

Audit and Governance Committee  
Kent County Council  
Progress Report and Update  
Year ended 31 March 2017

6 October 2016

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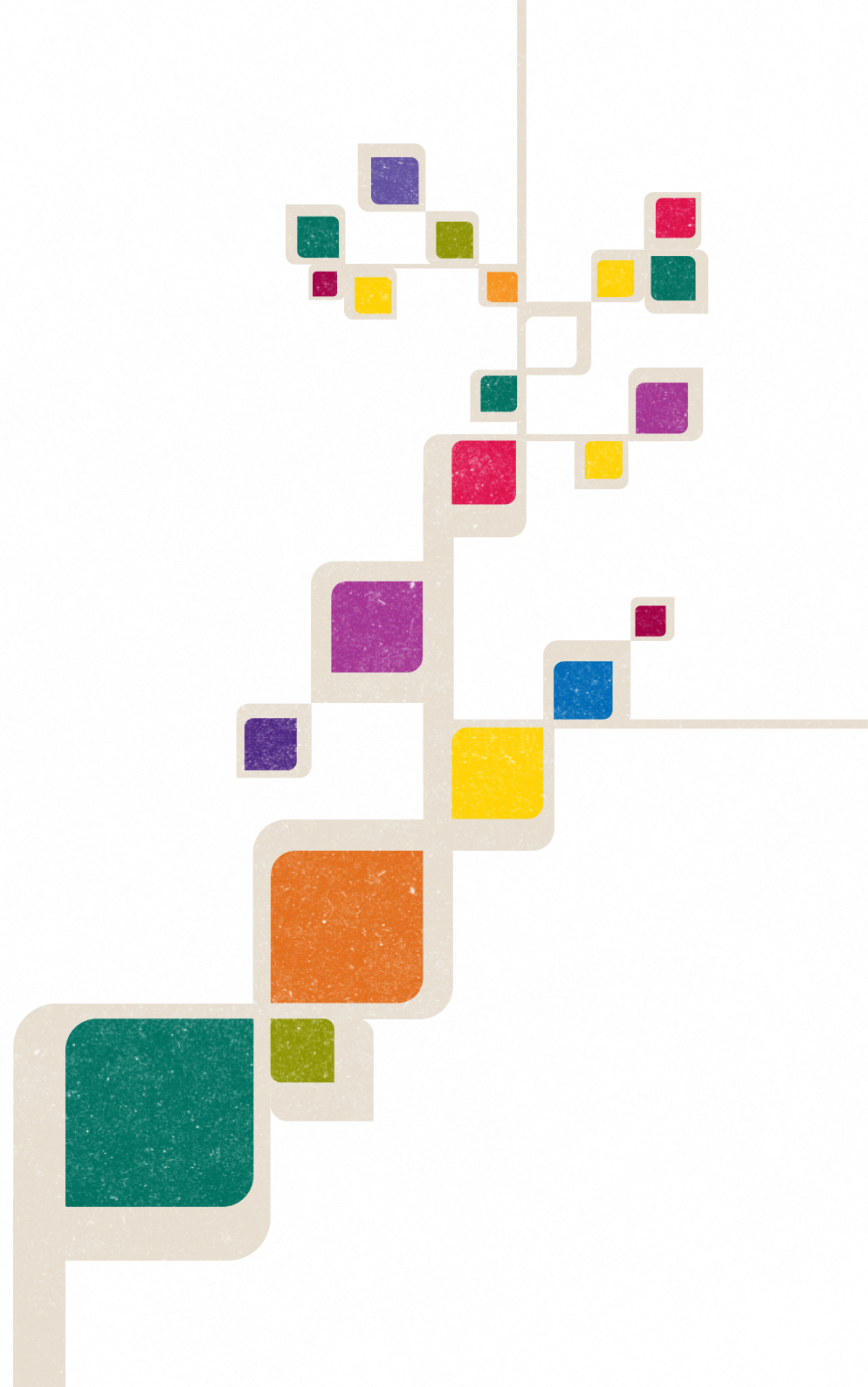
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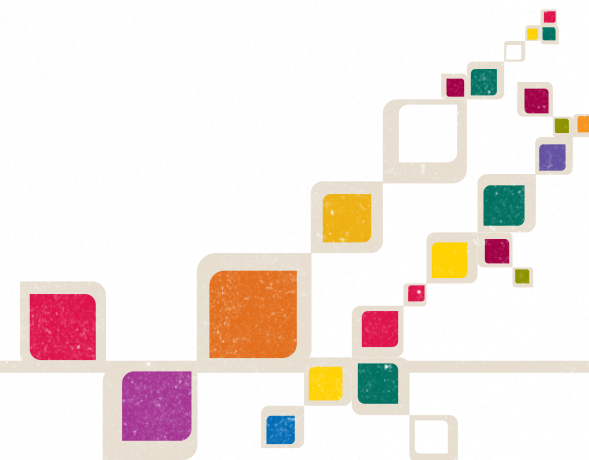
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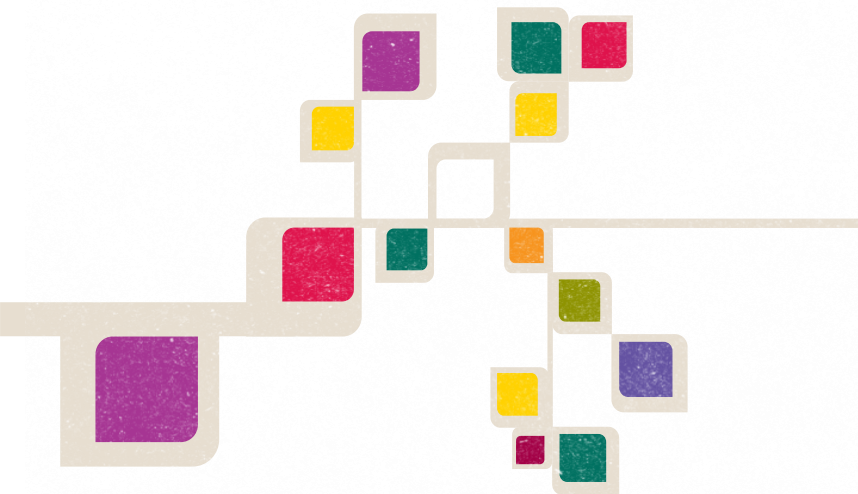
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# Introduction

