



## AUDIT COMMITTEE

Notice of a Meeting, to be held in the Council Chamber - Ashford Borough Council on Tuesday, 29th November, 2022 at 5.00 pm.

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The Members of the Audit Committee are:-

Councillor Krause (Chairman)  
Councillor Buchanan (Vice-Chairman)

Cllrs. Hayward, Mulholland, Shorter, Spain and Wright

### Agenda

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| 1. | <b>Apologies/Substitutes</b>   |         |
|    | To receive Notification of Substitutes in accordance with Procedure Rule 1.2(iii)                      |         |
| 2. | <b>Declarations of Interest</b>  | 1 - 2   |
|    | To declare any interests which fall under the following categories explained on the attached document: |         |
|    | a) Disclosable Pecuniary Interests (DPI)   |         |
|    | b) Other Significant Interests (OSI)   |         |
|    | c) Voluntary Announcements of Other Interests  |         |
|    | See Agenda Item 2 for further details  |         |
| 3. | <b>Minutes</b>   | 3 - 8   |
|    | To approve the Minutes of the meeting of 4 October 2022.   |         |
| 4. | <b>Statement of Accounts 2020/21 and External Auditors Findings</b>                                    |         |
|    | To follow.   |         |
| 5. | <b>Section 106 Audit - Weak Assurance Report - Follow Up</b>   | 9 - 20  |
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21 November 2022

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## Declarations of Interest (see also “Advice to Members” below)

- (a) **Disclosable Pecuniary Interests (DPI)** under the Localism Act 2011, relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares a DPI in relation to any item will need to leave the meeting for that item (unless a relevant Dispensation has been granted).

- (b) **Other Significant Interests (OSI)** under the Kent Code of Conduct relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares an OSI in relation to any item will need to leave the meeting before the debate and vote on that item (unless a relevant Dispensation has been granted).

However, prior to leaving, the Member may address the Committee in the same way that a member of the public may do so.

- (c) **Voluntary Announcements of Other Interests** not required to be disclosed under (a) and (b), i.e. announcements made for transparency alone, such as:

- Membership of amenity societies, Town/Community/Parish Councils, residents’ groups or other outside bodies that have expressed views or made representations, but the Member was not involved in compiling or making those views/representations, or
- Where a Member knows a person involved, but does not have a close association with that person, or
- Where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position.

[Note: Where an item would be likely to affect the financial position of a Member, relative, close associate, employer, etc.; OR where an item is an application made by a Member, relative, close associate, employer, etc., there is likely to be an OSI or in some cases a DPI. ALSO, holding a committee position/office within an amenity society or other outside body, or having any involvement in compiling/making views/representations by such a body, may give rise to a perception of bias and require the Member to take no part in any motion or vote.]

### **Advice to Members on Declarations of Interest:**

- (a) Government Guidance on DPI is available in DCLG’s Guide for Councillors, at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5962/2193362.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5962/2193362.pdf)
- (b) The Kent Code of Conduct was adopted by the Full Council on 19 July 2012, and a copy can be found in the Constitution alongside the Council’s Good Practice Protocol for Councillors dealing with Planning Matters. See <https://www.ashford.gov.uk/media/2098/z-word5-democratic-services-constitution-2019-constitution-of-abc-may-2019-part-5.pdf>
- (c) Where a Member declares a committee position or office within, or membership of, an outside body that has expressed views or made representations, this will be taken as a statement that the Member was not involved in compiling or making them and has retained an open mind on the item(s) in question. If this is not the case, the situation must be explained.

**If any Member has any doubt about any interest which he/she may have in any item on this agenda, he/she should seek advice from the Director of Law and Governance and Monitoring Officer, or from other Solicitors in Legal and Democracy as early as possible, and in advance of the Meeting.**

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## Ashford Borough Council: Audit Committee

Minutes of a Meeting of the Audit Committee held in Committee Room 2, Civic Centre, Tannery Lane, Ashford on the **4<sup>th</sup> October 2022**.

### **Present:**

Cllr. Buchanan (Vice-Chair in the Chair);

Cllrs. Spain, Wright.

### **Apologies:**

Cllrs. Krause, Shorter, Smith.

### **Also in Attendance (virtually):**

Cllr. Hayward.

Senior Accountant, Head of Policy & Performance, Interim Head of Internal Audit.

Audit Manager – Grant Thornton UK

### **In attendance:**

Deputy Chief Executive, Finance Service Lead, Policy & Democratic Services Assistant, Senior Member Services Officer.

## **164 Minutes**

### **Resolved:**

**That the Minutes of the Meeting of this Committee held on the 19<sup>th</sup> July 2022 be approved and confirmed as a correct record.**

## **165 Corporate Risk Register**

The Head of Policy & Performance introduced the report which was presented to the Committee every six months and covered all the risks on the Corporate Register that fell outside the Council's risk appetite threshold. At its last meeting the Committee had requested that the risks be reviewed following Russia's war in Ukraine and the global repercussions that had ensued. The Council's Management Team had held a dedicated session to review the risk register in light of the war and other factors including the post EU transition and recovery from the pandemic. There had been a change to the risk profiles following this and the changes were highlighted to the Committee, including the pressures surrounding homelessness, inflation and the supply and demand of goods and services.

Members questioned whether the Medium Term Financial Plan (MTFP) and the associated risks, such as rising fuel bills, should be given more prominence. The Head of Policy & Performance advised that there was a risk to the MTFP and work was underway to mitigate against that. The Finance Service Lead advised that the

Quarter 1 Budget Monitoring Report had touched on these risks and they were being monitored.

In response to a question, the Head of Policy & Performance drew attention to the risks relating to Chilmington and housing development not being built out. The housing market had been buoyant throughout the summer however due to emerging pressures these risks may need to be revisited and monitored. It was noted by the Committee and Officers that there had been a number of changes nationally and globally in the past two weeks that had caused turbulence and instability.

The Finance Service Lead advised that any risk pertaining to the Council's arm's length companies related to historical debt. Provided the projects undertaken by the companies were viable the loans that were drawn down were not a risk to the Council.

**Resolved:**

**That the Audit Committee agree the assessments and the adequacy of key controls to manage the risks.**

## **166 Annual Governance Statement – Progress on Remediating Exceptions**

The Head of Policy and Performance introduced the mid-year update on the 2021-2022 Annual Governance Statement (AGS). The AGS had identified eight areas for continued work and review and she gave the Committee an update on a number of these areas as follows:

- Appraisal Training – good progress had been made with a number of training sessions held and step by step guides produced to assist Officers.
- Review of the Constitution – the review of the Executive arrangements had concluded with a wider health check due to be undertaken.
- Hybrid Meetings Equipment – the equipment had been installed in the Committee Rooms and had been used successfully, there were some final tasks needed to complete this work but all feedback had been positive and the outcome had been a significant improvement.
- Section 106 Action Plan – Officers had worked hard to respond to the audit actions and an update to Overview & Scrutiny had been given in September 2022.
- Member Induction Programme – This was being formulated and would be discussed with Members later in the month at the Member Training Panel.
- Terms of Reference of the TEB – this work had been completed with the Terms of Reference including oversight of the Ashford International Development Company being included in the Chief Executive's delegated decision regarding the purchase of the Company in January 2022.

**Resolved:**

**That the Audit Committee notes the progress made towards the areas of review highlighted by the 2021-2022 Annual Governance Statement.**

## **167 Corporate Enforcement Support & Investigations Team Annual Report 2021/22**

The Finance Service Lead advised that the Investigations and Enforcement Team were currently at the Institute of Revenues Rating and Valuations Excellence Awards, where they had been shortlisted for two awards; Excellence in Counter Fraud and Excellence in Staff Development and/or Education. Drawing attention the report he highlighted that the team had saved the Council £460,000 through their work. There was a real benefit to the work they undertook.

