



The Audit Findings for Kent County Council

Year ended 31 March 2020

30 September 2020



Contents



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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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Kent County Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2020 for those charged with governance.

Covid-19	<p>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 to businesses, 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.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.</p>	<p>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. Further detail is set out on page 6.</p> <p>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 accuracy of information produced by the entity through screensharing.</p> <p>The uncertainties resulting from the pandemic have impacted on the valuations for property including the property investments held in the pension fund. This is reflected in the material valuation uncertainty included by the valuers in relation to these assets.</p>
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Headlines

Financial Statements	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the group and Council's financial statements:</p> <ul style="list-style-type: none">• give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed remotely during July-October. Our findings are summarised on pages 7 to 11. We have identified 2 adjustments to the financial statements that have resulted in a £NIL adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix D) or material changes to the financial statements, subject to the following outstanding matters;</p> <ul style="list-style-type: none">• Completion of PPE valuation testing• Completion of sample testing of creditors;• Completion of cash at bank testing;• Completion of disclosure review including financial instruments note;• Review of the level of bad debt provision;• Receipt of assurance from the Kent Pension Fund auditor;• Receipt of third party confirmation of 3 school bank balances;• Final internal review procedures;• Review of final Annual Governance Statement;• Whole of Government accounts consolidation pack audit procedures;• Receipt of management representation letter – see appendix F; and• Review of the final set of financial statements including group accounts. <p>Our anticipated audit report opinion will be unqualified including an Emphasis of Matter paragraph, highlighting PPE valuation material uncertainties for both the Council property and their share of assets included in the IAS 19 pension fund actuarial position.</p>
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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Kent County Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2020 for those charged with governance.

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VfM) conclusion').	<p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that Kent County Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.</p> <p>We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix E. Our findings are summarised on pages 19 to 23.</p>
Statutory duties	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audit. 	<p>We have not exercised any of our additional statutory powers or duties.</p> <p>We have completed the majority of work under the Code but are unable to issue our completion certificate until we are able:</p> <ul style="list-style-type: none"> • to complete our work on the Council's Whole of Government Accounts consolidation pack; and • issue our report on the consistency of the pension fund financial statements once the Pension Fund Annual Report has been prepared.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- An evaluation of the group and Council's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that analytical procedures were required, which was completed by the audit team.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Governance and Audit Committee meeting on 8 October 2020, as detailed in Appendix D. These outstanding items are outlined on page 4.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	35m	34m	1.5% of prior year gross expenditure
Performance materiality	26.25m	25.5m	75% of materiality
Trivial matters	1.75m	1.7m	5% of materiality
Materiality for senior officers' remuneration	n/a	100,000	Lower level of precision for detecting errors in these specific accounts

Significant audit risks

Risks identified in our Audit Plan

Covid- 19

Auditor commentary

We:

- 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.

Findings

Subject to completion of outstanding procedures, there are no issues to bring to your attention.

ISA240 revenue recognition risk

We rebutted the risk at the planning stage of our audit. No circumstances arose that indicated we would need to reconsider this judgement.

Findings

There are no issues to bring to your attention.

Significant audit risks

**Risks identified in our
Audit Plan****Auditor commentary****Management override of
controls**

We:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determine 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.

Findings

Subject to completion of outstanding procedures, there are no issues to bring to your attention.

Significant audit risks

Risks identified in our Audit Plan

Auditor commentary

Valuation of the pension fund net liability

We:

- 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;
- undertook 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 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.

Findings

Subject to completion of outstanding procedures, there are no issues to bring to your attention.

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.

The Kent Pension Fund accounts intend to include 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 have requested that the Council refer to this in the notes to the accounts and we will highlight 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.

The EOM paragraph does not qualify the opinion but will refer 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.

Significant audit risks

Risks identified in our Audit Plan

Auditor commentary

Valuation of land and buildings (Rolling revaluation)

We:

- 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

Findings

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 will highlight 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.

The EOM paragraph does not qualify the opinion but will refer 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.

