

This Report will be made public
on 20 September 2021



Report Number **AUG/21/14**

To: Audit and Governance Committee
Date: 28 September 2021
Head of Service: Charlotte Spendley, Director of Corporate Services
Cabinet Member: Councillor David Monk, Leader of the Council

SUBJECT: Auditor's Annual Report 2020/21

SUMMARY:

Grant Thornton are required to undertake a review annually to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Following review they prepare the Annual Report to provide commentary relating to the arrangements in place.

REASONS FOR RECOMMENDATION:

The Committee is asked to formally note the draft Auditor's Annual Report and the recommendations made by them.

RECOMMENDATIONS:

- 1. To receive and note report Aug/21/14.**
- 2. To receive and note Grant Thornton's draft Annual Report.**

1. INTRODUCTION AND BACKGROUND

- 1.1 Section 20(1)(c) of the Local Audit and Accountability Act 2014 requires the External Auditors (Grant Thornton) to satisfy themselves with the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 1.2 As previously noted by the committee, the code & guidance followed by external auditors for 2020 has determined a new approach to Value for Money. They will not reach an 'opinion' in the same way as they would for the financial statements but instead report annually on the assessment undertaken, reporting their commentary and also significant matters which have come to their attention.
- 1.3 They are required by the Audit Code of Practice to draw out significant weaknesses and make key recommendations. For 2020/21 they have not made any key recommendations but have drawn out three improvement recommendations for the council to consider.
- 1.4 The report also considers how the Council's arrangements have adapted to respond to the new risks faced due to COVID-19.
- 1.5 A representative from Grant Thornton will be attending the meeting to present the report and answer Members' questions.

2. VALUE FOR MONEY ARRANGEMENTS

- 2.1 The new arrangements require the auditors to provide commentary under three specified reporting criteria:
 - Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services
 - Governance – how the Council makes informed decisions and properly manages its risks
 - Improving economy, efficiency & effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.
- 2.2 The auditors have assessed the arrangements for each of these criteria. They have not identified any key recommendations.
- 2.3 The report highlights two improvement recommendations under the Governance criteria and one improvement recommendation under the Improving economy, efficiency & effectiveness criteria. Improvement recommendations are where no significant weakness in our arrangements are identified by the auditors, but they still wish to make a recommendation about how our arrangements can be further improved.

3. SUMMARY

- 3.1 The draft Annual Report does not currently report on the opinion of the financial statements as this work remains ongoing. The findings of the financial statements will be reported to the committee at their next meeting.
- 3.2 Once the Auditor's Annual Report has been fully finalised it will be reported in due course to Full Council.

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 2.1 **Legal Officer's Comments (AK)**
There are no legal implications arising directly out of this report.
- 2.2 **Finance Officer's Comments (CS)**
There are no financial implications arising directly out of this report.
- 2.3 **Diversity and Equalities Implications (CS)**
There are no diversity and equality implications arising directly out of this report.

3. 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:
None

Appendices:

Appendix 1: Auditor's Annual Report