



## AUDIT COMMITTEE

Notice of a Meeting, to be held in the Committee Room 2 (Bad Münstereifel Room) -  
Ashford Borough Council on Tuesday, 20th June, 2023 at 5.00 pm.

---

The Members of the Audit Committee are:-

Cllrs. Bartlett, Buchanan, Dean, Gambling, Hallett, Hayward, Krause and McGeever

### Agenda

### Page Nos.

1. **Election of Chair**
2. **Election of Vice-Chair**
3. **Apologies/Substitutes**  
  
To receive Notification of Substitutes in accordance with Procedure Rule 1.2(iii)
4. **Declarations of Interest** 3 - 4  
  
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
5. **Minutes** 5 - 12  
  
To approve the Minutes of the Meeting of this Committee held on 21<sup>st</sup> March 2023.
6. **Internal Audit Annual Report & Opinion 2022/2023** 13 - 36
7. **External Audit Progress Report** 37 - 48
8. **Report Tracker & Future Meetings** 49 - 52

KLM  
8 June 2023

Queries concerning this agenda? Please contact Member Services  
Telephone: 01233 330499 Email: [membersservices@ashford.gov.uk](mailto:membersservices@ashford.gov.uk)  
Agendas, Reports and Minutes are available on: [www.ashford.gov.uk/committees](http://www.ashford.gov.uk/committees)

## 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.**

This page is intentionally left blank

## 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 **21<sup>st</sup> April 2023**.

### Present:

Cllr. Krause (Chair);  
Cllr. Buchanan (Vice-Chair);

Cllrs. Harman, Shorter, Spain, Wright.

In accordance with Procedure Rule 1.2(c) Councillor Harman attended as Substitute Member for Councillor Hayward.

### Apologies:

Cllrs. Hayward, Smith.

### Also in Attendance (virtually):

Cllr. Ledger.

Finance Service Lead, Head of Policy & Performance, Policy & Scrutiny Officer.

### In attendance:

Deputy Chief Executive, Head of Internal Audit, Senior Auditor, Senior Auditor, Assistant Director Planning and Development, Team Leader - Plan Making and Infrastructure, Assistant Director Safety and Wellbeing, Safety and Wellbeing Manager, Senior Accountant, Policy & Democratic Services Assistant, Senior Member Services Officer.

Audit Manager – Grant Thornton UK

## 350 Minutes

### Resolved:

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

## 351 Declarations of Interest

Councillor	Interest	Minute No.
Shorter	Made a Voluntary Announcement as he was the Portfolio Holder for Finance at the time of the cessation of the Council's cash contractor.	353
	Made a Voluntary Announcement as he was the Portfolio Holder for the item.	358

## **352 Section 106 Audit – Weak Assurance Report – Follow Up**

The Assistant Director Planning and Development introduced the report. He drew attention to the three remaining actions, the Arcus software would provide the final solutions for these, however he could confirm that the actions were met now. The solutions were not the most effective and automatic, however once the software was fully operational these would become automated. The Team Leader - Plan Making and Infrastructure advised that there had been additional work required to resolve functionality issues, which had involved the software designers and IT support. He confirmed that this work would be finalised within weeks.

The Head of Internal Audit confirmed that as part of the audit, 21 recommendations had been made, three of which were outstanding and were covered by the report before the Committee. From an Internal Audit perspective there were manual controls in place, however there were better and more efficient ways to operate which had led to the recommendations. As part of their monitoring process they would continue to monitor the recommendations and would report back on this as part of the end of year report to the Committee.

In response to questions from the Committee, the Assistant Director Planning and Development confirmed that post election training sessions will be held for ABC Councillors and Parish Councillors on the planning portal. It was important to hold these sessions to ensure that all were aware of the functionality of the portal and how it could be used by them in their roles.

A Member questioned why the report made references to 'can' instead of definitives such as 'does' or 'will'. The Team Leader - Plan Making and Infrastructure confirmed that these actions were deliverable, however they had been waiting the transfer of data and updates to Arcus before being able to put these into place. He confirmed that they would be delivered.

The Chair highlighted an issue in relation to planning enforcement on a particular site, which he would raise with the Assistant Director Planning and Development outside of the meeting.

### **Resolved:**

#### **That the Audit Committee**

- (i) notes the progress made towards the actions raised as part of the audit and the progress toward the Overview & Scrutiny S106 Task Group recommendations.**
- (ii) subject to the outcome of the final review in April, considers the actions from the audit to have been met.**

## **353 Parking Cash Collection – Partial Weak Assurance**

The Head of Internal Audit drew attention to the report and advised that the audit had focussed on three areas; interim cash collection, processing and banking arrangements; contract monitoring of the current cash collection contract and progress towards removal of coin payment from parking machines. A split assurance had been issued, with the latter two areas being found 'sound' and the first area 'weak'. The weak assurance rating reflected deficiencies in some key areas in relation to the interim arrangements for collecting, processing and banking cash following an unplanned event arising from the Council's cash collection contractor ceasing trading with no notice.

The Assistant Director Safety and Wellbeing wished to extend her thanks to the Senior Auditor for the audit and the recommendations that had emanated from that. The situation they had found themselves in had been most unusual and unexpected, as the Council's cash collection contractor had ceased trading with no notice requiring cash to be removed from the parking machines in the Borough by the service. The contractor had been appointed as part of a joint contract with other Councils and had been managed by Tunbridge Wells, which had led to complications when trying to appoint a replacement. The audit had provided a way to reflect and highlight lessons learnt, and had been received by the service in a positive manner. At the time of this incident occurring the Council had been conscious of the risk faced by those officers who had taken on the task of collecting and transporting the cash from the parking machines. If this situation were to repeat itself, then there were key points that would be actioned including; no longer taking cash from the parking machines (until an alternative cash collection contract were in place) and ensuring audit tickets from terminals were secured upon them being emptied by the Civic Enforcement Officers or others as applicable. The Assistant Director Safety and Wellbeing confirmed that Business Continuity Plans had been updated in accordance with the recommendations from the audit.

A Member, who at the time of the cessation of the Council's cash contractor had been the Portfolio Holder for Finance, confirmed that he had been aware of the interim arrangements in place and had been satisfied with those.

There was some discussion regarding the removal of coin payments from parking machines. Some Councillors urged this to be considered with great care, as there was a risk of excluding residents or visitors to the Borough who did not have access to alternative payment methods.

**Resolved:**

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

## **354 Corporate Risk Register**

The Head of Policy and Performance introduced the report and confirmed that the full risk register had been circulated prior to the meeting. The risks that fall outside of the Council's risk appetite are reported to the Audit Committee. The Council has a moderate appetite to strategic risks, a low appetite to financial risks and a very low appetite to compliance risks. She drew attention to a number of risks that had had increased risk profiles, including cyber security, the Carbon Neutral Action Plan, Stodmarsh and the implementation of the Elections Act in respect of voters providing photographic identification. Cyber security was a huge risk, with an attack being a

case of 'if' not 'when'. The Head of Policy and Performance was pleased to announce that since the publication of the agenda, key funding had been agreed to support the carbon reduction plan. The changes to the Elections Act to require voter identification had the potential to be problematic. There had been local and national campaigns to raise awareness of these changes, however there was the potential for challenges on polling day.