The Committee wished to put on record their thanks for the hard work of the Investigations and Enforcement Team and felt that being nominated for two awards highlighted how hard they worked. Members were complementary about the infographic that had been submitted highlighting the achievements over the past municipal year, they felt this was a clever and informative way to highlight their work streams and achievements.

**Resolved:**

**That the report be received and noted.**

## **168 Annual Report of the Audit Committee**

The Interim Head of Internal Audit introduced the report, which outlined the work of the Audit Committee and how it had discharged its duties during 2021/22. The report provided assurance to the Council that important internal control, governance and risk management issues were being monitored and addressed by the Committee. The Committee's views had been sought and their comments incorporated into the report.

The Deputy Chief Executive confirmed that the Committee had been invited to a workshop in September to review the contents of the report and their views had contributed to the report before them. The attendance statistics were pleasing and it was useful that it also highlighted those that had been able to attend virtually, giving weight to the successful hybrid working of the Committee.

**Resolved:**

**That**

- (i) the Annual Report of the Audit Committee Activity for 2021/22 be agreed.**
- (ii) the Chair of the Audit Committee presents the report to a future meeting of the Full Council to demonstrate how the Committee has discharged its duties.**

## **169 Audit Fee Letter**

The Senior Accountant introduced the report and advised that the report detailed the proposed auditor and scale fee as set by Public Sector Audit Appointments (PSAA) who the Council had appointed to procure External Auditors and confirm they were proficient in relation to legislative requirements. The PSAA also acted as a regulator to confirm that any fee variations raised by external auditors were fair and appropriate and in line with regulation. The PSAA had confirmed the appointment of Grant Thornton for the 2022/23 Audit and set a standard fee for core work of £53,939. The audit fee for core work has increased by £4,700 compared to the prior year due to recurring approved fee variations. Since these fees were set in 2018/19, additional work had become necessary to satisfy Financial Conduct Authority requirements. In line with previous years these additional requirements were anticipated to be in the region of £24,000. Therefore the fees for the 2022/23 External Audit would amount to £77,939. The current procurement through PSAA was for the period 2018/19 to 2022/23 with a new five year contract being procured currently.

The Finance Service Lead advised that PSAA were currently retendering and it should be noted that there had been a 150% increase in costs going forward, therefore the 2023/24 budget would need to be increased to £195,000 per annum (forecast of £78,000 for 2022/23). The external auditor would be properly resourced and able to undertake the work allocated to them, however this would be an additional budget pressure.

In response to a question, the Deputy Chief Executive advised that there was no alternative route for this work to be undertaken. There would be more of a balance between those companies allocated work as part of the PSAA tendering process. The Council was not aware, at the current time, who the external auditor would be for 2023/24 onwards.

### **Resolved:**

**That the report be received and noted.**

## **170 Audit Progress Report**

The Audit Manager – Grant Thornton UK drew attention to the report and progress to date. He noted that the 2020.21 accounts process had been prolonged but reassured the Committee that the end was in sight. A previous error had been highlighted however this had not been material, following this another had been found and the two together had resulted in a material consideration. Work was being undertaken and these should be signed off shortly. Once these accounts had been signed off work would move to the 2021/22 accounts. He assured the Committee that time and resource had been set aside to complete these accounts. The Audit Plan would be brought to the November 2022 meeting.

There was considerable discussion regarding the proposal announced in the local audit consultation response from the Department for Levelling Up, Housing and Communities in particular the requirement for Audit Committee's to include an independent member. The Audit Manager – Grant Thornton UK felt that this would be imposed but no definitive response had been received to date. It was noted that



there were other Local Authorities that had an independent member on their audit committee already. The practicalities of identifying the relevantly qualified individuals would need to be investigated. The Finance Service Lead undertook to do some benchmarking work on this and would report back to the Committee in due course,

**Resolved:**

**That**

- (i) the report be received and noted**
- (ii) the Finance Service Lead undertake a benchmarking exercise into independent persons on local authority audit committees.**

## **171 Report Tracker & Future Meetings**

**Resolved:**

**That the report be received and noted.**

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# Agenda Item 5



**Agenda Item No:** 5

**Report To:** Audit Committee

**Date of Meeting:** 29<sup>th</sup> November 2022

**Report Title:** S106 Mid-Kent Audit Report 2021 – Update on progress in responding to remedial actions

**Report Author:** Simon Cole  
**Job Title:** Assistant Director - Planning and Development

**Summary:** This report provides an update in respect of progressing the actions set out in the Mid-Kent Audit Review of the S106 Process during 2021 since April and other related work streams.

**Key Decision:** NO

**Significantly Affected Wards:** N/A

**Recommendations:** **The Committee is recommended to:-**

- I. **Note** the progress made in responding to the agreed actions; and
- II. **Consider** whether receipt of a final report from the Assistant Director Planning and Development regarding any outstanding remedial actions is needed.

**Policy Overview:** N/A

**Financial Implications:** The Audit identified weaknesses in the controls related to the collection and spending of S106 income, which the actions seek to address.

**Legal Implications:** No specific implications.

**Equalities Impact Assessment:** Not required.

**Other Material**

**Implications:** N/A

**Exempt from  
Publication:** **NO**

**Background  
Papers:** The Final audit report.

**Contact:** [simon.cole@ashford.gov.uk](mailto:simon.cole@ashford.gov.uk) – Tel: (01233 330642)

## **Report Title: S106 Mid-Kent Audit Report 2021 – Update on progress in responding to remedial actions**

### **Introduction and Background**

1. The Committee received a report at the April meeting prepared by Alison Blake the Interim Deputy Head of Audit Partnership setting out the findings of the Mid-Kent Audit of the S106 monitoring process carried out during the summer of 2021. A copy of the full report finalised in December 2021 was appended to that report and a presentation was provided by the Assistant Director – Planning and Development summarising the 15 recommendations and 22 actions set out in the Audit report and the progress made at that time.
2. An opportunity was also taken to update the Committee on the complementary recommendations of the Overview and Scrutiny Committee S106 Task Group, which had presented its findings to Cabinet in November 2021.
3. The Committee resolved to receive a further update on progress, which this report will address.

### **Progress in respect of the Mid-Kent Audit Actions**

4. Good progress has been made in responding to the MKA actions since April, which are summarised in Appendix 1 to this report. Regular meetings have been held with the auditors to review progress, the most recent taking place on 24<sup>th</sup> October.
5. At the time of writing two outstanding actions due to be completed by the 31<sup>st</sup> December 2022 were being addressed in accordance with the timescales agreed with MKA. These are action 10.1 preparing post-development reviews and action 15.2 developing controls to mitigate the risk associated with S106 funding not being spent in accordance with the agreement. These actions will be completed by 31<sup>st</sup> December.
6. Three actions, 4.2, 6.1, and 7.2 are outstanding pending further improvements to the new Arcus planning software launched in the summer in order to fully enable the monitoring functionality. Officers are working with Arcus to resolve these issues and additional data migration and upgrading of the system as it stands is due to occur in the week commencing 21<sup>st</sup> November. This will require testing by officers to ensure the necessary monitoring functionality to achieve the MKA recommendation has been achieved or whether additional work needs to be specified with the software supplier. This is expected to be resolved by the time of the next MKA review in April 2023 when officers expect all of the MKA actions to have been completed by this time.