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

Members of the Audit and Governance Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

- Advancing closure: the benefits to local authorities:  
[http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2016/grt103821\\_faster-close-report-v07-web-version.pdf](http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2016/grt103821_faster-close-report-v07-web-version.pdf)
- Reforging local government: Summary findings of financial health checks and governance reviews:  
<http://www.grantthornton.co.uk/en/insights/reforging-local-government/>
- Partnership working in Mental health:  
<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2016/partnership-working-in-mental-health.pdf>
- Innovation in public financial management:  
[www.grantthornton.co.uk/en/insights/making-devolution-work/](http://www.grantthornton.co.uk/en/insights/making-devolution-work/)
- Better Together: Building a successful joint venture company:  
<http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>

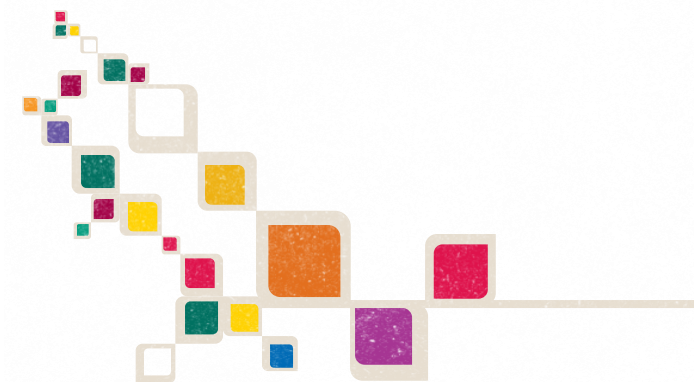
If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



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# Progress at 21 July 2016



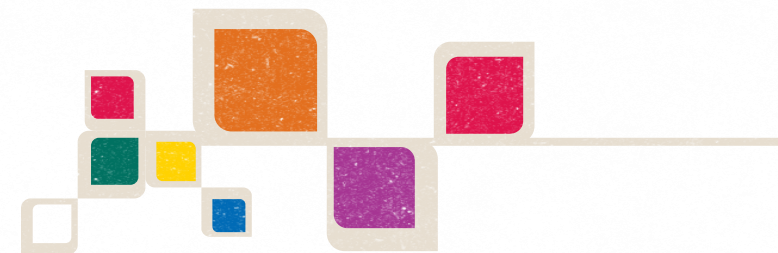
 **Progress against plan**  
On track

 **Opinion and VfM conclusion**  
Plan to complete our work July 2017

 **Outputs delivered**  
Fee letter, Progress Reports, delivered to plan

2016/17 work	Completed	Comments
<p><b>Fee Letter</b> We issued the 'Planned fee letter for 2016/17 in April 2016.</p>	Yes on 23 April 2016	This was presented to the Audit and Governance Committee in April 2016.
<p><b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016-17 financial statements.</p> <p>We also inform you of any subsequent changes to our audit approach.</p>	No	This will be presented to the Audit and Governance Committee in April 2017.
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> </ul>	No – planned to take place in November 2016 and February 2017	

# Progress at 21 June 2016



2016/17 work	Completed	Comments
<p><b>Final accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>• Audit of the 2016-17 financial statements</li> <li>• proposed opinion on the Council's accounts</li> </ul>	<p><i>Planned to be completed July 2017</i></p>	<p>We are planning to complete our audit in July 2017.</p>
<p><b>Value for Money (VfM) conclusion</b> The scope of our work has changed and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people". The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Sustainable resource deployment</li> <li>• Working with partners and other third parties</li> </ul>	<p><i>Field work in March – June , formal conclusion reported by July 2017</i></p>	<p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report.  We will include our conclusion as part of our report on your financial statements which we will give on July 2017</p>

# Local Government Accounting and other issues



# Highways Network Asset

CIPFA announced at the recent Local Government Accounting Conferences some key messages with regards to changes in accounting for the Highways Network Asset form 2016/17. These included:

- Transport Infrastructure Assets will now be referred to as single asset, the Highways Network Asset (HNA)
- this will be measured at Depreciated Replacement Cost (DRC) using the Modern Equivalent Asset (MEA) basis of valuation from 1 April 2016 and will be applied prospectively rather than requiring a full retrospective restatement
- the new requirements only apply to authorities with assets meeting the definition of a single HNA asset

CIPFA's expects that the transport infrastructure assets held by district councils/ non-highways authorities will be scoped out of the new requirements as assets are unlikely to form a single interconnected network. However, district councils will need to consider the nature of their transport infrastructure assets to assure themselves and evidence that their transport infrastructure assets are not part of an interconnected network.

The 2016/17 Accounting Code which will include further details on these announcements is expected to be published in Spring 2016. Grant Thornton has produced a short briefing on these announcements which is available from your Engagement Lead and Engagement Manager and will provide further briefings as further details become available requirements.



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