The risk of not delivering the South of Ashford Garden Community to time and quality had been downgraded as a risk, this was due to positive progress across a number of areas including the Homes England workstream entering delivery phase, the submission of the Garden Community Room scheme to planning within weeks and progress on the tenancy of the Community Management Organisation Cabin.

Councillors questioned whether the Eurostar not stopping at Ashford should be reported as a higher risk that it was currently, given that this was now a reality. The Head of Policy and Performance advised that this could be reviewed, the impact economic impact was difficult to measure. Councillors felt that given the works at Newtown and the strategic nature of the site to Europe the return of Eurostar services to Ashford would be intrinsic.

In response to a question regarding the Carbon Neutrality Plan, the Head of Policy and Performance advised that there was a target of 2030 for organisational operations, and 2050 for the Borough as a whole. There was a lot of work to do to achieve this, however good progress had been made to date, including the grant to retrofit HRA properties with renewable energy and a further feasibility study on ground source heat. A Councillor questioned whether the target had ever been 75% by 2025. The Head of Policy and Performance advised that she was not aware of this, however would look into this and report back. The Committee were minded to measure both areas separately going forward, but would await confirmation on the points raised.

The importance of cyber security was highlighted by the Portfolio Holder for Finance, IT and Digital. He wished to highlight the work that the IT team undertook on a day to day basis to protect the Council from cyber attacks. The biggest threat ultimately was human error, therefore the requirement to undertake the cyber security training was key for both Officers and Councillors alike. Training in this area was mandatory was refreshed regularly. All Councillors would be required to undertake this training post election as part of the Member Induction Programme. He thanked the Senior Member Services Officer for her pre-emptive work in this area.

**Resolved:**

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

## **355 Approval of Annual Governance Statement**

The Policy and Scrutiny Officer introduced the item. The Council had to produce and approve an Annual Governance Statement, this summarised the Council's approach



to governance and detailed how the Council fulfilled the principals for good corporate governance. There were five governance areas that would be actioned through 2023/24, these were; changes to the constitution presented to Full Council annually for approval, exploration of alternative ways of consulting with residents in respect of the draft budget proposals for 2024/24, an updated Project Management Toolkit, production of a Corporate Policy Tracker and to ensure that the Council put in place governance arrangements for monitoring the delivery of its savings programme for 2023/24.

In response to questions, the Head of Policy and Performance advised that the Solicitor to the Council and Monitoring Officer alongside Bevan Brittan had undertaken a review of the executive arrangements in the Constitution. There was further work being done, by herself, to address the presentation of the Constitution. There was some remit to shorten the document without this impacting upon the governance arrangements. It was intended that these changes would be presented to Full Council on 27<sup>th</sup> April 2023.

**Resolved:**

**That the Audit Committee approves the 2022/23 Annual Governance Statement.**

### **356 Internal Audit and Assurance Plan 2023/24**

The Head of Internal Audit introduced the report and highlighted the recommendations contained within. The report set out the proposed audit and assurance plan for Ashford Borough Council. She drew attention to the available staffing resources and days allocated to work for the Council. There had been resourcing issues at Mid Kent Audit Partnership over the past three years, however she wished to reassure the Committee that a restructure was underway, with a target for posts to be filled by June 2023. They had access to sources of specialist expertise through framework agreements and intended to use these to ensure that the audit plan was met.

**Resolved:**

**That the Audit Committee;**

- (i) Approves the Internal Audit and Assurance Plan for 2023/24**
- (ii) Notes that the Partnership has sufficient resources to deliver the plan and a robust Annual Audit Opinion.**
- (iii) Notes that the plan has been compiled independently and without inappropriate influence from management.**

### **357 Progress Update on the 2021/22 External Audit**

The Audit Manager – Grant Thornton UK introduced the report. The main message was that the work on the 2021/22 accounts was in order with an aim to present the Audit Findings Report to the June 2023 meeting of the Committee. There were still

issues relating to staffing in the audit world, however they would be supported by colleagues overseas to complete the work on the 2022/23 audit.

The Committee were mindful of the implications of the staffing shortfall in the audit sector and questioned whether Grant Thornton UK would be able to undertake the level of work that they had been awarded through the PSAA process. The Audit Manager – Grant Thornton UK said that whilst issues still remained, and there was a backlog of accounts, he was confident that they were on the road to improvement and issues should not be repeated. Overseas staff will be bought in to assist with the workload and deliver the programme.

The Audit Manager – Grant Thornton UK confirmed that the work on the 2021/22 audit was on target to be completed, with work on the 2022/23 audit deliverable.

**Resolved:**

**That update be received and noted.**

## **358 Presentation of Financial Statements**

The Senior Accountant advised that they were 10 days away from the start of year end for 2022/23 accounts. The Council was required to produce an annual statement of accounts for the financial year ending 31 March. The timetable for closedown had been finalised for the financial year ending the 31 March 2023 with an estimated production date of 22 May 2023, and a statutory date to publish draft accounts being 31 May 2023. Grant Thornton would then audit the Accounts with an opinion issued by 30 September 2023. The Department for Levelling Up, Housing and Communities had held a consultation in regards to the deadline of publishing the draft accounts at 31 May. The review closed on 2 March, however no results have been published to date.

The Senior Accountant concluded that the Council had set a balanced budget for 2022/23 and had a Medium Term Financial Plan that demonstrated that the Council was a 'going concern' and would operate for the foreseeable future. As such the accounts would be prepared on this basis.

**Resolved:**

**That that Audit Committee;**

- (i) Notes the report**
- (ii) Approves the accounting policies for the 2022/23 accounts.**

## **359 Report Tracker & Future Meetings**

**Resolved:**

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

---

Queries concerning these minutes? Please contact Member Services:  
Telephone: 01233 330499 Email: [membersservices@ashford.gov.uk](mailto:membersservices@ashford.gov.uk)  
Agendas, Reports and Minutes are available on: <http://ashford.moderngov.co.uk>

This page is intentionally left blank

# Agenda Item 6



**Agenda Item No:** 6  
**Report To:** Audit Committee  
**Date of Meeting:** 20 June 2023  
**Report Title:** Internal Audit Report & Annual Opinion 2022/23  
**Report Author:** Katherine Woodward  
**Job Title:** Head of Mid Kent Audit Partnership

**Summary:** The Public Sector Internal Audit Standards (the Standards) require the 'Chief Audit Executive', for Ashford this role is fulfilled by the interim Head of Audit Partnership, to deliver an annual opinion that the Council can use to directly inform its Annual Governance Statement. The annual opinion provides a conclusion on the overall adequacy and effectiveness of the Council's framework of corporate governance, risk management and system of internal control.

**Key Decision:** NO

**Significantly Affected Wards:** All

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

- I. **Note** the Internal Audit Report and Annual Opinion. The opinion states that, for the 12 months ending 31 March 2023, the Council operated an effective framework of corporate governance, risk management and internal control.
- II. **Note** that the work to support the opinion was completed with sufficient independence and in conformance with Public Sector Internal Audit Standards

**Policy Overview:** The Public Sector Internal Audit Standards (The "Standards") require an annual audit opinion to inform the Annual Governance Statement.

