension Fund has responded well to the issues raised but believe its very important that all the recommendations from both Internal Audit reviews and other external reviews are implemented as soon as possible and that very strong steps are in place to prevent any recurrence of the events that led to the loss of the Pension Fund monies.</p> <p>Due to the current status of the response to the internal audit report recommendations we noted that it is ongoing and work has been done to respond to the issues raised. However as there are a number of key recommendations still in progress and a follow up internal audit report has not yet been performed (due to the status of the recommendations) we will revisit this risk as part of future VFM reviews.</p>

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	21 July 2020
Audit Findings Report	8 October 2020
Annual Audit Letter	21 January 2021

Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £120,062 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table.

Fees

	Planned £	Actual fees £
Statutory audit	151,062	173,712
Audit of Pension Fund	37,037	37,037

A. Reports issued and fees

Area	Reason	Fee proposed
Pensions - valuation of net pension liabilities under International Auditing Standard (IAS) 19	The Financial Reporting Council (FRC) has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we increased the level of scope and coverage in respect of IAS 19 this year to reflect this.	4,000
PPE Valuation – work of experts	As above, the FRC has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We increased the volume and scope of our audit work to reflect this.	9,500 (including use of an auditor's expert)
Increased challenge and depth of work	The FRC has highlighted that the quality of work by all audit firms needs to improve across local audit. This involved additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity. For major audits, reflecting the higher profile of local audit, this entailed increased scoping and sampling	6,500
		4,000
Materiality		
New standards / developments	Additional work required for changes in standards and the impact of Covid-19	3,000
Group consolidation	The Authority produced group accounts for the first time in 2019/20 and this required additional work to audit the consolidation and in order to have sufficient assurance over the information from subsidiaries for material misstatement.	4,000
Total		31,000

Fee variations are subject to PSAA approval.

Audit fee variation – Covid-19

Additionally, over the last six months the current Covid-19 pandemic has had a significant impact on all our lives, both at work and at home. The impact of Covid-19 on the audit of the financial statements has been multifaceted. This included:

- Revisiting planning - we have needed to revisit our planning and refresh our risk assessments and materiality as well as additional work in areas such as going concern and disclosures in accordance with IAS 1 in particular in respect to material uncertainties.
- Managements assumptions and estimates - there is increased uncertainty over many estimates including investment and property valuations. Our audit opinion included an emphasis of matter in respect of this.
- Remote working – the most significant impact in terms of delivery is the move to remote working. We, as have other auditors, experienced delays and inefficiencies resulting from this new working environment. This is understandable and arise from the availability of relevant information, the need for us to devise alternative methods to evidence the veracity of the information provided and not being able to sit with an officer to discuss a query or a working paper. Obtaining an understanding via teams or telephone is often more time consuming.

We have been discussing the matter with PSAA over the last few months and these issues are similar to those experienced in the commercial sector and the NHS. In both sectors there is a recognition that audits will take longer with commercial deadlines expended by four months and the NHS deadline by one month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached <https://www.frc.org.uk/about-the-frc/covid-19/covid-19-bulletin-march-2020> sets out the expectations of the FRC.

In the case of Kent County Council, the increase will be 15% or £22,650. This has been included in the final fee on page 16.

A. Reports issued and fees continued

Fees for non-audit services

Service	Fees £
Audit related services	
- Kent County Active Partnership accounts audit	2,750
- Resolution of objections to prior years statutory accounts	13,000
- Audit of subsidiaries	150,955
Non-Audit related services	
- Kent County Council - CFO Insights	24,000
- Kent Pension Fund - IAS19 procedures for other bodies admitted to the pension fund	11,000

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. The table summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the group's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor.



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