

This Report will be made public on 29 November 2022



Report Number **AuG/22/22**

To: Audit and Governance Committee
Date: 7 December 2022
Head of Service: Charlotte Spendley, Director of Corporate Services
Cabinet Member: Councillor David Monk, Leader of the Council

Subject: The Audit Findings for Folkestone & Hythe District Council 2022/22

Summary: Grant Thornton are required to issue a Report to those charged with governance, summarising the findings and conclusions of their audit work. They are also required by professional auditing standards to report certain matters before giving an opinion on the financial statements for the year ended 31 March 2022.

Reasons for recommendations:

The Committee is asked to agree the recommendations set out below because:

a) It is responsible for considering governance matters on behalf of the Council.

Recommendations:

1. To receive and note Report AuG/22/22.
2. To consider & note Grant Thornton's Draft Audit Findings for Folkestone & Hythe District Council Year Ended 31 March 2022 report.

1. INTRODUCTION

- 1.1 Grant Thornton are required to issue a Report to those charged with governance summarising the conclusion of their audit work and to report certain matters before giving an opinion on the financial statements for the year ended 31 March 2022.
- 1.2 Their draft report 'The Audit Findings for Folkestone & Hythe District Council' from Grant Thornton is attached as Appendix 1 to this covering report.
- 1.3 The audit commenced in July and the work remains ongoing at the time of drafting this report. A number of key elements of the audit have been concluded and Grant Thornton have provided a draft findings report by way of update to the committee. A further report is anticipated in January following the conclusion of the final audit work currently underway.
- 1.4 The report cites resourcing issues within the council team as a reason for the audit not being concluded. The council does not agree with this position and will be discussing the matter further with Grant Thornton at a future client meeting.
- 1.5 The audit will not be concluded within the statutory timeframes (30 November) however, this is an issue being experienced nationally across the audit sector and a significant number of local government audit opinions will not be issued by the statutory deadline. Failure to meet the deadline does not pose any implications to the Council in terms of financial penalties but does present a risk of reputational damage and more critically means the finance team are working on a several important activities at the same time.

2. KEY MESSAGES

- 2.1 The messages from of the Audit Findings Report are:
 - i. The 2021/22 audit is progressing and Grant Thornton currently plans to issue an unqualified opinion on the financial statements.
 - ii. Many of the audit risks identified at the planning stage have all been reviewed, but further work is required to conclude this work, however no issues have been identified to date.
 - iii. The value for money conclusion for 2021/22 has yet to be determined, this work has commenced and will be substantially completed in December.

3. AUDIT FINDINGS 2021/22

3.1 Section 1 – Headlines

Sets out the approach to the audit and confirms that Grant Thornton anticipate providing an unqualified audit opinion in respect of the financial statements.

The full audit opinion can be found in Appendix C of the Audit Findings report.

3.2 Section 2 – Financial Statements

This section explores the key risks identified within the Audit Plan previously considered by Members and confirms the testing.

The audit adjustments are fully outlined within Appendix A of the Audit Findings report.

This section also considers the Councils going concern status and key judgements & estimates which were concluded to have been applied appropriately.

3.3 Section 3 – Value for Money

This section outlines the key elements of the Value for Money assessment undertaken by Grant Thornton. This work has commenced for 2021/22, arrangements are in place for it to progress at pace during December. The conclusion of this work will be reported to the committee.

3.4 Section 4 – Independence and ethics

This section outlines the independence of the external auditors, including outlining additional work undertaken by the auditors. Full details of all audit fees can be found in Appendix B of the Audit Findings report.

4. CONCLUSION

- 4.1 Grant Thornton's work has led to the result that it is expected they will be able to issue an unqualified opinion on the financial statements for 2021/22, but there is further work to be undertaken. The outcome of this work will be reported to the committee.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's Comments (NM)

There are no legal issues arising from this report.

5.2 Finance Officer's Comments (CS)

This report has been prepared by Financial Services and all financial matters contained within the body of the report.

5.3 Diversity and Equalities Implications (CS)

There are none arising directly from this report.

5.4 Climate Change Implications (OF)

There are none arising directly from this report.

CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Charlotte Spendley, Director of Corporate Services

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The following background documents have been relied upon in the preparation of this report:

Appendices:

Appendix 1: Grant Thornton report – The Audit Findings for Folkestone & Hythe District Council Year Ended 31 March 2022