**Financial Implications:** N/A

**Legal Implications:** N/A

**Equalities Impact Assessment:** No direct implications

**Data Protection Impact Assessment:**

<b>Risk Assessment (Risk Appetite Statement):</b>	N/A
<b>Sustainability Implications:</b>	N/A
<b>Other Material Implications:</b>	N/A
<b>Exempt from Publication:</b>	<b>NO</b>
<b>Background Papers:</b>	Appendix A: Internal Audit Report & Annual Opinion 2022/23
<b>Contact:</b>	<u><a href="mailto:Katherine-woodward@ashford.gov.uk">Katherine-woodward@ashford.gov.uk</a></u> <u><a href="mailto:Katherine.Woodward@midkent.gov.uk">Katherine.Woodward@midkent.gov.uk</a></u>

## **Report Title: Internal Audit Report and Annual Opinion 2022/23**

### **Introduction and Background**

1. Internal audit is a compulsory service for authorities as set out by Regulation 5 of the Accounts and Audit Regulations 2015. The principal objective of internal audit as described in that Regulation is: “[to] undertake [audit work] to evaluate the effectiveness of [...] risk management, control and governance processes, taking into account public sector internal auditing standards and guidance”
2. This report delivers the Head of Internal Audit annual reporting directed by the Public Sector Internal Audit Standards (the “Standards”). The report includes the Head of Audit Partnership’s annual opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control. This opinion feeds into the Annual Governance Statement for 2022/23.
3. The Standards, in particular Standard 2450 (Overall Opinions) direct the annual report to include:
  - The annual audit opinion
  - A summary of work completed that supports the opinion, and
  - A statement on conformation with Standards.
4. We have completed the work set out in the plan in full conformance with the Standards. We have also worked independently, free from undue influence of either officers or Members

### **Proposal**

5. The interim Head of Audit Partnership is satisfied the Council can place assurance on the system of control in place during 2022/23. The Committee is asked to note this opinion.
6. The full Annual Report for 2022/23 is attached as an Appendix. This report includes a summary of all work conducted to support the opinion and affirms the independence and effectiveness of the internal audit service.
7. We present the opinion and associated report for noting and for Members to consider alongside their evaluation of associated year end reports into the Council’s finance and governance. This report does not seek any substantive decision or action from the Council as a direct result.

### **Equalities Impact Assessment**

8. N/A

## **Consultation Planned or Undertaken**

9. We consult and agree with relevant Heads of Service before finishing all findings and recommendations arising from individual audit engagements. The headline messages in our report have been discussed with the Management Team and have been shared to help prepare the Annual Governance Statement

## **Other Options Considered**

10. N/A

## **Reasons for Supporting Option Recommended**

11. N/A

## **Next Steps in Process**

12. N/A

## **Conclusion**

13. N/A

## **Portfolio Holder's Views**

14. N/A

## **Contact and Email**

15. Katherine Woodward  
Head of Mid Kent Audit Partnership  
[Katherine.Woodward@midkent.gov.uk](mailto:Katherine.Woodward@midkent.gov.uk) / [Katherine.Woodward@ashford.gov.uk](mailto:Katherine.Woodward@ashford.gov.uk)



**Internal Audit Report &  
Annual Audit Opinion  
2022/23**

**Ashford Borough Council**



# MID KENT AUDIT

## Introduction

1. This is the 2022/23 Annual Report by Mid Kent Audit on the internal control environment at Ashford Borough Council ('the Council'). The annual internal audit report summaries the outcomes of the reviews that have carried out on the Council's framework of governance, risk management and internal control and is designed to assist the Council making its annual governance statement.
2. This report provides the annual head of audit opinion ('Opinion statement') and a summary of the key factors taken into consideration in arriving at the Head of Audit Opinion statement, as at 31 May 2023.

## Head of Internal Audit Opinion statement

3. The Head of Audit Opinion draws on the work carried out by Mid Kent Audit during the year on the effectiveness of managing those risks identified by the Council and covered by the audit programme or associated assurance. Not all risks fall within the agreed work programme. For risks not directly examined reliance has been taken, where appropriate, from other associated sources of assurance to support the Opinion statement (an explanatory note is included at Annex A).
4. The Head of Audit Opinion statement for 2022/23 is:

**The planned programme of work delivered by internal audit was constrained by significant staffing vacancies and changes within the internal audit team. The results of the reduced level of internal audit work concluded during the year required me to seek additional assurances to form my opinion. A summary of where it has been possible to place reliance on the work of other assurance providers is presented in the annual internal audit report. Utilising all these forms of assurance I am able to draw a positive conclusion as to the adequacy and effectiveness of Ashford Borough Council's risk management, control and governance processes. In my opinion, Ashford Borough Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.**



# MID KENT AUDIT

## Matters impacting upon the Opinion statement

5. Organisations design internal controls to manage to an acceptable level rather than remove the risk of failing to achieve objectives. Consequently, internal controls can only provide reasonable and not complete assurance of effectiveness. Designing internal controls is a continuing exercise designed to identify and set priorities around the risks to the Council achieving its objectives. The work of designing internal controls also evaluates the likelihood of those risks coming about and managing the impact should they do so.
6. Mid Kent Audit recognises the considerable financial challenges and the difficult decisions that the Council had to deal with during 2022/23, however, the professional and regulatory expectations on public bodies to ensure that their internal audit arrangements, including providing the annual Opinion statement, conform with the Public Sector Internal Audit Standards (PSIAS) have not changed.
7. Factors that need to be taken in to account in reaching the Opinion statement include:
  - Changes in ways of working: Have these led to gaps in the governance, risk management and control arrangements?
  - Independence of internal audit: Have any limitations in the scope of individual audit assignments resulted in it only being possible to place partial assurance on the outcome?
  - Internal audit coverage: Has any reduction in internal audit coverage compared to what was planned resulted in insufficient assurance work?

## Changes in ways of working

8. The following are the main considerations which impacted upon the provision of the Opinion statement for 2022/23. These are not in any priority order and in a number of cases there is an inter-relationship between two or more of these considerations.
  - Remote working and greater use of digital forms of operation and communication has now been in place for two years following the rapid introduction during the pandemic. This change in ways of working is now becoming normalised and adaptations are being managed.



# MID KENT AUDIT

- Diverting staff resources and changing priorities during the pandemic has had an impact in the subsequent years on service delivery. Recovery plans have been effective, but some areas have required a greater period of recovery than others.
- The significant increase in cyber-attacks against all organisations to obtain unauthorised access to data and the consequential need for ongoing updating and vigilance in terms of security of data held.

## Independence of internal audit

9. 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 the service under a collaboration agreement.
10. Within the Council during 2022/23 Mid Kent Audit has continued to enjoy complete and unfettered access to officers and records to complete its work. On no occasion have officers or Members sought or gained undue influence over the scope or findings of any of the work carried out.

## Internal audit coverage

11. Mid Kent Audit has experienced significant turnover of staff throughout the financial year, including the appointment of an interim Head of Audit and an interim Deputy Head of Audit for part of the year. There was also the departure of both Audit Managers towards the end of the year. The permanent Head of Audit Partnership started in December 2022 and no further recruitment was undertaken until very recently while an assessment of the current structure was undertaken. It is acknowledged that a significant level of local knowledge and experience of the Council was lost during the year.
12. The Council's Audit Committee approved the 2022/23 Audit & Assurance Plan on 15 March 2022. The selection, prioritising and scoping of the audit reviews in this Plan was overseen by the Interim Head of the Audit Partnership.
13. There has been impairment in terms of the planned internal audit coverage for 2022/23. This has been due to the knock-on effect of the late completion of the 2021/22 planned work and the significant churn in terms of staff within Mid Kent Audit. There were also a number of reviews which have either been deferred or cancelled. As a consequence a number of the audit reviews set out in the 2022/23 Internal Audit Plan have not been completed in time to inform the 2022/23 Opinion Statement. This is a timing matter, rather than



# MID KENT AUDIT

systematic of any issue in respect to the Council's governance, risk and control framework. The team at Mid Kent Audit has worked diligently at the delivering the work and this timing issue is not a reflection upon the efforts of the current team.

