

AUDIT COMMITTEE

17 MARCH 2022

ANNUAL AUDIT LETTER 2019/20

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Summary

This report and appendix reflects the work carried out by Grant Thornton, our external auditors, in respect of the 2019/20 financial year.

1. Budget and policy framework
 - 1.1. The receipt of the Annual Audit Letter is a matter for the Audit Committee.
2. Background
 - 2.1. Independent external auditors are responsible for preparing an annual audit letter for all councils. The letter is designed to communicate their key messages and conclusions to the Council and external stakeholders, including members of the public.
 - 2.2. Detailed findings were reported to this Committee on 19 November 2020 with a subsequent update on 28 July 2021.
3. Advice and analysis
 - 3.1. The annual audit letter for 2019/20, produced by Grant Thornton, is attached as Appendix 1 to this report. The letter summarises the key issues arising from the work Grant Thornton have carried out relating to the year ending 31 March 2020 and relates to their responsibilities in both finance and governance matters.
 - 3.2. Set out below is an overview of the key findings contained within the 2019/20 Annual Audit Letter.

3.3. Statement of Accounts:

- The auditor gave an unqualified opinion on the Council's financial statements on 14 October 2021, a delay of just over 10 months against the deadline of 30 November 2020.
- As a result of this delay, the Council will be listed in the Report on the results of auditors' work 2019/20 published by the Public Sector Audit Appointments Ltd (PSAA). In their press release on 2019/20 audited accounts, the PSAA noted: "The number of delayed audit opinions in local government has risen sharply this year. Figures compiled by PSAA, the body responsible for appointing auditors to 98% of local government, police and fire bodies, show that more than 42% (199 out of 474) of audit opinions on 2019/20 statements of accounts were not available by the target date of 30 November 2020". The latest data from the PSAA shows that as of 31 December 2021, there were still 12% (57 out of 474) outstanding opinions on the 2019/20 statements of accounts and 15 authorities (3%) have still not opinions on their 2018/19 statements of accounts.

3.4. A variation of £73,654 to the original fee of £109,687 was approved by the PSAA on 01 March 2022. These additional costs were as a result of further works undertaken by Grant Thornton during 2019/20 (details shown on pages 15 and 16 to Appendix 1).

3.5. Use of Resources (Value for Money):

- The auditor concluded that Medway Council does have proper arrangements to secure economy, efficiency and effectiveness in its use of resources, except for its arrangements to help and protect children in Medway. Ofsted's inspection report on the Council's children's social care services, issued on 27 August 2019, judged services to be 'inadequate'.

3.6. Exercise of Statutory Powers:

- The auditor did not identify any matters which required them to exercise their additional statutory powers.

4. Risk management

4.1. As the majority of the issues identified within the Audit Letter relate to activities of the Council during 2019/20, no risks are identified. However, delivering value for money is one of the three corporate Ways of Working identified in the Council Plan, and in an ever more demanding financial environment, is of prime importance in ensuring that service delivery remains as effective as the letter portrays.

5. Financial implications

5.1. The financial implications are set out in paragraph 3.4 above. The additional costs will be funded from savings made on existing revenue budgets in Business Support and Centralised Services.

6. Legal implications

6.1. There are no direct legal implications to this report.

7. Recommendations

7.1. The Committee is asked to note the content of the Annual Audit Letter for 2019/20.

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Appendices

Appendix 1 – Annual Audit Letter 2019/20

Background papers

None