

## **AUDIT COMMITTEE**

**10 JANUARY 2023**

### **INTERIM AUDIT FINDINGS REPORT 2020/21 AND NOTIFICATION OF APPOINTMENT OF AUDITOR FROM 2023/24**

Report from: Phil Watts, Chief Operating Officer

Author: Andy McNally-Johnson, Head of Corporate Accounts

#### Summary

This report provides an update on the ongoing audit by Grant Thornton with their Interim Audit Findings Report, presented at Appendix 1 and a confirmation of auditor appointment from 2023/24.

The Accounts and Audit Regulations (Coronavirus) (Amendment) 2021 require that the Audit Committee consider the issues raised by the external auditors prior to approval of the Statement of Accounts.

- 1 Budget and policy framework
  - 1.1 The Audit Commission's Code of Audit Practice and International Standard of Auditing (ISA 260) requires the results of the audit to be reported to those charged with governance. This Committee has been delegated the responsibility for considering these reports and agreeing the Council's response. In addition, the Committee, on behalf of the Council, must explain reasons for not adjusting the Statement of Accounts for the issues raised within the auditor's report.
  - 1.2 The Accounts and Audit Regulations (Amendment) 2021 require that the Audit Committee consider these issues by 30 September 2021. There have, however, been delays to the audit as laid out in the report.
  - 1.3 The audit of the Statement of Accounts is ongoing, however Grant Thornton, the Council's External Auditors, have detailed that they hope to finalise the 2020/21 audit at the end of January 2023 and provide a final Audit Findings Report to the next meeting of this Committee.

## 2 Background

- 2.1 The draft Statement of Accounts for Medway Council for 2020/21 was published on the Council's website on 07 March 2022. As set out in the Audit Plan item elsewhere on this agenda, the Council's external auditors, Grant Thornton are responsible for forming and expressing an opinion on:
- The Authority'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 Authority for securing economy, efficiency and effectiveness in its use of resources.

## 3 Auditor's Report

- 3.1 Grant Thornton commenced their audit of the Statements in March 2022 and at the time of producing this report, their audit is ongoing.
- 3.2 The Interim Audit Findings Report (Appendix 1) contains an update on audit work carried out to date and includes the following:
- Headlines – including reasons for the time taken to complete the audit and information as to outstanding issues.
  - Financial Statements – containing an overview, information relating to materiality, significant and other risks, other communication requirements, and other responsibilities under the Code ;
  - Value For Money Arrangements – containing the revised approach to Value for Money work for 2020/21;
  - Independence and Ethics; and
  - Associated appendices.

## 4 Appointment of auditor from 2023/24

- 4.1 On 19 December 2022 the Council was notified by the Public Sector Audit Appointments (PSAA) that following a consultation in October 2023, it has been confirmed that Grant Thornton UK LLP has been appointed as external auditor of Medway Council for five years from 2023/24 to 2027/28.
- 4.2 This appointment, made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, was approved by the PSAA Board at its meeting on 16 December 2022.

## 5 Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
<b>Late approval of Statement of Accounts</b>	The external auditor is unable to provide an opinion of the Councils Statement of	Officers are working closely with Grant Thornton, dealing with audit issues	A3

Risk	Description	Action to avoid or mitigate risk	Risk rating
	Accounts by 30 September 2021.	and providing responses as quickly as possible.	
<b>Likelihood</b>		<b>Impact:</b>	
A Very high B High C Significant D Low E Very low F Almost impossible		1 Catastrophic (Showstopper) 2 Critical 3 Marginal 4 Negligible	

## 6 Financial implications

- 6.1 The audit update report from Grant Thornton, will provide an update as to any potential additional charges in addition to the core audit fees agreed by the PSAA, together with the reasons for any variations. Any additional fees agreed by the Chief Operating Officer will need to be met within existing revenue budgets.

## 7 Legal implications

- 7.1 Auditors are required to comply with the Statement of Auditing Standards, and thus provide an opinion on the Council's Statement of Accounts.

## 8 Recommendations

- 8.1 The Committee is recommended to note the issues raised and judgements made by the Auditor as presented at Appendix 1 to the report.
- 8.2 The Committee notes the appointment of Grant Thornton LLP as the external auditor for the financial years 2023/24 to 2027/28.

### Lead officer contact

Andy McNally-Johnson, Head of Corporate Accounts, Gun Wharf, 01634 333552,  
[andy.mcnallyjohnson@medway.gov.uk](mailto:andy.mcnallyjohnson@medway.gov.uk)

### Appendices

Appendix 1 – Interim Audit Findings Report

### Background papers

None