

# Tonbridge and Malling Borough Council

Audit progress report and sector updates

September 2024



# Contents

Section	Page
Introduction	03
Progress at September 2024	04
Audit deliverables	05
Ending the local audit backlog	07
Lessons from recent Auditors' Annual Reports	08
Lessons from the new unitary councils	09
Code of practice on good governance	10
Internal Audit - supporting a healthy service	11
Annual review of local government complaints	12
Homelessness and housing targets	13
The social landlord role - what can Councils do better?	14
Devolution	15
Resources	16

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 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 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.

---

# Introduction

---

## Your key Grant Thornton team members are:

### Sophia Brown

Key Audit Partner

T 020 7728 3179

E [Sophia.Y.Brown@uk.gt.com](mailto:Sophia.Y.Brown@uk.gt.com)

### Lucy Nutley

Senior Manager

T 0141 223 0623

E [Lucy.H.Nutley@uk.gt.com](mailto:Lucy.H.Nutley@uk.gt.com)

### Bhekithemba Dlamini

Audit Manager

T 020 7728 3359

E [Bhekithemba.Dlamini@uk.gt.com](mailto:Bhekithemba.Dlamini@uk.gt.com)

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

<https://www.grantthornton.co.uk/industries/public-sector/local-government/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Sophia or Lucy.

# Progress at September 2024

## Financial statements audit

We undertook our initial planning for the 2023-24 audit in March 2024.

In April 2024 we issued a detailed audit plan, setting out our proposed approach to the audit of the Council's 2023-24 financial statements. In finalising our planning and risk assessment procedures we have not identified any additional risks for the 2023-24 financial statements audit and the audit plan issued in April 2024 remains appropriate. We will continue to consider the potential for additional risks for the duration of the audit and any risks we identify will be communicated to management and the Audit Committee.

During August 2024, as agreed with management, we have performed initial audit fieldwork by selecting sample items for key transactions and balances, such as income, expenditure, debtors and creditors. The finance team is now collating supporting evidence that will be available to the audit team on first day of our final audit fieldwork visit. We will commence with fieldwork on the final audit of your financial statements for 2023-24 from 1 October 2024.

Our work will be reported in the Audit Findings Report, and we will aim to give our opinion on the Statement of Accounts at the Audit Committee planned for January 2025. There are no matters to report as at the date of this report.

## Value for Money

Under the 2020 Code of Audit Practice, for local government bodies auditors are required to issue their Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

Our VFM planning and mobilisation has commenced, with delivery of the final Auditor's Annual Report planned to be reported at the Audit Committee meeting in January 2025, in line with Code of Audit Practice requirements.

The National Audit Office (NAO) have issued Auditor Guidance Note 3 (AGN 03) in relation to Auditors' Work on Value for Money (VFM) Arrangements for 2023-24 audits.

The guidance states that the auditor should perform the procedures required as part of their work on VFM arrangements under AGN 03 and issue their Auditor's Annual Report when their work is complete.

# Audit deliverables

Below are some of the audit deliverables planned for 2023-24.

2023-24 Deliverables	Planned date*	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2023-24 financial statements.</p>	April 2024	Complete
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the Audit Committee.</p>	January 2025	Not yet due
<p><b>Auditors Report</b></p> <p>This includes the opinion on your financial statements.</p>	January 2025	Not yet due
<p><b>Auditor's Annual Report</b></p> <p>This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.</p>	January 2025	Not yet due

\*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

# Audit deliverables – grants

Below are some of the audit related deliverables planned for 2023-24.

2023-24 Audit related deliverables	Planned date*	Status
<b>Housing Benefit Subsidy – certification</b> This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.	December 2024	Not started

\*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

# Ending the local audit backlog

A plan for restoring timely assurance to the Local Government audit system was announced by the Minister of State for Local Government and English Devolution on 30th July 2024.

When parliamentary time permits, secondary legislation is going to be used to amend the Accounts and Audit Regulations (2015) and to introduce five new backstop dates:



1. Financial years up-to-and-including 2022/23: 13 December 2024;
2. Financial year 2023/24: 28 February 2025;
3. Financial year 2024/25: 27 February 2026;
4. Financial year 2025/26: 31 January 2027;
5. Financial year 2026/27: 30 November 2027; and
6. Financial year 2027/28: 30 November 2028.

Paul Dossett, Grant Thornton Partner and Head of Local Government, has had an article published in The MJ, where he reviews the reasons for the delays in audited accounts and considers what is required for a long-term solution:

<https://www.themj.co.uk/beyond-the-local-audit-backstop>

Key messages from the Minister are that:

For financial years up to and including 2022/23, if financial audits are not complete by 13 December 2024, disclaimed or modified opinions will be required. The Minister recognises that in most cases these may remain in place for up to two years.