## Update in respect of the O&S S106 Task Group Recommendations

7. The O&S S106 Task Group made 8 recommendations for improving the S106 process, which were agreed by Cabinet in November 2021. Updates on progress have been provided to the Committee in May and September of this year. A summary of the recommendations and a note on progress can be found in Appendix 2 of this report.
8. The September update included a processing mapping exercise of the whole S106 process from the plan making stage, through planning applications and finally implementation and monitoring, which responds to recommendation 1.
9. Officers are now progressing the remaining recommendations, including the arrangements for two S106 workshops for Parish Councils and Urban Community Forums to be held virtually on 24<sup>th</sup> November and 1<sup>st</sup> December, which will be based around a new S106 Handbook setting out the process in more detail. There will be a question and answer session and the workshops will be recorded and made available for later viewing.
10. Recommendation (v), which refers to the new planning software providing information on the council's website about what Section 106 monies are available to individual parishes, will require further improvements to Arcus, which are anticipated to be in place by next April (as noted in paragraph 6 above).
11. Recommendation (vi) identifies the preparation of a S106 Supplementary Planning Document (SPD) to provide an up to date list of what is expected of developers within a single document to provide clarity for all parties involved in the Section 106 process as a matter of priority.
12. This document will be informed by the Stodmarsh nutrient neutrality mitigation credits once the strategic wetland solution is finalised, enabling residential development within the Stour catchment to proceed. In addition, new developer contributions for Biodiversity Net Gain as required by the Environment Act 2021, the Council's forthcoming guidance note on climate change mitigation and requests from infrastructure providers to review their heads of terms to reflect rising costs are all expected within the next few months. It would be prudent therefore to wait for further information before preparing the SPD. It is anticipated that this will be available during next year and drafting of the SPD can proceed during the summer of 2023.
13. Recommendation (vii) calls for the use of standardised wording for S106 agreements and the greater use of templates for consistency. The standard S106 Heads of Terms template that accompanies Planning Committee reports (known as Table 1) is being updated and revised and this will be finalised ready for inclusion in Planning Committee reports from January 2023. In addition the S106 Officer Project Group are currently reviewing recent examples of S106 agreements to establish some standard wording for use in future S106 agreements.

## **Proposal**

14. I recommend the Committee note the progress made towards the Mid-Kent Audit Actions and in the O&S S106 Task Group recommendations and invite the Committee to consider amending its work programme to schedule a future update (or updates) on progress towards fulfilling agreed actions if needed.

## **Implications and Risk Assessment**

15. The audit report sets out the possible risks arising from the findings, but these are accompanied by short-term remedial actions which have been agreed by the Service's management for implementation.

## **Next Steps in Process**

14. Mid Kent Audit will continue to monitor progress and this will form part of interim and annual reporting to Members as part of overall summaries.

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**Appendix 1: Mid-Kent Audit Actions and Progress**

| Recommendation and Actions                     | Action/Target date  | Progress   |
|--|---|--|
| 01 - S106 project management (HIGH)            | 1.1 Put in place a project team (by 31.3.22).   | <p>The S106 Project Group has been established and held its first meeting on 8<sup>th</sup> February 2022. Membership comprises the Assistant Director – Planning and Development; Spatial Planning Manager; Strategic Development &amp; Delivery Manager; Plan Making and Infrastructure Team Leader and S106 Monitoring Officer.</p> <p>Target met. MKA advised. No Further Action</p> |
|  | 1.2 Apply project management approach to delivery of the s106 software (by 31.10.22).   | <p>The new Arcus planning software was launched in July.</p> <p>Target met. MKA advised. No Further Action</p>   |
| 02 - Training/Development (LOW)                | 2.1 The S106 Monitoring Officer will be trained and given training on the new system. Sharon to look for training courses or contact officers from adjoining Councils to share information. By 31.7.22. | <p>Training on Arcus provided prior to launch in July.</p> <p>Target met. MKA advised. No Further Action</p>   |
| 03 - Lack of s106 monitoring resilience (HIGH) | 3.1 Procedure notes will be developed and shared (by 28.2.22).  | <p>Procedure notes were prepared and have been made available on a shared drive.</p> <p>Target met. MKA advised. No Further Action</p>   |
|  | 3.2 Review need for extra resource in August 2022 (by 31.8.22).   | <p>The need for an additional resource was reviewed in the spring of 2022. A S106 Monitoring Assistant post was advertised in the summer and an appointment made. The post holder took up their new position in October.</p>   |

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|  |  | Target met. MKA advised. No Further Action   |
| 04 - Trigger points on agreements are missed (HIGH)                                | 4.1 Review post 2010 records (by 31.3.22).   | All of the records were reviewed within the agreed timescales.<br><br>Target met. MKA advised. No Further Action.  |
|  | 4.2 Review pre 2010 records (by 31.8.22).  | All of the records were reviewed within the agreed timescales.<br><br>There remain some queries to follow up, but the action has been completed.<br><br>Target deferred. MKA advised – review in April 2023. |
| 05 - Reconciliation of s106 agreements between Legal and Planning records (MEDIUM) | 5.1 Ongoing reconciliation between Legal and Planning records to identify discrepancies. Include DC reference numbers in Planning records to aid reconciliation (by 31.12.21).                                 | Reconciliation completed within timescale. DC reference numbers have been added to Planning records as recommended.<br><br>Target met. MKA advised. No Further Action  |
|  | 5.2 Once the new system is in place there will be a box for the DC code (by 31.8.22).  | A box for the DC code has been put in place in the new system.<br><br>Target met. MKA advised. No Further Action   |
| 06 - Trigger Point Alert System (MEDIUM)   | 6.1 Introduce trigger point alerts linked to the s106 monitoring system. This will be implemented within new system.<br><br>A new letter could help with this and possibly a spreadsheet in Teams. By 31.7.22. | Officers are working in-house and with the software providers to address this issue as a priority.<br><br>Target deferred. MKA advised – review in April 2023.   |
| 07 - Introduction letter (LOW)   | 7.1 Wording for letter to be agreed by officers (by 25.12.21).   | Target met. MKA advised. No Further Action   |

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|   | 7.2 Letter to be automated once new system in place (by 31.7.22).  | Officers are working in-house and with the software providers to address this issue as a priority.<br><br>Target deferred. MKA advised – review in April 2023.      |
| 08 - Financial monitoring spreadsheet (MEDIUM)          | 8.1 A spreadsheet focusing on the month rather than a full account of every contribution paid would help focus and prevent error. Will explore having an email with receipts within month, or highlighting payments within month (by 31.1.22). | Target met. MKA advised. No Further Action  |
| 09 - Enforcement procedures (LOW)                       | 9.1 Relevant officers involved in enforcement will agree a protocol and meet as and when needed (by 31.3.22).  | Target met. MKA advised. No Further Action  |
| 10 - Post development reviews (MEDIUM)                  | 10.1 Introduce post development reviews (by 31.12.22).   | In hand. The S106 Project Group will in future review S106 post-development on a quarterly basis.<br><br>This action will be completed by the deadline of 31.12.22. |
| 11 – Indexation (LOW)                                   | No agreed action (N/A)   | This recommendation was not agreed by Management Team due to the potentially disproportionate response to very small sums of money.<br><br>NFA.                     |
| 12 - Lack of governance to oversee use of s106 receipts | 12.1 We will improve governance to oversee the use of s106 receipts by re-forming the s106 group (by 31.3.22).   | The S106 Project Group was reconvened and had a first meeting in February this year.<br><br>Target met. MKA advised. No Further Action                              |
| 13 - Procedure for releasing monies (LOW)               | 13.1 Agree and document process for releasing s106 monies (31.3.22).   | Target met. MKA advised. No Further Action  |

