

Audit Committee

20 March 2025

Audit Plan For The Year Ending 31 March 2025

Report from: Phil Watts, Chief Operating Officer

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Summary

This report presents an update to the plan of Medway Council's External auditors, Grant Thornton, for the audit of the Council's Statement of Accounts for the financial year 2024/25.

1. Recommendations

1.1. The Committee is recommended to note the updated Audit Plan for 2024/25 including the core fees and those proposed for other audit services.

2. Budget and policy framework

2.1. International Standard of Auditing require the audit plan to be communicated to 'those charged with governance'. The Terms of Reference of this Committee include discussions with the external auditor on new accounting standards, changes to the reporting framework and the basis of the annual audit, including the content of performance work.

3. Background

3.1. In accordance with the International Standards on Auditing this report communicates the updated annual audit plan for 2024/25.

3.2. The scale fee for the audit is £443,336, which is an increase of £51,244 over that levied for 2023/24. Any fee in addition to the scale fee will need to be agreed by both the Chief Operating Officer and the Public Sector Audit Appointments (PSAA).

3.3. The plan also sets out the external auditors' approach to:

- Key developments impacting the audit
- Identified risks,
- Group audit,

- Materiality,
- Information Technology (IT) audit strategy
- Value for Money arrangements,
- Logistics,
- Audit fees and related matters,
- Independence considerations,
- Communication of audit matters with those charged with governance, and
- Delivering audit quality.

3.4. The Updated Audit Plan for the year ending 31 March 2025 is attached as Appendix 1 of this report.

4. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Budget Pressure	The budget for audit fees has been set at the level of the scale fee proposed by PSAA; any additional fee charged by Grant Thornton would result in a budget pressure.	It will be necessary to work to identify compensating savings within Business Support and Centralised Services budgets. The Finance & Business Improvement Division will work to ensure that the statements are accurate and supported by high quality working papers to minimise the risk of additional fees being charged.	CIII
Complying with Statutory Deadlines	The draft 2024/25 statements must be published by 30 June 2025 and the audited statements by 27 February 2026.	The finance team has been the subject of right sizing as part of the 2024/25 approved budget to ensure it has the appropriate resources to enable it to meet the statutory deadlines, together	CIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
		with advanced planning including training for both finance staff and budget managers.	

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

5. Financial implications

- 5.1. The PSAA agreed scale fees for 2024/25 are £443,336, but fees for other audit work such as certifications of Teachers Pension, Housing Subsidy and Pooling of Housing Capital Receipts have yet to be provided. Any additional costs over those budgeted for would need to be funded from savings made on existing revenue budgets in Business Support and Centralised Services.
- 5.2. Grant Thornton have recently provided their proposed revised fees for the 2021/22 and 2022/23 audits which were much reduced in scale and resulted in disclaimer opinions for the financial statements. The original PSAA approved fees of £113,287 and £124,062 for 2021/22 and 2022/23 respectively have been proposed to be reduced to £74,196 in both cases. This would equate to a reduction of £39,091 (35%) for 2021/22 and £49,866 (40%) for 2022/23.

6. Legal implications

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

Lead officer contact

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Appendices

Appendix 1 – Medway Council Audit Plan – Year ending 31 March 2025.

Background papers

None.