



## AUDIT AND GOVERNANCE COMMITTEE:

28<sup>th</sup> July 2021

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**Report of: Head of Finance, Procurement and Commercial Services**

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**SUBJECT: GRANT THORNTON – 2020-21 AUDIT PLAN AND PROGRESS UPDATE REPORT**

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Wards affected: Borough wide

### **1.0 PURPOSE OF THE REPORT**

1.1 To receive the 2020-21 audit plan and audit progress report from our External Auditors.

### **2.0 RECOMMENDATION**

2.1 That the report be considered and that any questions be raised with the Grant Thornton representatives who will be attending the meeting.

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### **3.0 BACKGROUND**

3.1 Our external auditors have asked for the documents contained in the appendices to be included on the agenda for this meeting so that Members may give them due consideration.

### **4.0 GRANT THORNTON REPORTS**

#### AUDIT PLAN

4.1 The audit plan report which is attached as appendix 1 The report highlights a number of key issues and developments, such as:-

- Progress against previous years audit recommendations.
- Significant risks.

- Materiality

Revised approach to:

- Value for money – including financial sustainability and risk management.

The revised approach has been introduced by the National Audit Office applicable from 2020-21 and has three main changes. A new set of criteria covering financial sustainability, governance and improvements in economy, effectiveness and efficiency. More extensive reporting across key criteria rather than a reporting by exception approach. The replacement of the binary qualified/unqualified approach to VfM conclusions with more sophisticated judgements on performance as well as key recommendations on any significant weaknesses in arrangements found during the audit.

## AUDIT PROGRESS REPORT AND SECTOR UPDATE

- 4.2 Representatives of Grant Thornton will introduce and explain the contents of the report at the Committee meeting and will be able to answer any questions that Members may have on their contents.
- 4.3 The report covers such issues as audit deliverables, a review of the financial challenges faced by Councils as a result of the pandemic, what can be learned from public interest reports.
- 4.4 Public interest reports can be issued by the auditor if there are significant concerns around Council activity, such as major failings in finance and governance. The Grant Thornton report provides a helpful context of the three public interest reports that have been issued on Nottingham, Croydon and Northampton Councils. Detailing matters in a lessons learned approach covering such topics as, local authority leadership, governance, scrutiny and culture. Also, how medium term plans had an over reliance and optimisation bias on income generation.

## 5.0 SUSTAINABILITY IMPLICATIONS

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

## 6.0 RISK ASSESSMENT

- 6.1 The work that our External Auditors undertake is an integral part of the Council's control framework and provides assurance to Members that the Council is operating effectively.

## 7.0 HEALTH AND WELLBEING IMPLICATIONS

- 7.1 There are no Health and Wellbeing implications of this report.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore, no Equality Impact Assessment is required.

### **Appendices**

Appendix 1 - Grant Thornton Audit Plan 20-21

Appendix 2 – Progress Report