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| 14 - Returning unspent s106 monies (HIGH)        | 14.1 Agree and introduce a documented process for returning unspent monies (by 31.8.22).   | Target met. MKA advised. No Further Action   |
|  | 14.2 Enhance monitoring records to show spend by date and introduce a traffic light system to highlight when funds are nearing said date (by 31.8.22). | A traffic light system has been created as an Excel spreadsheet.<br><br>Target met. MKA advised. No Further Action   |
|  | 14.3 Continue investigation into returning funds held for 75 High Street (by 31.12.21).  | Target met. MKA advised. No Further Action   |
| 15 - Monies not spent on intended purpose (HIGH) | 15.1 Phase 1 agree a terms of reference for a s106 group at first meeting March 22 (by 31.3.22).   | Target met. MKA advised. No Further Action   |
|  | 15.2 Phase 2 - Based on discussions at Phase 1 develop controls to mitigate the risk s106 monies aren't spent on their intended purpose (by 31.12.22). | Weekly meetings are held between the S106 Monitoring Officers and the Team Leader Plan Making and Infrastructure to consider requests to spend S106 contributions. Once agreed these are sent to the Spatial Planning Manager or Assistant Director - Planning and Development for approval.<br><br>This action will be completed by the deadline of 31.12.22. |

**Appendix 2 – O&S S106 Task Group Recommendation’s and Progress**

| Recommendation   | Progress   |
|--|--|
| <p>I. A process mapping exercise is undertaken to provide clarity and guidance to Officers and Members involved in the Section 106 process.</p> <p>Once completed, the process map will inform recommendations II to VIII.</p>   | <p>The process mapping exercise was presented to O&amp;S Committee on 13.9.22.</p> <p>The process mapping exercise will be kept under review to reflect any improvements to the current system</p>   |
| <p>II. Guidance and training is produced for Officers involved in the Section 106 process to clarify roles and responsibilities of all Officers.</p> <p>Additionally, a ‘handbook’ is created for both Members and Parish Councillors, to explain the basic concepts of Section 106.</p> | <p>A guidance note utilising the final process mapping, together with the officer contacts has been prepared and will be made available to all officers involved in S106. This will also form the basis of an officer workshop.</p> <p>The handbook, incorporating the process mapping, together with the list of key contacts and a refresh of the advisory notes for Parishes prepared by the Community Grants Officer will be shared with Parish Councils and Urban Community Forums in advance of two S106 workshops taking place on 24<sup>th</sup> November and 1<sup>st</sup> December.</p> |
| <p>III. Communication over Section 106 is improved between the Planning Service and Parish Councils including key contact(s) for accessing advice.</p>   | <p>The workshops taking place on 24<sup>th</sup> November and the 1<sup>st</sup> December will be publicised/promoted to all Parishes and Community Forums in advance.</p> <p>An event pack will be provided to all Parish Clerks containing a copy of the handbook and any other presentation materials used at the events.</p> <p>The workshops will be held in the evening over Microsoft Teams and will be recorded. This will be made available to all Parishes and Urban Community Forums.</p>   |
| <p>IV. Training on Section 106 should be provided to Members and Parish Councils on an annual basis.</p> <p>The initial programme for the training should be reviewed by the Member Training Panel in consultation with the Chair of the Section 106 Task Group.</p>                     | <p>It is anticipated that this training will take into account any improvements to the current S106 process that may be introduced as a result of the Mid Kent Audit Actions and the O&amp;S Task Group Recommendations.</p>   |

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| <p>V. The new Planning IT software is expected to provide information on the council's website about what Section 106 monies are available to individual parishes</p>   | <p>Officers are working with Arcus as a priority to resolve outstanding issues relating to the migration of data on projects that will be needed to facilitate this information on the website.</p>  |
| <p>VI. Delivery of the Infrastructure Contributions SPD should be prioritised. The SPD should provide an up to date list of what is expected of developers within a single document. This will provide clarity for all parties involved in the Section 106 process.</p> | <p>The SPD will be informed by the Stodmarsh nutrient neutrality mitigation credits once the strategic wetland solution is finalised; new developer contributions for Biodiversity Net Gain as required by the Environment Act 2021; the Council's forthcoming guidance note on climate change mitigation; and requests from infrastructure providers to review their heads of terms to reflect rising costs are all of which are expected within the next few months</p> <p>In order that an up to date list of what is expected of developers can be prepared as a matter of urgency, an interim guidance note setting out the standard heads of terms for S106 agreements (sometimes referred to as 'Table 1') together with an explanatory note will be prepared in advance of a full SPD.</p> |
| <p>VII. There is a standardising of Section 106 Agreements and use of templates where appropriate</p>   | <p>The standard S106 Heads of Terms template that accompanies Planning Committee reports (known as Table 1) is being updated and revised. This will be implemented in January 2023.</p> <p>The S106 Officer Project Group are reviewing recent examples of S106 agreements and preparing some standard wording for use in future S106 agreements for consistency. Based on the work undertaken in respect of the Heads of Terms template, standard base wording for different S106 clauses will be agreed by March 2023.</p>   |
| <p>VIII. Legal Services are trained to use the new IT system adopted by the Planning Department, to enable them access to relevant Planning documentation and therefore streamline the process.</p>   | <p>Once Arcus is fully functioning it may not be necessary for all staff to have full access and training to fulfil their role in the S106 process. It is envisaged that planning officers will instruct legal officers as to the input required on S106 on a case by case basis, using planning officer's professional judgement.</p>   |



**Agenda Item No:**

**Report To:** Audit Committee

**Date of Meeting:** 29 November 2022

**Report Title:** Interim Internal Audit & Assurance Report

**Report Author & Job Title:** Alison Blake – Interim Head of Audit Partnership

**Portfolio Holder:** Cllr. Neil Shorter

**Portfolio Holder for:** Finance, IT, and Digital

**Summary:**

This report provides information to Members on the work completed by internal audit since the last report in June 2022.

This report is for information and summarises progress towards delivering the plan up to 15 November 2022. In addition, it also provides updates on:

- Completed 2021/22 audits which will be used to inform the 2022/23 Audit Opinion.
- Resource changes with the Mid Kent Audit Partnership team.
- Other work and overall progress, including planned vs actual days.
- The results of the follow up of agreed management actions

**Key Decision:** No

**Significantly Affected Wards:** All

**Recommendations:** **The Audit Committee is recommended to:-**  
1. That work completed so far on the 2022/23 Audit & Assurance Plan be noted.

**Policy Overview:** N/A

**Financial Implications:** N/A

**Legal Implications:** N/A

**Equalities Impact Assessment:** N/A

**Data Protection Impact Assessment:** N/A

**Risk Assessment  
(Risk Appetite  
Statement):** N/A

**Sustainability  
Implications:** N/A

**Other Material  
Implications:** N/A

**Exempt from  
Publication:** **NO**

**Background Papers:** Full reports which support the audit engagements summarised in this report are available on request. In addition, previous Audit Committee reports can be found [here](#).

**Contact:** Alison.blake@ashford.gov.uk



## Report Title:

### Introduction and Background

1. The Audit Committee approved the 2022/23 audit plan in March 2022. This report provides information to Members on the work completed by internal audit since the last report in June 2022.
2. The new Head of Audit Partnership will update Senior Management and Members once she starts in December as to whether the service holds sufficient resource to accumulate enough evidence to support a year end opinion

### Proposal

3. We present the report to Members for their information and for noting

### Equalities Impact Assessment

4. n/a

### Consultation Planned or Undertaken

5. We present the report for Member information and for noting. There has been no formal consultation, but its content has been discussed with the Deputy Chief Executive.

