

This Report will be made public on 8 March 2022



Report Number **AuG/21/25**

To: Audit and Governance Committee
Date: 16 March 2022
Head of Service: Charlotte Spendley, Director of Corporate Services
Cabinet Member: Councillor David Monk, Leader of the Council

Subject: The Updated Audit Findings Report and Letter of Representation for Folkestone & Hythe District Council 2020/21

Summary: Grant Thornton are required to issue a Report to those charged with governance, summarising the findings and conclusions of their audit work. They are also required by professional auditing standards to report certain matters before giving an opinion on the financial statements for the year ended 31 March 2021. The committee considered a draft Audit Findings Report in December and Grant Thornton have now issued an updated report and letter of representation to be signed, following the conclusion of the audit work for 2020/21.

Reasons for recommendations:

The Committee is asked to agree the recommendations set out below because:

- a) It is responsible for considering governance matters on behalf of the Council.

Recommendations:

1. To receive and note Report AuG/21/25.
2. To consider & note Grant Thornton's updated Audit Findings for Folkestone & Hythe District Council Year Ended 31 March 2021 report.
3. To approve the Letter of Representation and authorise the Chairman to sign the Letter on behalf of the Council.

1. INTRODUCTION

- 1.1 Grant Thornton are required to issue a Report to those charged with governance summarising the conclusion of their audit work and to report certain matters before giving an opinion on the financial statements for the year ended 31 March 2021.
- 1.2 Grant Thornton issued a draft Audit Findings Report which was considered by the committee in December. The final elements of the audit for 2020/21 have now concluded and an updated Audit Findings Report has been issued and is attached as Appendix 1 to this covering report.
- 1.3 Following changes made to the Accounts and Audit Regulations on 9 March 2021, the Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263) extend the statutory audit deadline for 2020/21 and 2021/22 for all local authorities and the audit must be completed by 30 September instead of 31 July.
- 1.4 As previously outlined to the committee the audit commenced on 5 July and was subject to delay due to workload pressures and staffing issues experienced by the external auditors. The majority of the audit work was concluded by December and a draft report presented to the committee. Final audit queries were issued by Grant Thornton's technical team, but these have only recently been resolved due to resource issues within the Council's finance team.
- 1.5 The key changes from the previously tabled audit findings have been highlighted within the appendix for ease of reference.
- 1.6 An updated Letter of Representation has also been re-issued for consideration by the committee and signing by the Chairman.
- 1.7 Grant Thornton have advised that there remains a national issue with infrastructure assets that prevent the accounts from being signed at this time, the auditors will advise the committee further on this matter during the meeting.

2. CONCLUSION

- 2.1 Grant Thornton's work has led to the result that the Council is expecting to receive an unqualified opinion on the financial statements for 2020/21.

The messages from of the Audit Findings Report are:

- i. The 2020/21 audit is substantially complete and Grant Thornton plans to issue an unqualified opinion on the financial statements.
- ii. The audit risks identified at the planning stage have all been reviewed, two material adjustments have been identified with all other work being concluded to their satisfaction.

- iii. Grant Thornton confirm that the draft financial statements submitted for audit were of a good quality, supported by well-prepared working papers.
 - iv. The value for money conclusion for 2020/21 is that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources and Grant Thornton issued an unqualified value for money opinion which was reported to the Committee at its meeting on 28 September.
- 2.2 Committee is asked to authorise the Chairman to sign the Letter of Representation on behalf of the Council. This is attached at Appendix 2.

3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 3.1 **Legal Officer's Comments (NM)**
There are no legal issues arising from this report.
- 3.2 **Finance Officer's Comments (CI)**
This report has been prepared by Financial Services and all financial matters contained within the body of the report.
- 3.3 **Diversity and Equalities Implications (GE)**
There are none arising directly from this report.

CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Charlotte Spendley, Director of Corporate Services
Tel: 07935 517986
E-mail: charlotte.spendley@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

Appendices:

Appendix 1: Grant Thornton report – The Audit Findings for Folkestone & Hythe District Council Year Ended 31 March 2021

Appendix 2: Letter of Representation 2021