The Minister's statement is, however, "crystal clear" that where there are modified opinions for financial accounts, auditors' other statutory duties – including to report on Value for Money (VfM) arrangements, to make statutory recommendations, and to issue Public Interest Reports, will still be a high priority.

There will be some limited grounds for exemption to meeting the audited accounts backstop dates: Where auditors are considering a material objection; where recourse to the court could be required; or from 2023/24, where the auditor is not yet satisfied with the body's Value for Money arrangements. Nevertheless, Councils need to be aware that the Government intends to publish a list of bodies and auditors that do not have an exemption and yet still do not meet the proposed new dates.

To help Councils comply with these arrangements, for financial years 2024/25 to 2027/28, the Minister states that the deadline for filing Category 1 'draft' (unaudited) accounts will be extended from 31 May to 30 June (allowing higher quality draft accounts); and there will be no routine inspections of local audits (by the Financial Reporting Council or by the Institute of Chartered Accountants in England and Wales) for financial years up to and including 2022/23, unless there is a clear case in the public interest to do so.

Once implemented, the hope is that the new arrangements will help to restore the robust assurance needed to underpin good governance and accountability.

**For the full statement, see [Written statements - Written questions, answers and statements - UK Parliament](#).**

# Lessons from recent Auditors' Annual Reports

In July 2024, Grant Thornton shared findings from a review of just under 100 recent Auditors' Annual Reports (AARs), covering around 30% of all Councils in England. With around 730 different areas for improvement identified, the AARs highlighted five key areas where local government is facing increased challenge:



1. Transformation and saving plans;
2. The Dedicated Schools Grant;
3. Financial governance and internal control;
4. Performance management and procurement; and
5. The Housing Revenue Account.



To help Councils with their challenge, Grant Thornton's Lessons report summarised suggestions for improvement into a single checklist for success.

## Key questions for Audit Committees from the checklist for success:

- External audit recommendations – are we up to date with monitoring progress and implementation and prior year recommendations?
- Savings and reserves – is our medium-term financial plan up to date?
- Special educational needs and disability – are we on track with arrangements to close any deficit?
- Workforce – do we have an up-to-date strategy?
- The Housing Revenue Account – when did we last review the strategy and arrangements for governance and internal control?

Even before the July 2024 general election, local authorities were key to delivering nationally important policies. Under the new government, the sector looks likely to play an even more pivotal role as, for example, proposed reforms to planning and housebuilding get underway. Audit Committees can use the Grant Thornton checklist for success to assess how ready their organisation is to take advantage of the new opportunities likely to open-up and to step into the new, higher profile role they are likely to be invited to play.

For a full copy of the report, see [Lessons from recent auditor's annual reports \[grantthornton.co.uk\]](https://www.grantthornton.co.uk)



# Learning from the new unitary councils

In September 2024, Grant Thornton published findings from Auditors' Annual Reports for eight unitary councils created since 2019 (or, where relevant, from Auditors' Annual Reports for their predecessor councils).

Grant Thornton's report includes a series of key messages for Councils who may be facing local government re-organisation in the future, including:

## During the transition period

- Appoint shadow authority roles as soon as possible;
- Allocate adequate resources to planning and transformation;
- Consider how to reduce legacy staff capacity.

## Financial sustainability

- Have a finance team in place at the start;
- Understand the legacy reserves position early.

## Governance

- Prioritise the production of legacy accounts;
- Don't underestimate the complexity of internal audit.

## Effectiveness, economy, efficiency

- Develop a performance management framework early; and
- Put in place clear strategies.

[Local government reorganisation: Lessons from new unitaries | Grant Thornton](#)

“Local government re-organisation is here to stay....(but) ..... One size does not fit all, and local government is no exception”.



# Code of practice on good governance

In June 2024, SOLACE, CIPFA and Lawyers in Local Government (LLG) jointly published a new code of practice on good governance. The code provides advice and sets expectations for the three highest profile statutory roles in local government – the Head of Paid Service, the Chief Finance Officer, and the Monitoring Officer. The aim of the code is to enable these three high profile officers to effectively work together in a ‘Golden Triangle’ - to best advise members, implement decisions, and help achieve good outcomes.

This is a powerful publication because it is the first in which SOLACE, CIPFA and LLG have spoken as one voice. Whilst the Seven Principles of Public Life, or Nolan Principles, apply to all public office holders (and indeed all those in other sectors delivering public services), expectations of the three most senior statutory officers in Councils go further. The fact that this guide is targeted specifically at their three roles is therefore more than welcome.