### Other Options Considered

6. n/a

### Reasons for Supporting Option Recommended

7. n/a

### Next Steps in Process

8. n/a

### Conclusion

9. n/a

### **Portfolio Holder's Views**

10. n/a

### **Contact and Email**

11. Alison Blake – Interim Head of Audit Partnership  
alison.blake@midkent.gov.uk

# **Interim Internal Audit & Assurance Report**

**November 2022  
Ashford Borough Council**

# MID KENT AUDIT

## Introduction

1. The Institute of Internal Audit gives the mission of internal audit: to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.
2. The mission and its associated [code of ethics](#) and [Standards](#) govern over 200,000 professionals in businesses and organisations around the world. Within UK Local Government, authority for internal audit stems from the [Accounts and Audit Regulations 2015](#). The Regulations state services must follow the [Public Sector Internal Audit Standards](#) – an adapted and more demanding version of the global standards. Those Standards set demands for our reporting.

## Audit Charter

3. This Committee approved the Audit Charter in September 2021, and it remains in place. A revised Audit Charter will be presented to the Audit Committee once the new Head of Audit Partnership is in place.

## Independence of internal audit

4. Mid Kent Audit works as a shared service between Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils. A Shared Service Board including representatives from each council supervises our work based on our collaboration agreement.
5. Within Ashford Borough Council (ABC) during 2022, we have continued to enjoy complete and unfettered access to officers and records to complete our work. On no occasion have officers or Members sought or gained undue influence over our scope or findings.
6. I confirm we have worked with full independence as defined in our Audit Charter and Standard 1100.

## Management response to risk

7. We include the results of our work in the year so far later in this report. In our work we often raise recommendations for management action. During the year so far, management have agreed to act on all recommendations we have raised. We report on progress towards implementation in the section titled 'Agreed Actions Follow Up Results'.

# MID KENT AUDIT

8. There are no risks we have identified in our work that we believe management have unreasonably accepted.

## Resource Need

9. We reported in our plan presented to this Committee in March 2022 an assessment on the resources available to the audit partnership for completing work at the Council. That review decided at that time that:

“MKA has the skills and expertise to deliver the 2022/23 Audit Plan and it is confirmed that planned audit work will enable a Head of Audit opinion for 2022/23 to be delivered in Spring 2023”.

10. Since March 2022 we have experienced further change within the audit team:
  - One of our apprentices left for a more senior role elsewhere. While we’re always pleased to support development, their loss has left a notable gap in the team that we have not yet recruited to.
  - The Interim Audit Manager Julie Hetherington is due to leave at the end of November 2022, and the Interim Audit Manager Andy Billingham is due to leave the end of January 2023.
  - The Deputy Head of Audit post has been deleted, and
  - The new Head of Audit Partnership (Katherine Woodward) will start on 5 December 2022.
11. The result is the team currently has two vacancies and will shortly have another. The new Head of Audit Partnership will decide on a new structure once in post.
12. To fill the staffing gap, we prepared a market tender to seek contractor support in completing the 2022/23 audit and assurance plans. This contract was recently awarded for work to take place from November to April.
13. Despite all this change we continue to make progress through the Audit Plan although overall delivery of the plan has been impacted.

## Audit Plan Progress: Closing 2021/22

14. In June, there was one audit engagement (Housing Rents – Voids) that was not completed in time to be included for the 2021/22 annual audit opinion. See Appendix I for our summary findings for this audit. The results of this audit will now feed into the Head of Audit Partnership annual assurance opinion for 2022/23.

# MID KENT AUDIT

## Audit Plan Progress: Beginning 2022/23

15. In November, the Treasury Management audit was finalised. It received as Sound opinion, and one medium recommendation was made. See Appendix I for our summary findings for this audit.
16. The chart below shows current and expected progress on the audit plan for 2022/23 which the Audit Committee approved in March 2022.

### Key

|  |                 |
|--|-----------------|
|  | Audit Underway  |
|  | Audit Allocated |

| Audit  | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Treasury Management                                |     |     |     |     |     |     |     |     |     |     |     |
| Leisure Services                                   |     |     |     |     |     |     |     |     |     |     |     |
| Cash Collection - Parking                          |     |     |     |     |     |     |     |     |     |     |     |
| Apprenticeships                                    |     |     |     |     |     |     |     |     |     |     |     |
| Development Management                             |     |     |     |     |     |     |     |     |     |     |     |
| *Newtown - Ashford International Studios Programme |     |     |     |     |     |     |     |     |     |     |     |
| Elwick Road Programme                              |     |     |     |     |     |     |     |     |     |     |     |
| Accounts Payable                                   |     |     |     |     |     |     |     |     |     |     |     |
| Accounts Receivable                                |     |     |     |     |     |     |     |     |     |     |     |
| Waste Contract Tendering (Shared Service)          |     |     |     |     |     |     |     |     |     |     |     |
| Temporary Accommodation                            |     |     |     |     |     |     |     |     |     |     |     |
| Data Breaches                                      |     |     |     |     |     |     |     |     |     |     |     |
| IT Backup and Recovery BCP and Test Runs           |     |     |     |     |     |     |     |     |     |     |     |

17. The Newtown Audit, maybe removed from the audit plan, as the Government are doing a review of the programme. The new Head of Audit Partnership may therefore be able to place reliance on their work. They will confirm what action to take when they start.

# MID KENT AUDIT

18. Below are the remaining audits currently unallocated due to resource constraints – these will be reviewed by the new Head of Audit once they are in post.

| Audits not yet allocated                      |
|---|
| Payroll and HR systems                        |
| PFI - Management - Stanhope Estate            |
| Port Health - Border Controls (Imports)       |
| Port Health - Online Payments System          |
| Port Health -Business Continuity Plans (BCP)  |
| Recruitment Framework (including Port Health) |
| Contract Management                           |

## Overall progress

19. The table below summarises (up to 31 October) the planned days versus the actual days worked.

| Plan Area                               | Plan Days  | Actual to 31 Oct 21 |
|---|------------|---------------------|
| Risk Based Audits                       | 320        | 63                  |
| Follow -up of agreed actions            | 25         | 17                  |
| Consultancy & Member support            | 52         | 11                  |
| Risk Management & Counter Fraud Support | 3          | 0                   |
| Planning                                | 20         | 1                   |
| <b>Total</b>                            | <b>420</b> | <b>92</b>           |

20. We will keep the plans under review to maximise delivery of high-risk audit work. Once the new Head of Audit is in post they will review progress and anticipated overall delivery of the audit plans.

## Agreed Actions Follow Up Results

21. On a quarterly basis, we follow up on those actions that are due. We report the findings to the Corporate Management Team. The report includes, where applicable, noting any matters of concern, where management accept the risks of not implementing, actions closed, and where actions have had their expected due date deferred.

# MID KENT AUDIT

22. The table below the current position on following up agreed actions as at 14 October 2022

|                                  | Total     | High Priority | Medium Priority | Low Priority |
|----------------------------------|-----------|---------------|-----------------|--------------|
| Open actions before 01/05/22     | 43        | 17            | 18              | 8            |
| New actions agreed from 01/05/22 | 25        | -             | 13              | 12           |
| <b>Total open action</b>         | <b>68</b> | <b>17</b>     | <b>31</b>       | <b>20</b>    |

|  |           |          |           |           |
|--|-----------|----------|-----------|-----------|
| Closed Actions since 01/05/22              | 41        | 12       | 19        | 10        |
| <b>Current Open Actions as at 14/10/22</b> | <b>27</b> | <b>5</b> | <b>12</b> | <b>10</b> |

23. Please see the table below, which shows the status of the 22 agreed actions from the Section 106 audit, which was reported in full to Members in March 2022.

| Section 106 Agreed Actions | Total     | High Priority | Medium Priority | Low Priority |
|----------------------------|-----------|---------------|-----------------|--------------|
| Fully Implemented          | 15        | 7             | 4               | 4            |
| Deferred                   | 4         | 2             | 1               | 1            |
| Not yet Due                | 3         | 3             | -               | -            |
| <b>Total</b>               | <b>22</b> | <b>12</b>     | <b>5</b>        | <b>5</b>     |

24. The table shows that 15 actions are now fully implemented. Of the remaining seven open actions, four have been deferred by management, but all have made good progress and are near to completion. There are three actions that are not yet due. But internal audit will follow these up in January 2023.