## Arriving at the Opinion statement

### Reliance on internal audit work performed

14. Audit evidence to support the Opinion statement on internal control is derived principally through completing the reviews set out within the agreed Audit Plan. The 2022/23 Audit & Assurance Plan provided for 19 reviews to be carried out. 4 Of these reviews related to Port Health activities, leaving 15 to be completed during 2022/23. One audit was added into the plan after it had been agreed.
15. For the reasons explained in paragraph 13, above, only 8 of these reviews were completed in time to inform the 2022/23 Opinion statement. Three reviews are currently underway. These reviews are shown in the table below. Of these there was one review where the assurance grading was split with some aspect being weak and the remainder sound. There were no Priority 1 (Critical) Actions which affects (negatively) the risk rating assigned to a Council strategic risk or seriously impairs its ability to achieve a key priority.

Audit Review	Assurance rating	Number of Actions by Priority Rating			
		Critical	High	Medium	Low
Accounts Payable	Sound			1	2
Accounts Receivable	Strong				1
Housing Rent Accounts - Voids	Sound			1	3
Treasury Management	Sound			1	
Cash Collection – Parking	Sound / Weak			4	
Development Management	Sound			1	
Data Breaches	Sound			2	
Apprenticeships	Sound			1	3

# MID KENT AUDIT

16. A summary of the Assurance and Action priority level definitions is provided in Annex B.
17. An overview of the key findings from each of the finalised reviews for which details have not been previously provided in the 2022/23 Progress Report to the Audit Committee is provided in Annex C. These finding do not indicate any significant Council-wide weaknesses in the corporate governance, risk or control framework.
18. A reconciliation to the work performed to the approved Audit & Assurance Plan for 2022/23 is provided in Annex D.
19. Where appropriate, reliance has been placed upon previous internal audit work and other work performed by Mid Kent Audit, including:
  - The unqualified 2021/22 Head of Audit Opinion and the findings of previous years' internal audit work carried out (paras 20 below refers).
  - The outcomes of the follow up work carried out to confirm control weaknesses identified by internal audit have been effectively mitigated (paras 22 - 23 below refers).
  - The outcomes of other work performed by Mid Kent Audit for the Council (para 24 below refers).
20. **Previous years' internal audit work:** The unqualified opinion Internal Audit Report for 2021/22 advised that there was only one audit review carried out by Mid Kent Audit during the financial year where there were assurance assessments of 'Weak' or 'Poor'.
21. **Poor or Weak Assessment reviews:** For these reviews which include either Priority 1 or 2 recommendations (Actions) or an overall Poor or Weak assessment, management attend a meeting of the Audit Committee to explain in detail the action being taken in respect to the Actions.
22. **Following up Actions:** Actions are made in the audit reports to further strengthen the control environment in the area reviewed. Management provide responses as to how the risk identified is to be mitigated. Throughout the year Mid Kent Audit carried out checks to ascertain the extent to which the agreed Actions had been addressed by management and that the risk exposure identified has been mitigated.

# MID KENT AUDIT

23. During 2022/23, 58 Actions were followed up and the table below summarises the extent to which the identified risk exposure have been mitigated. These 58 Actions include all those either made in 2021/22, or carried forward from a previous financial year. There were no Priority 1 (Critical) and 17 Priority 2 (High) Actions and as set out below.

Extent of control risk mitigation		Number of Actions by Priority Rating			
		Critical	High	Medium	Low
<b>Opening Number</b>		-	17	25	16
Current Status:	Cleared		13	18	9
	Not yet actioned		4	7	7

24. **Outcomes of other work carried out by Mid Kent Audit:** Work was carried out on the Section 31 Grant Determination 31/6499 Biodiversity Net Gain certification. The Head of the Audit Partnership reviewed the certification completed by the council on grant spend and provided a signed assurance confirming it was in line with the guidance.

## Reliance on other sources of assurance

25. For the reasons set out earlier in the Report it has been necessary for 2022/23 to place some reliance upon a number of 'other assurance providers' and these are summarised below:
- Onsite IT Health Check and external network penetration test (para 26 refers).
  - Covid 19 Business Grant assurance schemes (para 27 refers)
  - Safeguarding children, young people and adults. Peer reviews completed during 2022 (para 28 refers)
26. Intertek NTA (an accredited 3<sup>rd</sup> party) conducted an onsite IT Health Check and an external network penetration test and produced two reports: 'Public Services Network Code of Connections Internal Security Report and an External Security Report'. There were no critical findings in either report. On the Internal security a number of high risk actions were identified, the majority were already known and have an action / mitigation in place or underway to address the findings. There is only 1 high risk finding that could cause a concern that is being reviewed by the Head of IT and Digital. Internal audit will work with the IT team to ensure the actions identified are implemented.



# MID KENT AUDIT

27. Post payment assurance work following the completion of the Covid 19 business grant schemes has been signed of by the Department for Business, Energy and Industrial Strategy (BEIS) and checked and verified by the National Audit Office (NAO), concluding that “the evidence submitted by Ashford Borough Council has followed an appropriate and robust process in completing the minimum assurance checks when awarding and paying a grant”.
28. Three reviews were undertaken by our peers in the following Safeguarding areas:
  - Kent and Medway Safeguarding Adults Board (KMSAB) annual agency report – each partner is required to complete this document annually and it is then peer reviewed at the Quality Assurance Working Group.
  - KMSAB thematic statutory self-assessment on self-neglect and hoarding – peer reviewed in August 2022 with two areas for improvement noted that have been incorporated onto an action plan.
  - Section 11 of the Children Act 2004 return – completed in September 22 and peer reviewed by the Kent Safeguarding Children Multi Agency Partnership. A few minor amendments were suggested, and the return has been updated and submitted in November 2022.

## MKA

29. Information on Mid Kent Audit which supports the delivery of the internal audit and other work carried out in the financial year is summarised in Annex E. Overall, despite the significant staffing changes during the year, Mid Kent Audit has maintained a PSIAS compliant service and there has been no diminution in the robustness of the work performed.

## Acknowledgements

30. Managers, Officers and Members are thanked for their continued support throughout the year which has assisted in the efficient delivery of the audit work





# MID KENT AUDIT

## Annex A

### Other Sources of assurance for 2022/23

#### The corporate governance, risk and control framework

The corporate governance, risk and control framework for the Council is dynamic and there will be changes to the processes throughout the year. The key consideration for arriving at the annual Head of Audit Opinion is the materiality of any changes in terms of possibly increasing the exposure of the Council to activities and decisions which do not conform with the approved strategies and policies.