Other audit risks

Risks identified in our Audit Plan**Production of consolidated group accounts****Auditor commentary**

This the first year that the Authority produced group accounts, although the subsidiaries have been in place for a number of years.

We:

- Gained an understanding of the Authority's process for producing group accounts
- Reviewed the consolidation process applied to the 2018-19 and 2019-20; and
- Undertook sufficient audit work to have assurance over the completeness and accuracy of the consolidated figures

Findings


We have obtained sufficient assurance over the consolidation process however we have made recommendations in relation to the process. These can be found in Appendix A.

Significant findings – other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

Issue	Commentary
<p>IFRS 16 implementation has been delayed by one year</p> <p>Although the implementation of IFRS 16 has been delayed to 1 April 2021, audited bodies still need to include disclosure in their 2019/2020 statements to comply with the requirement of IAS 8 para 31. As a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases.</p>	<p>In our review of the Council's accounting policies we identified that the disclosure in relation to IFRS 16 is appropriate with a slight amendment to the wording to be fully compliant..</p> <p>Recommendation</p> <p>In finalising assessment of the impact of IFRS 16, in preparation for its implementation, the Council must ensure completeness of the assessment of leases so that all relevant leases are included in the assessment.</p>
<p>Dedicated Schools Grant</p> <p>The Council The Council had a cumulative overspend of £21.5m as 31 March 2020 due to insufficient government funding. We have reviewed the statement from CIPFA which confirms the guidance in LAAP bulletin 99 Local Authority Reserves and Balances remains extant i.e.. it "neither anticipates nor allows for a voluntary earmarked balance to be presented in a deficit position."</p>	<p>We agreed the balance to underlying information and agreed the amount disclosed as part of the unearmarked schools reserve.</p> <p>We requested that the financial statements include additional disclosure to make the offset within this reserve clear to a reader of the accounts.</p> <p>We understand that MHCLG is currently considering how DSG deficits are to be dealt with going forward in local government accounts following the introduction of new DFE regulations for 20/21 about the treatment of DSG deficits..</p>

Significant findings – key estimates and judgements

Accounting area	Summary of management’s policy	Auditor commentary	Assessment
Land and Buildings – Other - £2,203m	<p>Other land and buildings comprises specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Wilks Head Eve to complete the valuation of properties as at 31 March 2020 on a four yearly cyclical basis.</p> <p>In line with RICS guidance, the Council’s valuer disclosed a material uncertainty in the valuation of the Council’s land and buildings at 31 March 2020 as a result of Covid-19. The Council has included disclosures on this issue in Note 5.</p> <p>The valuation of properties valued by the valuer has resulted in a net increase of £540m. Management have considered the year end value of non-valued properties and reviewed the composition of this population and the movement in asset valuations of the revalued portfolio to determine whether there has been a material change in the total value of these properties. Management’s assessment of assets not revalued has identified no material change to the properties value.</p>	<ul style="list-style-type: none"> • We have assessed the Council’s valuer, Wilks Head & Eve LLP, to be competent, capable and objective. • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate – refer to page 8 for our findings. • Wilks Head & Eve LLP were newly appointed for 2019-20 and we have considered the impact of changes in valuation methodology and judgements from the prior year to ensure they remain reasonable the movements are due to change in estimation he valuation method remains consistent with the prior year. • We confirm consistency of the estimate against the Gerald Eve report, and reasonableness of the increase in the estimate. • We have agreed the General Fund valuation report to the Fixed Asset Register and to the Statement of Accounts. 	