## Code of Ethics

25. This Code applies specifically to internal auditors, though individuals within the team must comply with similar Codes for their own professional bodies. The Standards also direct auditors in the public sector to consider the Committee on Standards in Public Life's [Seven Principles of Public Life](#) (the "Nolan Principles").

26. We have included the Code within our Audit Manual and training for some years. We also have policies and guidance in place on certain specifics, such as managing and reporting conflicts of interest.

27. We can report to Members we remain in conformance with the Code.



# MID KENT AUDIT

## **Acknowledgements**

28. We achieve these results through the hard work and dedication of our team and the resilience that comes from working a shared service across four authorities.
29. As a management team in Mid Kent Audit, we wish to send our public thanks to the team for their work through the year so far.
30. We would also like to thank Managers, Officers, and Members for their continued support as we complete our audit work during the year.

# MID KENT AUDIT

## Appendix I

### Housing Rents – Void Management (October 2022)

31. Our opinion based on our audit work this audit has **Sound** controls in place to manage its risks and support achievement of its objectives.

**Finding Summary:** 1 x Medium priority, and 3 x Low Priority recommendations made.

The findings were:

- The Voids record keeping requires improvement to ensure all information is captured and recorded. In addition, there was not a mechanism in place for schedule of rates / price per property / per repair for one of the current repairs contractors.
- An all-encompassing Voids Management Policy needs to be put in place to ensure KPIs and roles and responsibilities are defined.
- Clear timescales for Voids actions to be included in any subsequent procedures.

### Treasury Management – (November 2022)

32. Our opinion based on our audit work has **Sound** controls in place to manage its risk and support achievement of its objectives.

Finding Summary 1 x Medium priority recommendation made.

The finding was:

- The contract that provides Treasury Management advice, has been in place for 14 years, but needs to go out to tender to ensure the Council is receiving the best service available.

# Ashford Borough Council audit plan

Year ending 31 March 2022

November 2022  
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## Your key Grant Thornton team members are:

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

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# Key matters

## Factors

### Financial management

The Council continues to have a good record for financial management. In 2021-22 the final outturn on the revenue budget indicates that the Council had a net underspend of £39k against original budgeted net service expenditure of £16.3m.

The future funding framework for the local authority sector remains unclear. However, the Council has a robust medium term financial planning framework. The medium term financial plan (MTFP) covers a five year period and was most recently updated in October 2022. Whilst there remains considerable uncertainty in the current economic environment the MTFP indicates that the Council has a £2.6m budget pressure for 2023/24, with a potential £10m cumulative pressure across the five year period to 2027/28.

The Council has a relatively strong balance sheet, with general fund balances totalling £47.2m as at 31 March 2022. It continues to have a very significant capital programme, with the programme as updated in February 2022 anticipating total expenditure of £93.9m, including General Fund expenditure of £371.3m.

### Covid-19

The Council has again been required to manage the impact of the Covid-19 pandemic in 2021-22. Issues have included continuing pressure on income in areas such as car parking and the need to provide ongoing financial support to the operator of Tenterden Leisure Centre.

There is also a continuing need to account for the Council's share of Collection Fund deficits associated with reduced levels of business rate collection, although the impact will be substantially offset by additional Section 31 funding from central government.

### Ashford Port Health

During 2021/22 the Council has incurred additional expenditure on setting up the operational infrastructure to support its new role as a Port Health Authority, although it is not now anticipated that the Port will become fully operational until 2023, and the scale of the operation has significantly reduced from that originally planned. The set up costs to date have been fully funded by government grant. The Council is seeking confirmation that the remaining set-up costs will also be fully funded.

### Climate change

The impact of climate change is driving a focus by both public bodies and businesses on accelerating net zero plans and making the investment and operational changes needed to deliver them. The Council has pledged to reach net zero emissions by 2050 as part of declaring a climate emergency in 2019. It has developed a carbon reduction plan, to be financed from £2m set aside from reserves and continues to monitor progress against this.

## Our response

- As a firm we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, reflects this commitment.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- We will update our understanding of issues associated with Ashford Port Health when completing our Value for Money work.
- We will continue to provide you with sector updates via our Audit Committee update reports.

# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Ashford Borough Council ('the Council') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the *Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Ashford Borough Council. We draw your attention to both of these documents.*

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

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

## Group Audit

The Council is required to prepare group financial statements which consolidate the financial information of;

- A Better Choice for Property Ltd. (and its wholly owned subsidiary A Better Choice for Property Development Ltd.)

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override
- Valuation of land and buildings
- Valuation of the net pension liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £2,194,000 for the Group and £2,193,000 for the Council, which equates to approximately 2% of your gross revenue expenditure for 2021/22.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to Those Charged With Governance. Clearly trivial has been set at £109,000.

## Value for Money arrangements

Our initial risk assessment regarding your arrangements to secure value for money has not identified any risks of significant weakness.

## Audit logistics

Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £77,239, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) 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..

# Group audit scope and risk assessment

In accordance with ISA (UK) 600 as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

| Component                            | Individually significant ? | Level of response required under ISA (UK) 600 | Risks identified   | Planned audit approach   |
|--------------------------------------|----------------------------|---|--|--|
| Ashford Borough Council              | Yes                        |   | See the risks identified on pages 7-9.                       | Full scope audit performed by Grant Thornton UK LLP                                    |
| A Better Choice for Property Limited | No                         |   | Valuation of Investment property assets as at 31 March 2022. | Specific scope procedures on investment properties performed by Grant Thornton UK LLP. |

## Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements.

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

| Risk   | Risk relates to | Reason for risk identification   | Key aspects of our proposed response to the risk  |
|--|-----------------|--|---|
| Management over-ride of controls                   | Council         | <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.</p> | <p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals;</li> <li>• analyse journal transactions for the year, determine criteria for identifying high risk or unusual journals and test a selection of journal entries for appropriateness;</li> <li>• gain an understanding of the accounting estimates and critical judgements applied and consider their reasonableness;</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>  |
| The revenue cycle includes fraudulent transactions | Council         | <p>Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>   | <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited;</li> <li>• the culture and ethical frameworks of local authorities, including the Council, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore we do not consider this to be a significant risk for the Council.</p> |



# Significant risks identified

| Risk  | Risk relates to   | Reason for risk identification   | Key aspects of our proposed response to the risk  |
|---|-------------------|--|---|
| Valuation of land and buildings             | Group and Council | <p>The Council regularly re-values its land and buildings to ensure that the carrying value is not materially different from the current value at the financial statements date. Investment properties are revalued annually at fair value.</p> <p>These valuations represent a significant estimate by management in the financial statements. We therefore identified valuation of land and buildings as a significant risk, with a particular focus on the inputs supporting the valuations and the key assumptions by the Council's external valuer.</p> | <p>We will:</p> <ul style="list-style-type: none"> <li>review management's processes and assumptions for the calculation of the estimate, the instructions issued to valuers and the scope of their work;</li> <li>consider the competence, expertise and objectivity of any valuation experts used;</li> <li>write to the valuer to confirm the basis on which the valuation was carried out, and review the information and assumptions used by the valuer to assess completeness and consistency with our understanding;</li> <li>test that revaluations made during the year are input correctly into the Council's asset register;</li> <li>evaluate the assumptions made by management for those land and building assets not revalued during the year and how management have satisfied themselves that the valuation for those assets is not materially different to current value.</li> </ul>  |
| Valuation of the pension fund net liability | Council           | <p>The valuation of the Council's net pension liability as reflected in its balance sheet represents a significant estimate in the financial statements.</p> <p>We have concluded that there is not a significant risk of material misstatement relating to the source data used by the actuary in their calculation.</p> <p>However, we have concluded that there is a significant associated with the assumptions applied by the professional actuary in their calculation of the net liability.</p>   | <p>We will:</p> <ul style="list-style-type: none"> <li>update our understanding of management processes and controls to ensure that the pension fund net liability is not materially misstated and evaluate the design of the associated controls;</li> <li>evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;</li> <li>assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li> <li>test 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;</li> <li>confirm the reasonableness of the actuarial assumptions by reviewing the report of the actuary (as auditor's expert) and performing any additional procedures suggested within the report.</li> </ul> |