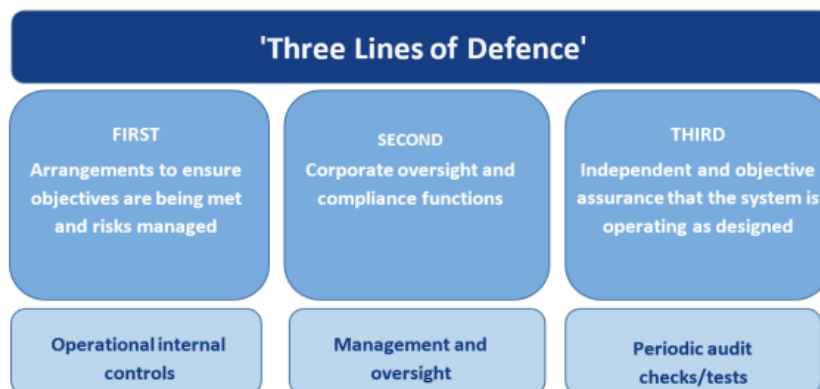
#### Obtaining additional sources of assurance

During the COVID Pandemic CIPFA provided guidance on utilising other forms of assurance to support arriving at a Head of Audit Opinion. This means that where the agreed internal audit plan of work has not been fully carried out additional assurances can be obtained from 'other assurance providers' (this being the CIPFA terminology).

#### Three lines of defence

The three lines of defence model, below, explains how the level of assurance that can be taken by the Head of Audit reduces if the source of assurance is from the second line of defence and reduces even further if it is from the third line of defence.

As a consequence the additional assurance utilised to assist in supporting the 2022/23 Head of Audit Opinion has only relied upon second line of defence sources of assurance (i.e. where the author is not directly involved in the day-to-day operation of the corporate governance, risk and control arrangements they are reporting upon).



# MID KENT AUDIT

## Reduction in reliance due to passage of time

Due to the dynamic nature of the corporate governance, risk and control framework for the Council the reliance which can be placed on forms of assurance reduces as time passes. This has particularly been the case over the last two financial years with all the short-notice changes that were made to respond to the business disruption due to the COVID 19 pandemic. As a consequence the additional assurance placed on work carried out prior to the start of 2022/23 has been kept to a minimum.



# MID KENT AUDIT

## Annex B

### Assurance and priority level definitions

Full Definition	Short Description
<p><b>Strong</b> – Controls within the service are well designed and operating as intended, exposing the service to no uncontrolled risk. Reports with this rating will have few, if any, recommendations and those will generally be priority 4.</p>	<p>Service/system is performing well</p>
<p><b>Sound</b> – Controls within the service are generally well designed and operated but there are some opportunities for improvement, particularly with regard to efficiency or to address less significant uncontrolled operational risks. Reports with this rating will have some priority 3 and 4 recommendations, and occasionally priority 2 recommendations where they do not speak to core elements of the service.</p>	<p>Service/system is operating effectively</p>
<p><b>Weak</b> – Controls within the service have deficiencies in their design and/or operation that leave it exposed to uncontrolled operational risk and/or failure to achieve key service aims. Reports with this rating will have mainly priority 2 and 3 recommendations which will often describe weaknesses with core elements of the service.</p>	<p>Service/system requires support to consistently operate effectively</p>
<p><b>Poor</b> – Controls within the service are deficient to the extent that the service is exposed to actual failure or significant risk and these failures and risks are likely to affect the Council as a whole. Reports with this rating will have priority 1 and/or a range of priority 2 recommendations which, taken together, will or are preventing from achieving its core objectives.</p>	<p>Service/system is not operating effectively</p>

# MID KENT AUDIT

## Finding, Recommendation and Action Ratings

**Priority 1 (Critical)** – To address a finding which affects (negatively) the risk rating assigned to a Council strategic risk or seriously impairs its ability to achieve a key priority. Priority 1 recommendations are likely to require immediate remedial action. Priority 1 recommendations also describe actions the authority **must** take without delay.

**Priority 2 (High)** – To address a finding which impacts a strategic risk or key priority, which makes achievement of the Council’s aims more challenging but not necessarily cause severe impediment. This would also normally be the priority assigned to recommendations that address a finding that the Council is in (actual or potential) breach of a legal responsibility, unless the consequences of non-compliance are severe. Priority 2 recommendations are likely to require remedial action at the next available opportunity, or as soon as is practical. Priority 2 recommendations also describe actions the authority **must** take.

**Priority 3 (Medium)** – To address a finding where the Council is in (actual or potential) breach of its own policy or a less prominent legal responsibility but does not impact directly on a strategic risk or key priority. There will often be mitigating controls that, at least to some extent, limit impact. Priority 3 recommendations are likely to require remedial action within six months to a year. Priority 3 recommendations describe actions the authority **should** take.

**Priority 4 (Low)** – To address a finding where the Council is in (actual or potential) breach of its own policy but no legal responsibility and where there is trivial, if any, impact on strategic risks or key priorities. There will usually be mitigating controls to limit impact. Priority 4 recommendations are likely to require remedial action within the year. Priority 4 recommendations generally describe actions the authority **could** take.

**Advisory** – We will include in the report notes drawn from our experience across the partner authorities where the service has opportunities to improve. These will be included for the service to consider and not be subject to formal follow up process.



### Summary of Audit Findings

#### Cash Collection – Parking

Sound / Weak

Our work included a retrospective view of interim cash collection arrangements employed by the Council in response to its cash collection contractor ceasing trading. The service acted swiftly in response to this unplanned risk and we noted some areas of good practice however there were some deficiencies in some key areas including the volume of cash exceeding the appropriate secure facilities and loss of some key records for reconciliation and verification of monies banked. These weaknesses do not pose an ongoing risk, but we have advocated updating business continuity arrangements to be better prepared to deal with a similar incident.

The Current operations are meeting the aims of ensuring car parking cash is collected, banked and reconciled in a timely and accurate manner.

#### Development Management

Sound

The development management function is underpinned by current planning policies, principally set out within the council's adopted Local Plan, which is complemented by other statutory plans, such as Neighbourhood Plans.

We found the council's constitution requires updating specifically in relation to officer delegations, which follows the restructure to the organisation. However, we were made aware of a wider piece of work which is ongoing to include a rewrite of the section 'responsibilities of function,' which will resolve matters from the audit.

Operationally, the service has comprehensive procedural guidance in place to support and aid officers. our testing of applications found these had been processed in accordance with legislation and council policies and we could agree the correct payment of the planning fee. We also found performance returns to be accurate where tested.

We raised one priority finding relating to site inspections, where our testing found inconsistencies within this aspect of the process. the service should clarify its expectations in relation to site visits including documenting both evidence and also rationale where a physical visit is not completed.

# MID KENT AUDIT

## Accounts Receivable

### Strong

Our testing confirmed that the service has appropriate controls in place for ensuring that invoices are raised promptly, instalments are setup and reminders are issued in accordance with policy and instructions from the relevant Council service areas. However, we found that reminders were not always being issued in accordance with the timescales set out within the Corporate Debt Recovery Policy.

Credit notes were submitted correctly and had been appropriately authorised. There was a separation of duties between the raising and allocating of the credit note and all had been raised against the correct debtor.

The monthly reconciliations between accounts receivable and the general ledger were reviewed, and it was confirmed that they were taking place in line with procedure, were promptly completed and figures could be traced back to source documentation.

## Accounts Payable

### Sound

Controls ensuring that goods and services had been appropriately ordered and received, were working effectively for both PO and non-PO payments. Invoices were being paid in a timely manner, although there was one invoice highlighted in our sample which had not been paid within 30 days.

'Holds' on payment were not always being resolved promptly and some issues were found with four of the sample.

Overall, credit notes were being processed in line with procedures, three of these had a corresponding invoice and had been authorised for payment appropriately.

