

The Audit Findings for Tunbridge Wells Borough Council

Year ended 31 March 2022

September 2022



Contents



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Section

1. Headlines
2. Financial statements
3. Value for money arrangements
4. Independence and ethics

Appendices

- A. Outstanding items
- B. Audit Adjustments
- C. Fees

Page

- 3
- 5
- 17
- 18

- 20
- 21
- 22

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit and Governance Committee.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Tunbridge Wells Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed remotely during July to September. Our findings are summarised on the appendices from pages 19 and onwards. We did not identify any audit adjustments to the financial statements which require adjustment. [subject to conclusion of outstanding work]

We have identified a reportable unadjusted misstatement which is detailed in Appendix B.

We confirm we have not identified any recommendations for management as a result of our financial statement audit work. There were no outstanding financial statement audit recommendations from prior year that we are required to follow up.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the outstanding matters detailed in Appendix A

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay will be sent to you separately. We expect to issue our Auditor's Annual Report by December. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources and we have not identified any to date.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit and Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unmodified audit opinion following the Audit and Governance Committee meeting on 13 September 2022. These outstanding items have been detailed in Appendix A.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. As highlighted in our audit plan presented to the Audit and Governance Committee, during the audit both your finance team and our audit team faced audit challenges again this year, such as physical verification of assets, verifying the completeness and accuracy of information provided remotely produced by the entity.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the materiality amount to reflect the decreased gross expenditure for financial year 2021-22. For planning purposes, we used the gross expenditure for financial year 2020-21 as the figures for financial year 2021-22 had not yet been made available.

We detail in the table to the right our determination of materiality for the Council.

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	1,300k	This benchmark is determined as a percentage of the Council's gross expenditure in the current year. The benchmark percentage was is 2%.
Performance materiality	975k	Performance Materiality is based on a percentage of the overall materiality.
Trivial matters	65k	This balance is set at £65k being 5% of the overall materiality



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We therefore identified management override of control, in particular manual journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have undertaken the following work:

- Evaluated the design effectiveness of management controls over manual journals;
- Analysed the manual journals listing and determine the criteria for selecting high risk unusual journals;
- Tested unusual manual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;
- Gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and
- Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our work is on going and to date we have not identified any significant issues.



2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of land and buildings

On 3 February 2022 CIPFA LASAAC launched a consultation on proposals for an update of the 2021/22 Code relating to the approach to measurement of operational property, plant and equipment.. We will engage with officers to discuss the audit implications of any changes if and when they are confirmed.

The Council carries out a rolling programme of valuations that ensures all land and buildings required to be measured at current value is revalued at least every five years and the Royal Victoria Place shopping centre every three years. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Land and buildings amounted to £102m in your 2020-21 Balance Sheet of which only £32m were revalued during the year.

Additionally, management will need to ensure the carrying value in your financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement. Should changes arise to the Code following the consultation we will consider whether this impacts on our assessment of this risk.

We have undertaken the following work:

- Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- Evaluated the competence, capabilities and objectivity of the valuation expert;
- Wrote to the valuer to confirm the basis on which the valuation was carried out;
- Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation;
- Tested revaluations made during the year to see if they had been inputted correctly into your asset register; and
- Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Our work pertaining to test of revaluation accounting and review of management assumptions is on going and to date we have not identified any significant issues. We will draw a conclusion of valuation of land and buildings once the audit work has been completed.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of the pension fund net liability

Your pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£61.6 million in your 2021-22 balance sheet) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have undertaken the following work:

- Updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
 - Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
 - Assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
 - Assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
 - Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
 - Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- Our work is on going and to date we have not identified any significant issues. We are still waiting for assurances from the auditor of Kent County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £103.6m	<p>Land and buildings (£103.6million) are required to be valued at a rolling basis across the portfolio at year end. The Council has engaged GL Hearn to complete the valuation of properties as at 31 March 2022. Land and buildings are revalued when management considers there to be a material change in the value but as a minimum every five years. Approximately 48% of the total value of land and buildings was revalued in the year.</p> <p>Management have considered the year end value of non revalued properties and the potential valuation change in the assets revalued before 31 March 2022, applying industry average indices to determine whether there has been a material change in the total value of these properties. Management's assessment of assets not revalued has identified no material change to the property's value.</p>	<p>Management have made the issue of estimation uncertainty clear for users in note 6 of the financial statements.</p> <p>Valuation methods and assumptions used for land and buildings were appropriate.</p> <p>Auditor confirmed the completeness and accuracy of the underlying information sent to the valuer which was used to determine the estimate.</p> <p>Disclosures of PPE considered reasonable.</p>	Light Purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – £61.6m	<p>The Council's net pension liability at 31 March 2022 is £61.6m (PY £65.7m) comprising the Kent County Council Local Government Pension Scheme.</p> <p>The Council uses Barnett Waddingham LLP to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed as at March 2019. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<p>We considered the following in the course of our testing:</p> <ul style="list-style-type: none"> Assessment of management's expert Assessment of actuary's approach taken, detail work undertaken to confirm reasonableness of approach Use of PwC as auditors expert to assess actuary and assumptions made by actuary – use table to compare with Actuary assumptions <table> <tr> <th>Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>2.60%</td><td>2.55% - 2.60%</td><td>●</td></tr> <tr> <td>Pension increase rate</td><td>3.30%</td><td>3.05% - 3.45%</td><td>●</td></tr> <tr> <td>Salary growth</td><td>4.30%</td><td>0.5% - 2.5% above CPI inflation (3.10% - 5.1%)</td><td>●</td></tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td><td>21.6</td><td>20.5 - 23.1</td><td>●</td></tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td><td>23.7</td><td>23.4 - 25.0</td><td>●</td></tr> </table> <ul style="list-style-type: none"> Completeness and accuracy of the underlying information used to determine the estimate Reasonableness of the Council's share of LPS pension assets. Adequacy of disclosure of estimate in the financial statements <p>Our work is substantially complete subject to receiving assurance letters from the pension fund auditor. to date, we have not identified any issue in respect of the risk, however, it must be noted that we cannot issue an opinion without obtaining the aforementioned assurances.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.60%	2.55% - 2.60%	●	Pension increase rate	3.30%	3.05% - 3.45%	●	Salary growth	4.30%	0.5% - 2.5% above CPI inflation (3.10% - 5.1%)	●	Life expectancy – Males currently aged 45 / 65	21.6	20.5 - 23.1	●	Life expectancy – Females currently aged 45 / 65	23.7	23.4 - 25.0	●	Light Purple
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Discount rate	2.60%	2.55% - 2.60%	●																								
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Life expectancy – Females currently aged 45 / 65	23.7	23.4 - 25.0	●																								