# Significant risks identified

| Risk                                     | Risk relates to | Reason for risk identification   | Key aspects of our proposed response to the risk  |
|--|-----------------|--|---|
| Risk of fraud in expenditure recognition | Council         | <p>We have considered the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). As most public sector bodies are net spending bodies there may be an incentive to manipulate expenditure to meet targets or budgets. The risk of material misstatement due to fraud relating to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p>Having considered the risk factors and the nature of the expenditure streams at the Council, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited;</li> <li>• the culture and ethical frameworks of local authorities, including the Council, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>However, although we rebutted the risk of fraud, as with other local authorities we have assessed there is an increased risk of error around estimation and cut-off processes at yearend.</p> | <p>We will:</p> <ul style="list-style-type: none"> <li>• test transactions around the end of the financial year to assess whether they have been included in the correct accounting period;</li> <li>• test if payables and accruals included in the financial statements have been appropriately valued;</li> <li>• compare listings of payables and accruals with the previous year to assess if these are complete.</li> </ul> |

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We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report.

# Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

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## Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



# Accounting estimates and related disclosures

## Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings
- Valuation of investment properties
- Depreciation
- Year end provisions and accruals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates for loans and investments.

## The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



### Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

How management understands the degree of estimation uncertainty related to each accounting estimate; and

How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- **What the assumptions and uncertainties are;**
- **How sensitive the assets and liabilities are to those assumptions, and why;**
- **The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and**
- **An explanation of any changes made to past assumptions if the uncertainty is unresolved.**

### Planning enquiries

As part of our planning risk assessment procedures we have made general enquiries of management in areas such as fraud, laws and regulations, related parties, and accounting estimates. Management's responses were reported to the June 2022 Audit Committee, which confirmed that the responses were consistent with its understanding.

### Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540\\_Revised-December-2018\\_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.

**Page 44** We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

We consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
- issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.



# Materiality

## The concept of materiality

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. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £2,194,000 for the Group and £2,193,000 for the Council, which equates to approximately 2% of our gross expenditure for the year.

We design our procedures to detect errors in specific accounts at a lower level of precision. We concluded that any error relating to bank and cash balances might have added significance for the accounts as a whole. We therefore applied a lower level of materiality of £500,000 for our work in this area, defined as any unexplained or unreconciled differences which in aggregate exceeded £500,000.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

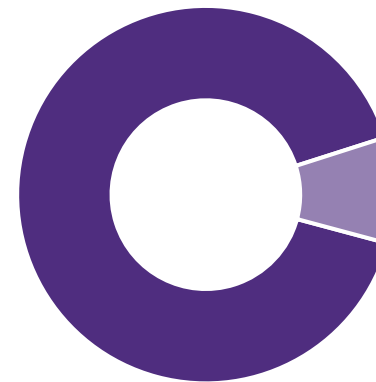
## Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £109,000.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Standards Committee to assist it in fulfilling its governance responsibilities.

## Gross operating costs

£109,745,000



- Gross operating costs
- Materiality

## Materiality



# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

| IT system    | Audit area          | Planned level IT audit assessment   |
|--------------|---------------------|---|
| E-financials | Financial reporting | <ul style="list-style-type: none"> <li>Streamlined ITGC assessment</li> </ul> |

We have not identified significant changes during the period affecting the IT controls of the Council and therefore no additional audit procedures will be completed.



# Value for Money arrangements

## Approach to Value for Money work for 2021/22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



### Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



### Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



### Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

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We have not identified any risks of significant weaknesses from our initial planning work. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's annual report.



# Audit logistics and team



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## Darren Wells, Key Audit Partner

Responsible for overall quality control; accounts opinions; final authorisation of reports; liaison with the Council.



## Trevor Greenlee, Audit Manager

Responsible for overall audit management, quality assurance of audit work and liaison with the Council

## Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality to the timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

# Audit fees

In 2018 PSAA awarded a contract of audit for Ashford Borough Council to begin with effect from 2018/19. The fee agreed in the contract was £46,439. Since that time there have been a number of developments which remain relevant for the 2021/22 audit, particularly in relation to the revised Code and ISA's.

Across all sectors and firms the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

As a firm we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our fee incorporates the impact of FRC requirements and changes to standards in previous years which remain applicable for 2021-22. Our proposed fee for 2021-22, as set out below, is detailed overleaf.

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## Proposed fee 2021/22

Ashford Borough Council Audit

£77,239

## Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

# Audit fees – detailed analysis

|   |                |
|---|----------------|
| Scale fee published by PSAA                                       | £49,239        |
| <i>Group accounts</i>   | £5,000         |
| <i>Ongoing increases to scale fee first identified in 2019/20</i> |                |
| Raising the bar/regulatory factors                                | £4,000         |
| Enhanced audit procedures for Property, Plant and Equipment       | £1,750         |
| Enhanced audit procedures for Pensions                            | £1,750         |
| <i>Ongoing increases to scale fee first identified in 2020/21</i> |                |
| Additional work on Value for Money (VfM) under new NAO Code       | £9,000         |
| Increased audit requirements of revised ISAs                      | £6,500         |
| <b>Total audit fees (excluding VAT)</b>                           | <b>£77,239</b> |

# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) 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.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

## Other services

The following other services provided by Grant Thornton were identified/ No other services provided by Grant Thornton were identified

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

| Service   | Fees £ | Threats   | Safeguards   |
|---|--------|---|--|
| Audit related   |        |   |  |
| Work as Reporting Accountant on the Housing Benefit Subsidy claim           | 17,250 | Self-Interest (because this is a recurring fee) | The level of this recurring fee taken on its own is not considered a significant threat to independence as the proposed fee for this work in 2021/22 is £17,250 in comparison to the total fee for the audit of £77,239, 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. |
| Work as Reporting Accountant on the housing capital receipts pooling return | 6,000  | Self-Interest (because this is a recurring fee) | The level of this recurring fee taken on its own is not considered a significant threat to independence as the proposed fee for this work in 2021/22 is £6,000 in comparison to the total fee for the audit of £77,239, 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.  |
| Non-audit related   | None   |   |  |

# Delivering audit quality – proven success in regulatory inspections

The Financial Reporting Council (FRC) published the findings of its annual Quality Inspection of our firm, alongside the six other ‘Tier One’ auditing firms in the UK, on 20 July 2022.

## Our results

- We’re the first firm to ever be awarded the highest quality grading for 100% of files reviewed

For the second consecutive year, we have the highest proportion of audits with the top-quality grades out of the seven major firms

[Click here](#) to see FRC’s latest inspection report into our firm. The graph to the right shows Grant Thornton is the only firm to have all files reviewed in the highest quality grading bracket awarded (“Good or limited improvements required”).