Changes to supplier details were being carried out in line with Council policy. However evidence of how each processed change to standing supplier details has been verified was not being recorded.

Reconciliations were taking place in line with procedures. A reconciliation report is reviewed weekly as part of the payrun to ensure the amount sent for payment is correct. One week's reconciliation was reviewed with the Exchequer Manager and no issues were highlighted.



# MID KENT AUDIT

## Data Breaches

### Sound

The Council has an approved suite of information governance policies, that sets out measures to protect Council data and how to recognise and report a data breach. Compulsory information governance training is provided to officers on an annual basis and there is a procedure in place to follow up on officers that have yet to complete the training. Councillors have access to the training but are not required to undertake the training. 45 Councillors have not undertaken the training. As they have access to Council data, it is important they know how to protect data as well as recognise a breach and when to report it.

Data breaches that have occurred have been risk assessed and mitigating actions put in place, where applicable, to reduce the impact that the breach has for the Council. Trends in breaches are identified and reviewed to determine if further action is needed to reduce the chance of future data breaches. The Council has a range of technical controls to ensure that emails are protected and secure.

## Apprenticeships

### Sound

Our testing found controls to be generally well designed and operated effectively and overall, the apprenticeships scheme is well-managed. Benchmarking found that the Council compared favourably in utilising its apprenticeship levy funding.

We confirmed that suitable checks are in place which ensure only registered training providers are used under the scheme.

We raise four priority findings from our work. A key area presenting opportunity for improvement relates to budget monitoring of the levy 'pot'. We confirmed that levy amounts were correctly paid to HMRC through payroll, however there is no reconciliation of the amount received back from the government to confirm accuracy of the funds stated on the Apprenticeship Portal.

The Portal information is supplemented with an internal spreadsheet used by the service to record commitments and to make projections and there is a degree of complexity to managing the 'pot' to also ensure funds are used before expiration. While the Council is currently successful in this aim, reliance is placed on the



# MID KENT AUDIT

individual knowledge of one officer with experience using the Portal, and who also maintains the internal spreadsheet. There is scope for the service to work more closely with Finance to provide resilience in budget monitoring and to ensure standalone records are reconciled and projections confirmed.

We also advocate the reporting of this information to management. Lower priority findings relate to manager guidance, promotion of the apprenticeship scheme, and ensuring administrative forms are signed.





# MID KENT AUDIT

## Annex D

### Reconciliation of the approved 2022/23 Internal Audit Plan

The Position column provides the position as at 31 May 2022 and with the exception of the shaded reviews, does not warrant that this will be the final position for any of these reviews. The highlighted rows, below, are the reviews which informed the 2022/23 Head of Audit Opinion statement.

It was acknowledged that there can be a time-lag between issue of the draft report and the subsequent finalisation of an audit report. The 'Agreed Draft' status signifies that management has accepted the assurance grading provided for the review and is substantially in agreement with the detailed findings. The management responses to the Actions have not yet been provided. Consequently, for the purposes of providing the Head of Audit Opinion audit reviews which have reached Agreed Draft have been included.

Audit Review	Position at 31 May 2023
Housing Rent Accounts – Voids	Finalised
Treasury Management	Finalised
Cash Collection - Parking	Finalised
Development Management	Finalised
Accounts Receivable	Finalised
Accounts Payable	Finalised
Leisure Services – Contract Management	Work in progress
Temporary Accommodation	Work in progress
IT Backup and Recovery	Work in progress
PFI Management – Stanhope Estate	Dropped
Data Breaches	Finalised
Elwick Road Programme	Dropped
Apprenticeships	Agreed Draft
Contract Management – Responsive Repairs Contract	Postponed until 2023/24
Payroll and HR Systems	Postponed until 2023/24
Newtown Ashford International Studios Programme	Cancelled by service

# MID KENT AUDIT

Annex E

## About Mid Kent Audit

### Standards and ethical compliance

- A. Government sets out the professional standards that Mid Kent Audit must work to in the Public Sector Internal Audit Standards (PSIAS). These Standards are a strengthened version of the Institute of Internal Audit's global internal audit standards, which apply across public, private and voluntary sectors in more than 170 countries around the world.
- B. The Standards include a specific demand for reporting to Senior Management and the Audit Committee on Mid Kent Audit's conformance with the Standards.

### Conformance with the PSIAS

- C. CIPFA carried out a comprehensive External Quality Assessment (EQA) in May 2020 which confirmed that MKA was in full conformance with the Standards and the CIPFA Local Government Application Note (LGAN). The Standards requires an EQA to be carried out at least once every five years, but does not stipulate specific time intervals for Internal Quality Self-Assessments (ISA) in the intervening period.
- D. In February 2021 the interim Head of Audit for Mid Kent Audit carried out an ISA of conformance with the PSIAS. This review confirmed conformance with the PSIAS and raised 13 advisory or low priority action points. These points are currently being reviewed and managed by the substantive Head of Mid Kent Audit.
- E. The scope of this ISA did not include consideration of either the risk management or counter fraud work carried out by MKA. The scope did not include consideration of the resourcing of MKA, the audit risk prioritisation process or the appropriateness of the times allocated to the different stages of individual audit assignments.

### Resources

- F. 2022/23 was a year of unprecedented staff change within Mid Kent Audit. Details of a number of these changes have previously been reported to the Audit Committee in the reports submitted by Mid Kent Audit. At the end of the financial year there were significant vacancies in the management of the partnership and the substantive Head of Mid Kent Audit has been undertaking



# MID KENT AUDIT

a review of the staffing requirements to ensure the service is future proofed and fit for purpose to deliver the service required by our partners. This review has now been completed and recruitment is underway. There will still be an impact during 2023/24, but the position will improve over the course of the year.

## Use of an external provider to assist with audit reviews

- G. In September 2022, following a procurement process, Veritau was appointed to carry out a number of the audit reviews for which Mid Kent Audit did not have the available resources in-house. This reflects that Mid Kent Audit has ensured the difficulties with staffing experienced during the year have been partially mitigated.



This page is intentionally left blank

# Ashford BC Audit Progress Report and Sector Update

Year ending 31 March 2022

June 2023



# Contents

Section	Page
Introduction	3
Progress at June 2023	4
Audit Deliverables	5
Sector Update	6

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 Authority 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.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

---

# Introduction

## Your key Grant Thornton team members are:

### Darren Wells

Key Audit Partner

T 01293 554120

E [Darren.J.Wells@uk.gt.com](mailto:Darren.J.Wells@uk.gt.com)

### Trevor Greenlee

Audit Manager

T 01293 554071

E [Trevor.Greenlee@uk.gt.com](mailto:Trevor.Greenlee@uk.gt.com)

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

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector, and where you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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

# Progress at June 2023

## 2021/22 audit

### Financial statements

Our planning for the audit of the 2021/22 financial statements took place in November 2022. We presented our 2021/22 Audit Plan to the November 2022 Audit Committee.

Our detailed work on the audit of the Council's financial statements commenced in December 2022.

Page 40 We have progressed the audit since December and completed the fieldwork on a number of key areas. These remain to be quality reviewed and some further queries may arise as a result of this. There are some areas where the detailed fieldwork remains to be completed including;

- revaluations for other land and buildings, council housing and heritage assets
- Section 106 agreements
- Pension liability.