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements

Accounting area


Auditor commentary

Land and Buildings – Other - £2,203m

We have used Gerald Eve as our auditor expert to assess the valuer and assumptions made by the valuer – see table below for key aspects of the work completed and our responses:

Area of review	Gerald Eve comment	Audit team follow up	Assessment
Clarity of terms of engagement and instructions.	VPS 1, of the Red Book, requires any valuer to formally set out the scope of the instruction before the valuation is reported. This is a mandatory requirement of the RICS	We confirmed that the scope had been agreed with the valuer.	●
Is there a clear rationale/ approach provided to support the valuation methodology adopted for each asset category.	We are comfortable that the four classifications of valuation approaches have been set out in accordance with the Code. We are unable to consider the appropriateness of which valuation technique has been used to measure fair value (i.e. income or market comparable).	We confirmed the valuation technique applied for each asset with the valuer and it is considered appropriate.	●
Reasons for changes in assumptions or methodologies employed from prior periods.	The written report does not refer to any changes in assumptions or methodologies. As this is the first year of the instruction for the Valuer, changes in methodology may arise from a difference in valuation approach to the previous valuer.	We confirmed with the valuer the basis of their valuation assumptions and valuation methodologies. As this is the first year of this valuer in post the Council's capital team provided further analysis of the changes in assumptions and methodologies from prior year and we have used this to inform our understanding of the changes. We have tested those assets that have changed classification to ensure that the change in approach from last year is appropriate.	●
Confirmation that land values adopted in DRC valuations are satisfactorily evidenced.	Confirm that the valuer has undertaken market evidence research to ensure land values are kept up to date with market movements.	Our work includes review and challenge of evidence to support land values adopted for the sample of assets tested – no issues identified.	●
Confirmation that asset lifting estimates appear reasonable and in accordance with the detailed guidance.	Confirm whether the lives reported are: useful lives (subject to any assumptions agreed with the Authority), economic lives or design lives. Check if the Valuer has assessed remaining economic lives these are in accordance with section 9.19 "Remaining Economic Life" of the DRC Guidance Note.	We confirmed with the valuer that they apply useful lives across three components types and have no issues to report.	●
How has obsolescence been arrived at for DRC valuations?	Understand how the age and obsolescence has been calculate.	We reviewed the valuer judgement as part of our audit testing – no issues identified.	●

Significant findings – key estimates and judgements

Accounting area	Summary of management’s policy	Auditor commentary	Assessment																								
Net pension liability – £1,363m	<p>The Council’s net pension liability at 31 March 2020 is £1,363m (PY £1,334m) comprising the Local Government pension scheme as administered by Kent County Council. The Council uses Barnett Waddingham to provide actuarial valuations of the Council’s assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return .Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £78.5m net actuarial gain during 2019/20.</p>	<p>Our assessment of the estimate has considered:</p> <ul style="list-style-type: none"> • Assessment of management’s expert • Use of PwC as auditors expert to assess actuary and assumptions made by actuary 																									
		<table border="1"> <thead> <tr> <th data-bbox="772 405 1425 469">Assumption</th> <th data-bbox="1431 405 1560 469">Actuary Value</th> <th data-bbox="1566 405 1742 469">Assessment</th> </tr> </thead> <tbody> <tr> <td data-bbox="772 476 1425 519">Discount rate</td> <td data-bbox="1431 476 1560 519">2.35%</td> <td data-bbox="1566 476 1742 519">●</td> </tr> <tr> <td data-bbox="772 526 1425 569">Pension increase rate</td> <td data-bbox="1431 526 1560 569">1.95%</td> <td data-bbox="1566 526 1742 569">●</td> </tr> <tr> <td data-bbox="772 576 1425 619">Salary growth</td> <td data-bbox="1431 576 1560 619">2.95%</td> <td data-bbox="1566 576 1742 619">●</td> </tr> <tr> <td data-bbox="772 626 1425 698">Mortality assumptions –longevity at 65 for current male pensioners (years)</td> <td data-bbox="1431 626 1560 698">21.8</td> <td data-bbox="1566 626 1742 698">●</td> </tr> <tr> <td data-bbox="772 705 1425 776">Mortality assumptions –longevity at 65 for future male pensioners (years)</td> <td data-bbox="1431 705 1560 776">23.2</td> <td data-bbox="1566 705 1742 776">●</td> </tr> <tr> <td data-bbox="772 783 1425 855">Mortality assumptions –longevity at 65 for current female pensioners (years)</td> <td data-bbox="1431 783 1560 855">23.7</td> <td data-bbox="1566 783 1742 855">●</td> </tr> <tr> <td data-bbox="772 862 1425 933">Mortality assumptions –longevity at 65 for future female pensioners (years)</td> <td data-bbox="1431 862 1560 933">25.2</td> <td data-bbox="1566 862 1742 933">●</td> </tr> </tbody> </table>	Assumption	Actuary Value	Assessment	Discount rate	2.35%	●	Pension increase rate	1.95%	●	Salary growth	2.95%	●	Mortality assumptions –longevity at 65 for current male pensioners (years)	21.8	●	Mortality assumptions –longevity at 65 for future male pensioners (years)	23.2	●	Mortality assumptions –longevity at 65 for current female pensioners (years)	23.7	●	Mortality assumptions –longevity at 65 for future female pensioners (years)	25.2	●	 GREEN
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		<ul style="list-style-type: none"> • Completeness and accuracy of the underlying information used to determine the estimate • Assessment of the information received from pension fund auditor • Reasonableness of the Council’s share of LPS pension assets. • Reasonableness of increase/decrease in estimate • Adequacy of disclosure of estimate in the financial statements 																									