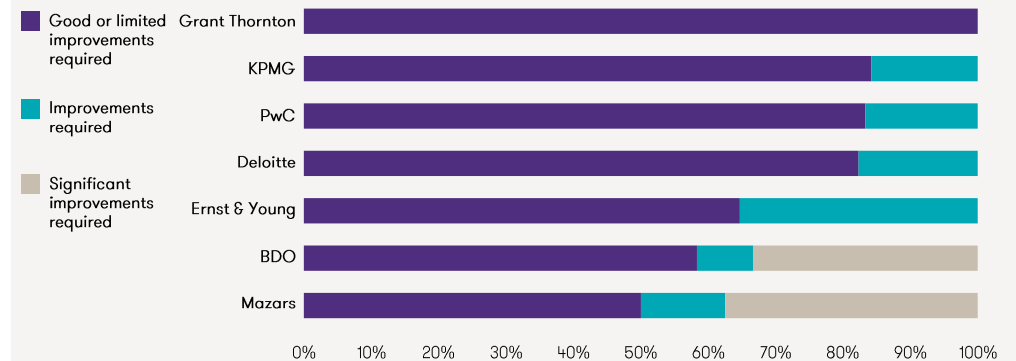
## Continued commitment to audit quality

We continuously evolve our audit practice, so we deliver quality against the backdrop of continually evolving scrutiny and challenge, whilst ensuring we exceed client stakeholder expectations. The past two FRC inspection results are evidence of this.

### Our commitment to quality, includes us continuing to:

- hold ourselves accountable.** It’s what our Audit Quality Board, with external audit experts, does
- challenge management.** It’s part of our approach – to robustly explore areas that are complex, significant or highly judgmental, for example, certain accounting estimates, going concern evaluations, revenue recognition and other such areas
- challenge ourselves.** It’s why we have a continuous improvement approach focussed on how we can be even better year on year, in technical skills, project management skills, digital, culture, and working as effectively as possible with you
- invest, significantly.** It’s why we have centres of excellence and an Audit Quality Academy, and have grown and developed our IT audit and Digital Audit Technology practices

FRC’s Audit Quality Inspection and Supervision Report Findings 2021-22 (%), July 2022



## What has the FRC said about us?

Our firm is immensely proud of the “good practice” areas highlighted by the FRC:

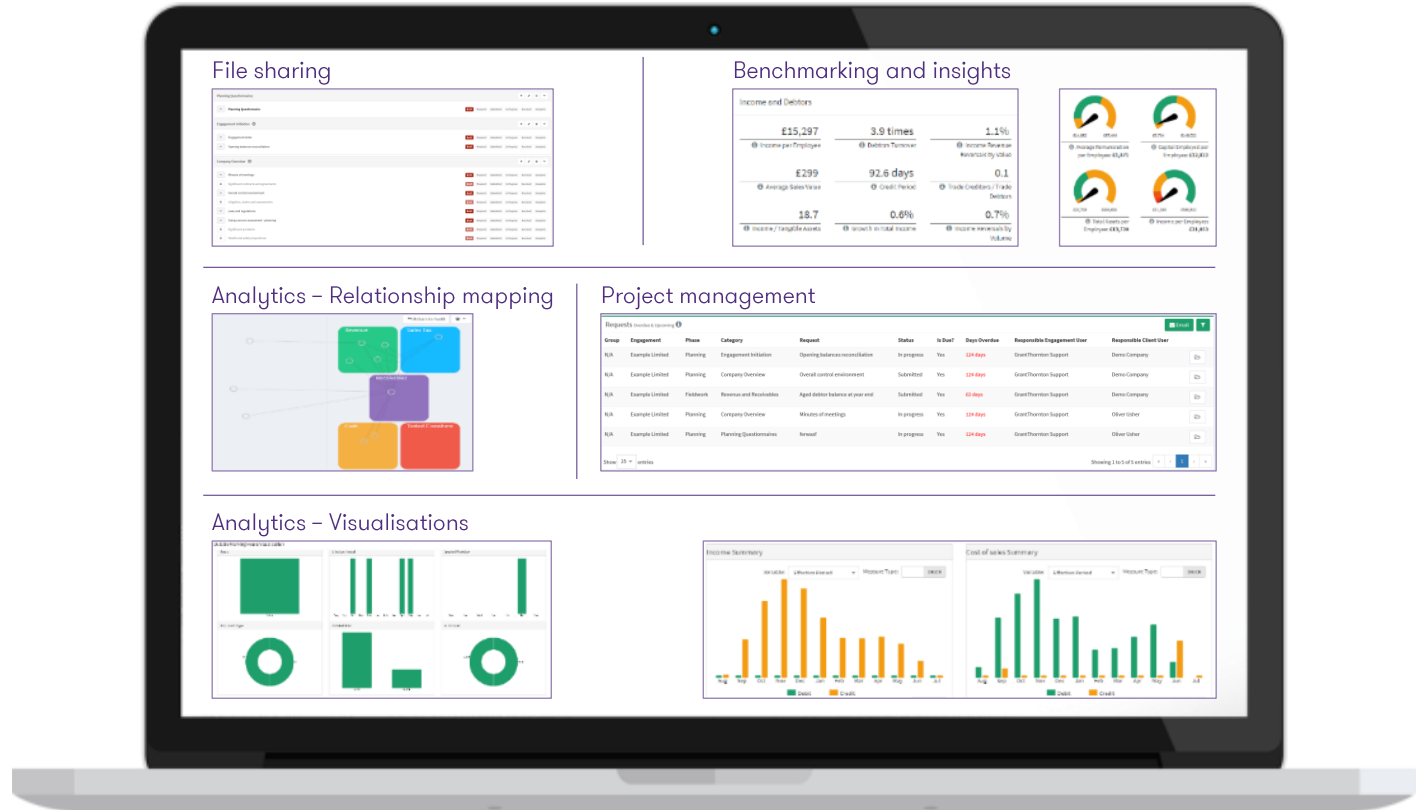
- Detailed reporting and effective communication with Audit Committees
- Robust challenge and scepticism to Management’s accounting around complex areas, particularly around impairment and journals
- Discussions with those outside of the finance team to provide broader audit evidence and insight

In our recent reports, our internal use of specialists and approach to use of data analytics has also been highlighted by the regulator; both of which remain integral to the success of our results and approach to quality.

# Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

| Function           | Benefits for you   |
|--------------------|--|
| Data extraction    | Providing us with your financial information is made easier          |
| File sharing       | An easy-to-use, ISO 27001 certified, purpose-built file sharing tool |
| Project management | Effective management and oversight of requests and responsibilities  |
| Data analytics     | Enhanced assurance from access to complete data populations          |



Grant Thornton's Analytics solution is supported by Inflo Software technology



# Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:



## Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



## File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



## Project management

- Facilitates oversight of requests
- Access to a live request list at all times



## Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

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## How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

### Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

### More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.





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## Audit Committee - Future Meetings

**2022/23**

| <b>Dates to Note</b>                           |  |       |
|--|--|-------|
| Date of Meeting                                | <b>29/11/2022</b>  |       |
| Publication of Agenda Date                     | 17/11/2022   |       |
| Reports to Management Team                     | 03/11/2022   |       |
| Full Council                                   | 02/03/2023   |       |
| <b>Items for Inclusion on the Audit Agenda</b> |  |       |
| <b>Part I - For Decision</b>                   |  |       |
| 1  | Statement of Accounts 2020/21 and External Auditors Findings | LF    |
| 2  | Section 106 Audit – Weak Assurance Report – Follow Up        | AB/SC |
| <b>Part II - Monitoring/Information Items</b>  |  |       |
| 3  | Internal Audit Interim Report                                | AT/JH |
| 4  | 2021/22 Audit Plan (External Audit)                          | Gr Th |
| 5  | Audit Progress Report  | Gr Th |
| 6  | Report Tracker & Future Meetings                             | KM    |

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