The latter point was subject to national consideration as audit firms, the NAO and CIPFA assessed the impact of updated information from the triennial review of pension funds and the impact of that on the 2021/22 financial statements. Stakeholders have set out their views in the last few weeks and as a firm, we have agreed our way forward.

Since April, across all firms, work on local authority audits was paused to allow for the completion of work on NHS audits in accordance with parliamentary timetables.

We intend to return to the 2021/22 audit in July to complete our work.

## 2022/23 audit

The Local audit market has been struggling for a number of years. We have explored these items in detail in our publication [About time? \(see page 7\)](#). Our reflections on recent past years is that we have tried to please everyone and spread our resource too thinly, particularly given the well documented symptoms of the state of the local audit system.

This year will see a change to our resourcing plans. We intend to commence all upper tier audits (at least one year for those councils with old audits) in July 2023 with a hard close completion of 31 October 2023. We will then put all of our resource into delivering all 2022/23 districts.

For Ashford, we plan to commence the 2022/23 audit in November.

Following a number of staff departures, we have had to rebalance audit portfolios. For Ashford this means that a new engagement lead and audit manager will undertake the 2022/23 audit.

### Value for money

We report the findings from our value for money work in our Auditor's Annual Report. Under guidance issued by the National Audit Office we are required to issue our Auditor's Annual Report no more than three months after the date of the opinion on the financial statements.

Planning for our 2021/22 value for money work commenced in March 2023. We anticipate completing our work and reporting our findings in line with the guidance issued by the National Audit Office.



# Audit Deliverables

2021/22 Deliverables	Planned Date	Status
<p data-bbox="120 408 264 432"><b>Audit Plan</b></p> <p data-bbox="120 456 1339 520">We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2021-22 financial statements.</p>	November 2022	Completed
<p data-bbox="120 560 421 584"><b>Audit Findings Report</b></p> <p data-bbox="120 608 992 632">The Audit Findings Report summarises the outcomes from our audit.</p>	July 2023	Not yet due
<p data-bbox="120 671 338 695"><b>Auditors Report</b></p> <p data-bbox="120 719 734 743">This is the opinion on your financial statements.</p>	July 2023	Not yet due
<p data-bbox="120 783 450 807"><b>Auditor's Annual Report</b></p> <p data-bbox="120 831 1155 855">This Report communicates the key issues arising from our Value for Money work.</p>	July 2023	Not yet due

# Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A dark purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local  
government

# Delayed publication of audited local authority accounts

What more can be done?

All key stakeholders in the local audit system will need to continue their efforts to secure improvement and a return to high levels of compliance with timely publication of audited accounts. The report explores several of the causes of delay and steps which might be taken to reduce the incidence of delays.

These steps relate to systems leadership, holding both authorities and auditors to account for their performance, a continued focus on the quality of accounts preparation and audit, and the effective engagement between auditors and audited bodies.

The report makes 20 recommendations for improving timeliness in publishing audited accounts.

The report also sets out a checklist which management and the audit committee should consider. The report recommends DLUHC, CIPFA or the FRC set out expectations for the system as a whole.

[Click here for full report](#)

## About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



# Delayed publication of audited local authority accounts

In December 2022 there were over 600 local audit opinions outstanding. This means that many stakeholders can't rely on audited accounts to inform decision making – a significant risk for governance and control.

Local authority accounts are becoming increasingly complex as accounting standards evolve and local authorities enter more and more innovative financing arrangements and income generation projects. A significant challenge in managing local audits is the differing needs of various stakeholders. The local government sector, central government and regulators need to agree on the purpose of local audit and find a consensus on improving efficiency in publishing accounts. Grant Thornton has produced a report that explore the reasons for delayed publication of audited local authority accounts.

Table 1 below illustrates the declining performance against the target date for publication of audited accounts in recent years.

**Table 1 Audited accounts published by target date over the last six years**

Financial year	Deadline for publication of unaudited accounts	Target date for publication of audited accounts	% audited accounts published by target date (all firms average)	% audited accounts published by target date (Grant Thornton audits)
2016/17	30 June 2017	30 September 2017	95	97
2017/18	31 May 2018	31 July 2018	87	91
2018/19	31 May 2019	31 July 2019	58	65
2019/20	1 September 2020	30 November 2020	45	54
2020/21	1 August 2021	30 September 2021	9	12
2021/22	1 August 2022	30 November 2022	12	20

## About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



# Local government procurement and contract management-

## Background

Local authorities in England spend around £82.4 billion a year on goods and services. More than a third of all UK government spending on goods and services is spent in the local government sector<sup>1</sup>. Allowing for capital spending as well, the UK public sector procures around £300 billion a year overall.

We reviewed a large number of reports, inspections and interventions issued by a number of firms, including 53 Annual Auditor Reports issued by Grant Thornton UK LLP. To help build on existing good practice, in this report we highlight some common themes for members and officers to consider:

This report considers a selection of issues we identified under each theme and makes recommendations both to local authorities and, in one case, to central government. The report presents a good practice checklist for local authority members and officers to reflect on.

The analysis sets out five key themes for ensuring good practice:

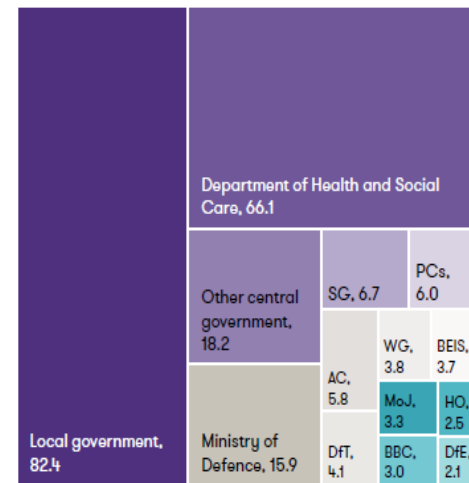
- Strategic planning
- Internal control
- Time, technical expertise, and people
- Commercial awareness
- Contract management

[full report here](#)

More than a third of all UK government spending on goods and services is spent by local government, so it's important councils have effective arrangements for procurement and contract management

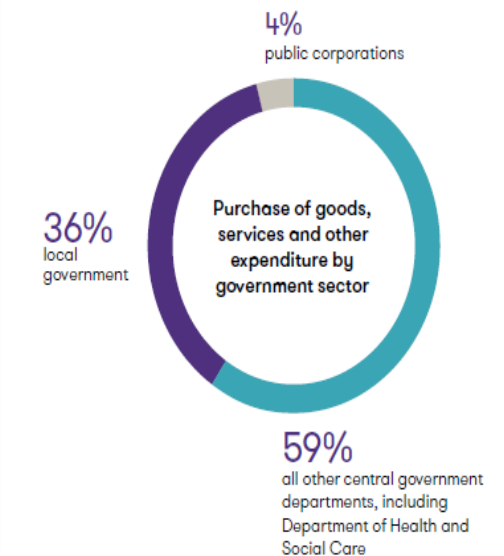
## UK public spending

Public spending on goods and services, £ billions - analysis by segment and department<sup>2</sup>



PCs Other Public Corporations AC Academies  
 DfT Department for Transport MoJ Ministry of Justice  
 WG Welsh Government BBC British Broadcasting Corporation  
 HO Home Office  
 DfE Department of Education BEIS Department of Business, Industry Strategy  
 SG Scottish Government

Goods, services and other expenditure by segment<sup>4</sup>



<sup>1</sup> HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022  
<sup>2</sup> Cabinet Office, Transforming Public Procurement: Government response to consultation, December 2021  
<sup>3</sup> HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022  
<sup>4</sup> HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022

# Grant Thornton – Nearly 60 councils at risk of ‘running out of money’ next year

Grant Thornton has warned that the soaring cost of living combined with a decade of austerity could see up to a sixth of English councils fully deplete their reserves in 2023-24 without substantial spending cuts.