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern material uncertainty disclosures

It has been a challenging year due to the Covid-19 pandemic and the impact of this has included administration of grants to businesses, the closure of schools, building additional mortuary capacity, and staff re-deployment with additional challenges of reopening services under new government guidelines; staff absences due to being ill, the need to free up capacity of teams in addition to normal responsibilities. The Council is facing significant challenges.

Going concern commentary

Management's assessment process

Management's assessment process is based on your financial planning framework. You have a four year Medium Term Financial Plan (MTFP) for the period 2020/21 to 2023/24.

Auditor commentary

- The Council has a history of achieving financial savings plans and delivering services within budget
- The Council has a comprehensive medium term planning framework. The financial plan is updated annually.
- Management has concluded that it is appropriate to use the going concern basis of accounting.
- The Council has demonstrated that it has forecast the expected impact of loss of revenue and additional expenditure arising from the Covid-19 pandemic
- Management has determined that there are sufficient reserves at the end of March 2020 to cover the projected impact of Covid-19 in 2020-21 but is keeping this under regular review.

Work performed

- As at 31 March 2020 the draft accounts showed useable reserves of £393,027k.
- We have subjected the 2020/21 budget and cash flow forecast to detailed scrutiny and reviewed the planned savings proposals for 2020/21 and 2021/22 in our consideration of the appropriateness of management's use of the going concern assumption.
- We reviewed the revised budget presented to the September Council meeting

Concluding comments

We have not identified any material uncertainty about the Council's ability to continue as a going concern.

Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Governance and Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures].
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, including specific representations in respect of the property valuations, which is appended.
Confirmation requests from third parties	<p>We requested from management permission to send confirmation requests to the Council's banking, investment and borrowing institutions. This permission was granted and the requests were sent. All but one of these requests have been returned to date with positive confirmation. We are in the process of following up the remaining confirmation.</p> <p>We requested from 3 schools permission to send confirmation requests to the school's banking. This permission was granted and the requests were sent. We are currently waiting for the responses from the external institutions.</p>
Disclosures	Our review found no material omissions in the financial statements other than in relation to the inclusion of a post balance sheet event in relation to Covid-19 impacts, additional disclosure in relation to the DSG reserves position and additional disclosures in relation to the group.
Audit evidence and explanations/significant difficulties	All information and explanations requested from management was provided.

Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>We requested amendments to the Annual Governance Statement and will review the amended version on receipt.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"><li data-bbox="478 482 1993 539">• If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit<li data-bbox="478 554 1993 582">• If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Council exceeds the specified group reporting threshold we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements. Our work in this area will be completed in line with the national deadline.</p>
Certification of the closure of the audit	<p>We are unable to certify the closure of the 2019/20 audit of Kent County Council in the audit report, as detailed in Appendix E, until the work on the WGA consolidation pack is complete.</p>

Value for Money

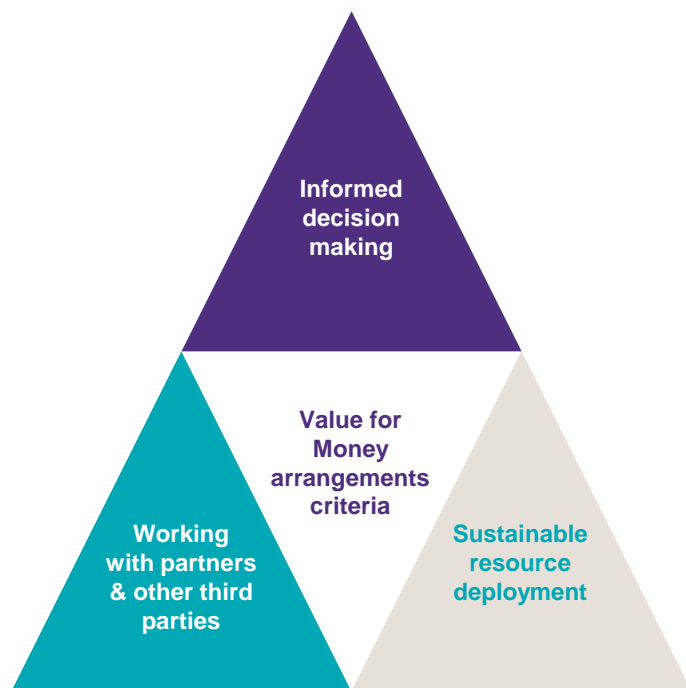
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single 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."

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in February / March 2020 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated May 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The Council's 2019/20 financial outturn;
- The robustness of the Council's 2020/21 budget and Medium Term Financial Strategy, including savings and income proposals; and
- The level and stability of the Council's usable reserves.
- The response of the Kent Pension Fund and Council as Administering Authority to the internal audit review resulting from the Woodford Equity Income Fund

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 20 to 22.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

However we have 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.

The text of our report, which confirms this can be found at Appendix E.

The text of our proposed report can be found at Appendix E.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk

Findings

Overall Financial Position – Medium Term Financial Plan

You have a strong track record of delivering to your budgeted spend at the year end. However there is a requirement for a considerable level of savings of the life of the Medium Term Financial Plan (MTFP).

In response to this risk we will:

- Review the assumptions behind the latest MTFP
- Review savings plans and revenue generating schemes.
- Discuss your plans and outcomes with management, as well as reviewing how finances are reported to Councillors
- discuss 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

Revenue outturn for 2019/20

In a year where March saw the outbreak of the Covid-19 pandemic, the Council responded to the pandemic situation quickly, making critical decisions in response to constantly moving government guidance. With only 2 weeks remaining of the 2019/20 financial year with the outbreak of the pandemic, impact on the financial outturn was minimised for 2019/20 but will be a larger impact on 2020/21.

At end of March, the Council had an underspend against revenue budgets of £6.226m at year end but excluding schools and roll forward requests of £3.106m. The variance was primarily in the Children, Young People & Education directorate (overspend of 8.038m) and the Financing directorate (underspend of £11.174m).

The capital budget was reporting a variance of -£150.288m (excluding devolved schools and PFI). This was partly due to variances in projects and partly due to re-phasing of projects. The largest variance was within the Growth, Environment and Transport directorate.

Budget for 2020/21

The Council approved the budget in February 2020 for 2020/21 which included the need to identify circa £30m of income generation and savings in the year. In the 2019/20 year you faced the following immediate challenges:

- Increased spending pressures of circa £107m driven by changes in demography/increasing demand, inflation of pay and prices, replacement of one-off items in 2019-2018-19 and other budget realignments.

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.

