

**External Auditor's Audit Progress Report**

<b>Final Decision-Maker</b>	Audit, Governance & Standards Committee
<b>Lead Head of Service</b>	Mark Green, Director of Finance and Business Improvement
<b>Lead Officer and Report Author</b>	Ellie Dunnet, Head of Finance
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

This report provides an update on Agenda Item 13, the Annual Accounts 2020/21. Since the agenda was published the external auditor has advised officers that their work on the 2020/21 financial statements is not sufficiently advanced to enable audit findings to be presented to the committee at this meeting. Instead, a progress report has been provided (see Appendix 1).

**Purpose of Report**

To update the committee on progress with the external audit of the 2020/21 accounts and value for money conclusion.

**This report makes the following recommendations to this Committee:**

1. That the approval of the Statement of Accounts be deferred to the next meeting of the Audit, Governance and Standards Committee scheduled to take place on 15 November.
2. That the external auditor's progress report, attached at Appendix 1 be noted.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Audit, Governance & Standards Committee	28 September 2021

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## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims in demonstrating accountability and value for money.	Director of Finance and Business Improvement
<b>Cross Cutting Objectives</b>	There is no specific implication, however sound financial management does support the delivery of the Council's cross cutting objectives.	Director of Finance and Business Improvement
<b>Risk Management</b>	This is detailed within section 5.	Director of Finance and Business Improvement
<b>Financial</b>	The Statement of Accounts provides an overview of income and expenditure for the financial year to 31 March 2021, and details the council's assets, liabilities and reserves at this date. The work of the external auditor aims to provide independent assurance over this document.	Director of Finance and Business Improvement
<b>Staffing</b>	No implications identified.	Director of Finance and Business Improvement
<b>Legal</b>	Under section 151 of the Local Government Act (LGA 1972), the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including advising on the corporate financial position and providing financial information. It is a function of the Audit, Governance and Standards Committee to review and approve the annual statement of accounts and to consider if appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Policy and Resources Committee or Council.	Senior Lawyer Corporate Governance

<b>Privacy and Data Protection</b>	No implications identified.	Director of Finance and Business Improvement
<b>Equalities</b>	No implications identified.	Director of Finance and Business Improvement
<b>Public Health</b>	No implications identified.	Director of Finance and Business Improvement
<b>Crime and Disorder</b>	No implications identified.	
<b>Procurement</b>	No implications identified.	Director of Finance and Business Improvement
<b>Biodiversity &amp; Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and there are no direct implications on biodiversity and climate change.	Biodiversity and Climate Change Manager

## 2. INTRODUCTION AND BACKGROUND

- 2.1 Since publishing the agenda for this meeting, officers have been advised by Grant Thornton, the external auditor that although substantial progress has been made with the audit, it will no longer be possible to present an audit findings report at this meeting. This is due to capacity constraints within the Local Government Audit sector including slippage at other sites which have resulted in delays to audit work at Maidstone.
- 2.2 It is therefore recommended that approval of the Statement of Accounts is deferred until an audit findings report is available. This will mean that the Council will be unable to meet the statutory deadline of 30 September for finalising its 2020/21 financial statements. The reasons for this are further detailed within Appendix 1.
- 2.3 The external auditor has provided a progress report which is attached at Appendix 1, which provides an update on progress with their work and general issues relevant to the local government sector.
- 2.4 The Chair has been asked to accept this as an urgent agenda item following receipt of the auditor's report on 24 September.

### **3. AVAILABLE OPTIONS**

- 3.1 The recommendation being made to the committee is to note the external auditor's progress report at Appendix 1 and to defer approval of the accounts to the next meeting in November.
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### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 Deferral of the committee's approval of the accounts is advised as it will enable committee members to consider this decision with reference to the audit findings report.
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### **5. RISK**

- 5.1 Risks have been considered with reference to the Council's risk management framework, and are considered to be within acceptable levels.
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### **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 Members of the public have legal rights to inspect, ask questions about and challenge items in the Council's accounts. Details of this have been published on the Council's website and the statutory period ended on 10 September. One enquiry was received regarding Covid Grants and rent deferrals, and this has been dealt with.
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### **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 The external auditor has advised that outstanding audit work should be completed during October. The finalised version of the Statement of Accounts, along with the Audit Findings Report and Letter of Representation will therefore be presented to the committee's next meeting on 15 November.
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### **8. REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Appendix 1: External Auditor's Audit Progress Report
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### **9. BACKGROUND PAPERS**

None