Research found that, as a result of higher inflation, councils are expected to have a cumulative budget deficit of £7.3bn by 2025-26 – an increase of £4.6bn since forecasts made at the beginning of this year.

Grant Thornton said that although reserves were bolstered by more than £5bn in 2020-21 due to higher government funding, these balances will “continue to unwind through the long tail of Covid-19” with close to 60 councils forecast to use all earmarked and unallocated reserves next year.

Without additional income, authorities would need to make savings of over £125 per person by 2025-26, equal to the average yearly spend on homelessness, sports and leisure, parks and open spaces, libraries and waste services.

Phillip Woolley, Head of Public Services Consulting at Grant Thornton, said: “Local government has faced unprecedented demands and pressures over the last decade and without action from both central government and councils, in the face of these inflationary pressures, the list of authorities in need of exceptional support looks set to grow quickly.

“Our research shows the additional Covid-19 funding, while critical to support immediate challenges, has not addressed underlying systemic issues or the precariousness of councils’ financial sustainability in the face of economic instability.

“Local authorities are also now facing the risk of interest rate rises, increasing debt financing costs and the real risk of reduced funding from central government, in response to the current economic turmoil facing the country. Without committed intervention from all sides, there is a risk that the sector levels down instead of up.”

Grant Thornton estimated unitary authorities would have the largest budget gap (£1.8bn) by 2025-26, but district councils would have the largest gap compared to net spending at 10.2%.

The firm added that austerity and changing policy demands have left councils struggling to innovate in their services and prevented investment in finance and procurement, diminishing the sector’s ability to tackle medium-term challenges.

Grant Thornton said additional government funding alone will not lead to improvements, and that councils should focus on improving governance and developing financial stability plans.

Joanne Pitt, local government policy manager at CIPFA, said: “With no spending review and no fair funding review, CIPFA shares Grant Thornton’s concerns about the financial sustainability of some in the sector.

“While there are actions local authorities can take to strengthen their own financial resilience, they are facing significant inflationary pressures and rising demand which makes this hugely challenging for the sector.”



# Audit Committees: Practical Guidance For Local Authorities And Police – CIPFA

In October CIPFA published this guide, stating “This fully revised and updated edition takes into account recent legislative changes and professional developments and supports the 2022 CIPFA Position Statement. It includes additional guidance and resources to support audit committee members, and those working with and supporting the committee’s development.”

CIPFA go on to state “Audit committees are a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. They play an important role in supporting leadership teams, elected representatives, police and crime commissioners and chief constables.

This edition updates CIPFA’s 2018 publication to complement the 2022 edition of the CIPFA Position Statement on audit committees.

The suite of publications has separate guidance resources for audit committee members in authorities, members of police audit committees, and a supplement for those responsible for guiding the committee.

New aspects include legislation changes in Wales and new expectations in England following the Redmond Review. All authorities and police bodies are encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.

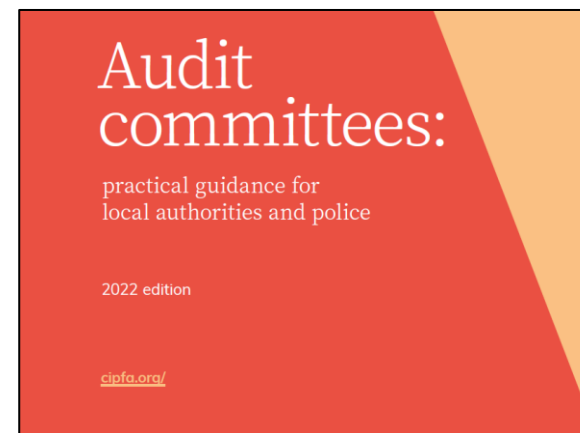
The appendices include suggested terms of reference, a knowledge and skills framework and effectiveness improvement tools.”

The guide covers a number of key areas for Audit Committees, including:

- Purpose
- Core functions:
  - Governance, Risk and Control
  - Accountability and Public Reporting
  - Assurance and Audit arrangements
  - Ensuring focus
- Independence and accountability
- Membership and effectiveness

The guide can be purchased via the CIPFA website:

[Audit Committee Guidance: 2022 update | CIPFA](#)





© 2022 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



## Audit Committee - Future Meetings - 2023/24

<b>Dates to Note</b>		
Date of Meeting	<b>20/06/2023</b>	
Publication of Agenda Date	08/06/2023	
Reports to Management Team	01/06/2023	
Full Council	20/07/2023	
<b>Items for Inclusion on the Audit Agenda</b>		
<b>Part I - For Decision</b>		
1	Internal Audit Annual Report & Opinion 2022/2023	KW
<b>Part II - Monitoring/Information Items</b>		
2	External Audit Progress Report	Gr Th
3	Report Tracker & Future Meetings	KM

<b>Dates to Note</b>		
Date of Meeting	<b>03/10/2023</b>	
Publication of Agenda Date	21/09/2023	
Reports to Management Team	07/09/2023	
Full Council	19/10/2023	
<b>Items for Inclusion on the Audit Agenda</b>		
<b>Part I - For Decision</b>		
1	Corporate Risk Register (on agenda every six months)	CH
2	Annual Governance Statement – Progress on Remedying Exceptions	CH
3	Corporate Enforcement Support & Investigations Team Annual Report 2022/23	DD
4	Annual Report of the Audit Committee	KW
5	Audit Fee Letter	MH
<b>Part II - Monitoring/Information Items</b>		
6	Informing the Audit Risk Assessment 2023/24	LF/Gr Th

7	External Audit Progress Report	Gr Th
8	Report Tracker & Future Meetings	KM

<b>Dates to Note</b>		
Date of Meeting	<b>28/11/2023</b>	
Publication of Agenda Date	16/11/2023	
Reports to Management Team	02/11/2023	
Full Council	14/12/2023	
<b>Items for Inclusion on the Audit Agenda</b>		
<b>Part I - For Decision</b>		
1	Statement of Accounts 2021/22 and External Auditors Findings	LF
2	Homes England – Compliance Audit Annual Report for Ashford Borough Council	MJ
<b>Part II - Monitoring/Information Items</b>		
3	Internal Audit Interim Report	KW
4	2022/23 Audit Plan (External Audit)	Gr Th
5	External Audit Progress Report	Gr Th
6	Report Tracker & Future Meetings	KM

<b>Dates to Note</b>		
Date of Meeting	<b>19/03/2024</b>	
Publication of Agenda Date	07/03/2024	
Reports to Management Team	07/03/2024	
Full Council	16/05/2024	
<b>Items for Inclusion on the Audit Agenda</b>		
<b>Part I - For Decision</b>		
1	Corporate Risk Register (on agenda every six months)	CH
2	Approval of Annual Governance Statement	AS
3	Internal Audit and Assurance Plan 2024/25	KW
4	Progress update on the 2022/23 External Audit	Gr Th

5	Presentation of Financial Statements	MH	
<b>Part II - Monitoring/Information Items</b>			
6	Report Tracker for Future Meetings	KM	

This page is intentionally left blank