The Council's reserves level provides it with a sufficient cushion to weather the on-going financial challenges that it faces over the medium term due to reductions in central government funding and forecast increases in demand for your core services. However, the Council only has finite reserves available and it is important that it continues to maintain appropriate budgetary controls. 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.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk

Findings

Overall Financial Position – Medium Term Financial Plan Impact of Covid-19

As a result of the pandemic it is expected that service departments 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.

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.

The Council is also experiencing additional pressures, both in costs and capacity, relating to unaccompanied asylum seekers.

The Council is now 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.

The Council will use the full range of options available, including (but not limited to) taking steps to reduce demand for services, implementing further efficiency savings, streamlining processes, and is reviewing the reserves it holds to identify any that could be redeployed as a one-off measure.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk

Findings

Woodford Equity Income Fund

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.

We will discuss with management and the internal auditors the progress made against the Internal Audit recommendations.

We were provided with an update on progress against the internal audit recommendation 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 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.

Due to the current status of the response to the internal audit report recommendations we have 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.

Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we disclose the following to you:

- We identified a recent potential self-interest threat in respect of a threat by a third party to make a complaint to the ICAEW about our audit of the financial statements of Invicta Law Limited for the year ended 31 March 2019, which we signed on 26 June 2019. The threat of making a complaint was received after the 2019 audit report of Invicta Law Limited was signed and no details of the complaints have been provided to us. Therefore we are satisfied that we were independent for the 2019 audit. Invicta Law Limited was not consolidated into the Kent County Council's accounts in 31 March 2019. The threat of a complaint, whilst not carried through at the date of this document, is considered to be present for the 2020 audit.
- In addition, as we expect to sign the audit reports of certain subsidiaries of Kent County Council for the year ended 31 March 2020 before the outcome of the ongoing tender of these audits is known, we have identified potential self interest and intimidation threats.
- We have appointed safeguarding partners onto the impacted audits of the subsidiaries of Kent County Council as a safeguard to mitigate against these self interest and intimidation threats.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Independence and ethics

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified.

	Fees £	Threats identified	Safeguards
Audit related			
Kent County Active Partnership accounts audit	2,750	Self-Interest (because this is a recurring fee)	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £2,750 in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>This service is not provided to the Council but to the Active Partnership which is hosted by the Council.</p>
Resolution of objections to prior years statutory accounts	13,000	Self interest Self review	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £11,000 in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. The work we do on this and the level of fee is also closely scrutinised and challenged by Public Sector Audit Appointments to ensure that they consider this to be reasonable and consistent at a national level.</p>

Independence and ethics

Audit and Non-audit services



For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified.

	Fees £	Threats identified	Safeguards
Non-audit related			
CFO Insights	24,000	Self-Interest (because this is a recurring fee)	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £24,000 in comparison to the total fee for the audit of £151,062 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>The CFO insights service provides the Council with access to various data sources, which they decide how to use and make their own decisions about the delivery of services, therefore we do not believe there is an impact on the value for money conclusion.</p>




These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Governance and Audit Committee. None of the services provided are subject to contingent fees.