Assessment

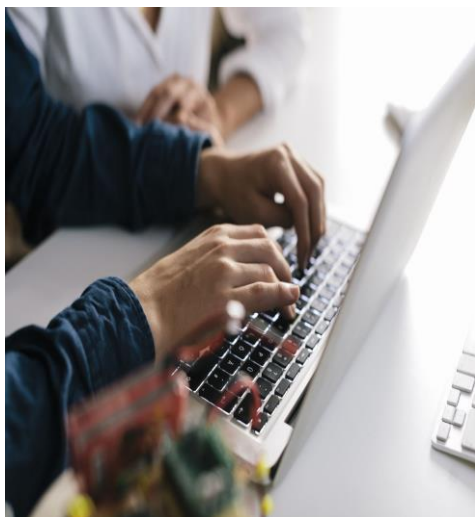
- Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation will be requested from the Council.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to various financial institutions and other local authorities for bank and investment balances. This permission was granted and requests sent. We have received direct confirmation for all balances.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p data-bbox="869 432 2056 576">In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p data-bbox="869 592 2011 643">Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul data-bbox="869 659 2074 954" style="list-style-type: none"> • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p data-bbox="869 970 2056 1114">Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul data-bbox="869 1129 1973 1273" style="list-style-type: none"> • the nature of the Council and the environment in which it operates • the Council's financial reporting framework • the Council's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. <p data-bbox="869 1289 2051 1315">On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul data-bbox="869 1331 2051 1417" style="list-style-type: none"> • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No material inconsistencies have been identified. We plan to issue an unmodified opinion in this respect</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. <p>We have nothing to report on these matters</p>



2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Council does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2021/22 audit of the Council in the audit report, as will be detailed in our Audit Opinion</p>

3. Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay will be sent to you separately. We expect to issue our Auditor's Annual Report by December. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any significant risks to date.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

5. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified:

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefit Claim	18,400k	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £18,400 in comparison to the total fee for the audit of £68,072 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Appendices

A. Outstanding items for completion of audit

Our work is substantially complete and there are no matters of which we are aware that could require modification of our opinion subject to the following outstanding matters:

Testing in process:

- Conclusion of property, plant and equipment revaluations testing.
- Conclusion of debtor and creditor testing including completeness testing.
- Conclusion of housing benefit, collection fund and grant testing.
- Final quality review check on audit file by engagement manager and engagement leader and conclusion of the audit.
- Review of final set of financial statements, prior to signing.

Awaiting evidence:

- Pension liability: we are awaiting receipt of assurances from the Kent Pension Fund auditors. We expect to receive feedback in mid-September.
- Receipt of management representation letter.

B. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Property Plant and Equipment Valuations During the valuation source data testing, we noted that the valuer used an incorrect age of one of council's asset which resulted in overstatement of its valuation by £250k. The management has made note of this error and confirmed that it will be addressed in the following financial year. Since this asset had a substantial revaluation reserve balance prior to valuation, we can confirm that the error should not impact the CIES.	Nil	Property, Plant and Equipment: Credit £250k Revaluations Reserve: Debit £250k	Nil	Adjustment is below materiality, therefore is not required
Overall impact	£Nil	£Nil	£Nil	

C. Fees

We confirm below our final fees charged for the audit.

The fees reconciles to the financial statements

Audit fees	Proposed fee	Final fee
Council Audit	£68,072	£68,072
Total audit fees (excluding VAT)	£68,072	£68,072

Details regarding the proposed fee for provision of non-audit services is as below.

Non-audit fees for other services	Proposed fee	Final fee
Audit Related Services: Certification of Housing Benefit Claim	£18,400	TBC
Total non-audit fees (excluding VAT)	£18,400	TBC