Action plan




We have identified 5 recommendations for the group / Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
 Medium	<p>In 2019-10 the Council has produced group accounts for the first time. The working papers provided to support this process were extensive and detailed and documented the process, sources of information and any judgements.</p> <p>However, discussing the group accounts consolidation process with management, and on review of the working papers, a number of areas where the processes could be improved for future year were identified.</p> <p>Without the information from counterparties which provide the appropriate level of detail, there is a risk that there will be significant unexplained differences between data. In addition without the level of detail in the returns to enable the expected disclosures in the group accounts there is a risk the group reporting will not be able to comply with the requirements of the accounting framework.</p>	<p>The returns required from consolidating bodies and schools should be reviewed to ensure they include the detail of the intragroup transactions to enable eliminations on consolidation to be matched in full and reduce the level of judgement in the process.</p> <p>Consider requesting returns with the income and expenditure data as at M9 or M10 to perform a matching exercise prior to year end to reduce the level of analysis required at year end.</p> <p>The returns should also be amended to ensure they include a request for a breakdown of balances / transactions for the specific areas where the amounts may require the disclosure in the group accounts such as income expenditure by nature.</p> <p>Management response</p> <p>This was the first year of preparing Group accounts, including prior year's accounts, during very difficult circumstances, including a ransomware attack on one of the companies. We will be doing a full review of the process, working closely with Holdco to ensure risks are mitigated and returns are produced as accurately and as timely as possible including the areas which require disclosure.</p>
 Medium	<p>During our bank testing we were made aware that the payments account was not reconciled in the period from September 2019 to July 2020 due to issues with the specialised software required for the process including failure of the single machine that had the software installed.</p> <p>The reconciliation was performed for the year end date in September 2020 and provided to the audit team. The reconciliation process identified items which had not been processed between bank accounts. The adjustments totalled £2.8m however these were between the payments account and the general account within the bank section so there is nil impact on the financial statements.</p> <p>If a regular reconciliation is not performed there is a risk that the bank movements are not appropriately recorded and in the case of the payments accounts there is the risk that unknown payments could be made and not identified to be investigated promptly.</p>	<p>We are aware that this issue has now been resolved however, the Council should ensure that specialised software for key processes is not restricted to one user and there is a contingency plan where the failure of such software would impact the Council's ability to perform key financial controls.</p> <p>Management response</p> <p>The software is now available to more than one user. The Payments Account is the only reconciliation which relied on a specific piece of software we are now aware that the software is not required to complete the Payment Account bank reconciliation so the key financial controls will be able to be met.</p>




Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice


Action plan

Assessment	Issue and risk	Recommendations
<p> Medium</p>	<p>During our review of Property, plant and equipment our testing identified that amounts included in Assets under Construction had become operational in prior years. On investigation it was confirm this was due to project manager mis understanding the terminology used on the returns they are asked to complete by the capital team as part of the year end close down process and the different interpretations of the 'completion' of projects.</p> <p>The risk is that the assets remain in AUC when they have become operational and therefore are not appropriately depreciated or revalued.</p>	<p>The capital team should ensure that the project managers being asked to provide information regarding assets are aware of the accounting requirements for the classification of assets and when they are considered operational.</p> <p>The close down process should include challenge of any assets under construction that have been classified under this heading for more than one year to ensure they are being reclassified at the appropriate time.</p> <p>Management response</p> <p>This is undertaken each year but we will review our processes and ensure that this is explicit and will provide training where necessary.</p>
<p> Medium</p>	<p>During our review of creditors, our sample testing included an item in capital creditors which the capital team confirmed was not a valid creditor at year end. On further investigation it was confirmed that this was due to a number of duplicate purchase orders being included in the year- end creditor balance. This has been isolated to a specific area of the property function. The capital team undertook extensive work to identify the level of the issue to provide sufficient assurance that this was not a material issue</p> <p>However without sufficient controls and oversight of the procurement and purchase order process there is a risk that creditors will be overstated and there level of expected capital expenditure is not accurately reported.</p>	<p>The close down process should include review of the purchase orders and the teams involved in the process of receipting purchase orders in the iProcurement system should be trained to ensure they are able to identify duplicates before posting.</p> <p>Management response</p> <p>This is an isolated issue and there has been significant organisational change in this area since 1 April, however, we will ensure that appropriate training is provided to KCC staff and suppliers and that duplicate testing is undertaken at year end.</p>
<p> Medium</p>	<p>We identified the response to the internal audit report as part of our VFM risk.</p> <p>Due to the current status of the response to the internal audit report recommendations we have 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>	<p>We will revisit this risk as part of future VFM reviews to review the actions taken in response the internal audit report recommendations.</p> <p>Management response</p> <p>Progress on implementing the actions recommended by Internal Audit has been impacted by Covid 19. However a number have been implemented and an external consultant appointed to undertake a review of the governance of the Fund and the finance resources allocated to the management and administration of the Fund. Internal Audit will do a follow up once this review is complete.</p>




Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice

Action plan

Assessment	Issue and risk	Recommendations
 Medium	During our review of creditors we identified that not all account codes are regularly reconciled, in particular those with lower levels of transactions and where balances relating to specific creditors. This leads to the risk that balances are not held at an accurate level in the financial statements and there is a risk that transactions are not appropriately recorded.	<p>The Council should review the balance sheet account codes and ensure that each has an 'owner' and a reconciliation is performed at regular intervals appropriate for the size and frequency of transactions for the code and should include a reconciliation process at year end.</p> <p>Management response</p> <p>Agreed. This piece of work commenced but has not been completed and needs constant review to manage staff changes. We will also be liaising with our external partners to ensure they understand their responsibilities in relation to account reconciliations.</p>

Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice

Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
The client identified an adjustment was required after the production of the draft accounts to amend the debtor balance and cash. This has been processed in the revised accounts.			
DR Debtors		6,500	Nil impact
CR Bank		(6,500)	
During creditor testing it was identified that a month end journal for the transfer of bank payments against the creditor code had not been actioned. Further analysis identified that a similar issue impacted other balances resulting in an adjustment.			
DR Creditors		5,131	Nil impact
CR Debtors		(102)	
CR Bank		(5,029)	
Overall impact	£0	£0	£0

Audit adjustments

Misclassification and disclosure changes

The table below provides details of significant misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Adjusted?
Dedicated Schools Grant disclosure in Schools' reserve	Disclosure to include additional information to highlight to a reader of the accounts the inclusion of the DSG deficit within the earmarked schools reserve in order to ensure the offset is transparent	
Group	<p>This is the first year of production of the group accounts and we have made recommendations of a number of areas where additional disclosure are required including:</p> <ul style="list-style-type: none"> - Critical judgements - Notes for balances / transactions analysis where they differ materially to the Council's single entity accounts including expenditure analysis - Clarification of the disclosures relating to group structure and the basis of accounting 	
Prior period adjustment to reflect IFRS 15 reporting of agency arrangements	<ul style="list-style-type: none"> - The disclosure of income and expenditure under agency arrangements was amended in the 2018-19 figures to ensure they aligned with the treatment in 2019-20 and reflected the requirements of IFRS 15. 	

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Governance and Audit Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Duplicate capital creditor invoices raised in 2019-20 due to an issue identified within a specific area of the business. The number of invoices raised by this section is £10m however the capital finance team have performed additional work following discussions with auditors and determined a potential error rate for specific projects with duplicate creditors at year end. Using this error rate they have assessed a potential overstatement of creditors of £6.8m. We have included this amount as the error but there is the potential for it to be higher to the maximum level of £9.1m.				
DR Creditors		6,832		
CR Assets under construction or operational assets		(6,832)		
The transfer between assets under construction and other categories of tangible assets were disclosed as additions and should be transfers or reclassifications. This impacted the Property, plant and equipment note only				
Dr disclosure of transfers / reclassification		23,047	Nil impact	Disclosure adjustment only with nil impact
Cr disclosure of additions		(23,047)		
Our review of the assets under construction identified that expenditure on assets which had changed to being operation in the prior years had not been reclassified in the balance sheet due. The impact is within the Property, plant and equipment note disclosure however there is an impact that depreciation should have been charged on the assets that were misclassified.				
DR Operational assets		3,649		
CR Assets under construction		(3,649)		
DR depreciation charge (estimated)	166		166	
CR Accumulated depreciation (estimated)		(166)		
Overall impact	£166	(£166)	(£166)	

Fees

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

Audit fees	Proposed fee	Final fee
Council Audit	151,062	151,062
Total audit fees (excluding VAT)	£151,062	£151,062

The audit fees agree to the financial statements.

Non-audit fees for other services	Proposed fee	Final fee
Resolution of objections to prior years statutory accounts	13,000	13,000
CFO Insights	24,000	24,000
Total non- audit fees (excluding VAT)	£37,000	£37,000

Audit opinion

We anticipate we will provide the Group with an unmodified audit report

Provided separately

Management letter of representation

Provided separately



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