The new code of practice sets out seven standards the “Golden Triangle” officers should comply with, alongside a series of more direct requirements they should adhere to. The code provides guidance to the three officers concerned; can be used to explain their roles more clearly to others; and provides context for conversations about the roles, the requirements, and actions to be undertaken.

Questions Audit Committees can use the code to ask themselves surround: Do we understand what our most senior officers do? And do they understand the standards they are bound by?

**[For a full copy of the Code of Practice, see Code of Practice on Good Governance for Statutory Officers June 2024.pdf \(solace.org.uk\)](#)**

## The seven standards of the Golden Triangle are:



### Understand Governance

Roles and responsibilities



### Act Wisely

A duty of enquiry & the exercise of statutory functions



### Lead Ethically

The Seven Principles of Public Life



### Act Effectively

Robustness in working arrangements



### Resource the Roles

Get the tools to do the job



### Build Resilience

Deputies and development



### Deliver sound decision making

The outcome of good governance

# Internal Audit - supporting a healthy service

The Chartered Institute of Internal Auditors (CIIA) published an assessment of the health and status of internal audit within local government in July 2024, using research based on survey findings from 44% of all councils in the United Kingdom and Northern Ireland. The findings were stark and could make worrying reading for any Audit Committee, as survey responses unveiled:

- Fear of speaking out about key findings, including around financial sustainability;
- Difficulty in discussing financial assurance matters with Audit Committee members in public meetings;
- Lack of member understanding of the work of internal audit; and
- Insufficient staffing and inability to recruit to vacant posts, affecting completion of the Internal Audit plan.

New Global Internal Audit Standards (GIAS) are due to come into effect in January 2025 and can be adopted now if entities wish. They include considerations specifically for the public sector.

Respective responsibilities for members and management around supporting, overseeing, and resourcing the internal audit function can be found in the CIIA report.

Audit committees and senior management in local government should consider whether any of the findings are relevant to their organisation and, if so, consider using the transition to the new GIAS as an opportunity to challenge and revisit their practices.

**For a full copy of the Institute's findings, see [An evaluation of the health of internal audit in local authorities.pdf](#) ([iia.org.uk](http://iia.org.uk))**

## Summary of respective responsibilities to provide:

### Support:

#### Audit committee

Champion the internal audit function.

#### Senior management

Support recognition of the function throughout the organisation.

### Oversight:

#### Audit committee

Gain an understanding of Internal Audit findings.

Discuss any disagreements with the Chief Executive and senior management.

#### Senior management

Assist members in understanding the effectiveness of the organisation's governance, risk management and control processes and escalate to members any matters of importance.

### Resources:

#### Audit committee

Discuss the sufficiency of resources, both in numbers and capabilities, at least annually.

#### Senior Management

Engage with members to provide sufficient resources and resolve any issues around resourcing.

# Annual review of local government complaints

The Local Government and Social Care Ombudsman's latest Annual Review of Local Government Complaints was published in July 2024.

The review shows that nationally, there has been an increase in the number of complaints received, an increase in the number of complaints upheld, and ongoing issues within special educational needs; housing; and adult social care services.

The review argues that complaints can be seen as a valuable source of information, and it encourages councils to use complaints information to identify early warning signs of service failure. It includes best practice resources to help councils take valuable learning from complaints, including a performance map and data tables.

Readers are advised by the review to consider, using the interactive data for those councils they are interested in:

- Uphold rates;
- Suitable remedy rates;
- Compliance rates; and
- The nature of service improvement recommendations made.

Councils should bear in mind that since April 2024 [new overview and scrutiny: statutory guidance for councils, combined authorities and combined county authorities](#) recommends that scrutiny committee work programmes are informed by the reports and recommendations issued by the Ombudsman.

For a full copy of the Ombudsman's Annual Review, see [Annual Review of Local Government Complaints](#).



# Homelessness and housing targets

The National Audit Office (NAO) published a report in July 2024 on the effectiveness of government in tackling homelessness.

The report noted that homelessness is now at the highest level since comparable data collection began in the early 2000s, despite local government spending on homelessness services having more than doubled since 2010/11. The report also noted that a co-ordinated government response is difficult because there was, at the time of writing the report, no strategy or published target for statutory homelessness; and, again at the time of writing the report, the Department for Levelling Up, Housing and Communities had limited power to influence other government departments' decisions on cross-cutting matters that can affect homelessness services.

The National Audit Office argued that homelessness funding is fragmented and generally short-term, inhibiting homelessness prevention work and limiting investment in good-quality temporary accommodation or other forms of housing.

New housebuilding targets announced by the new government on 30<sup>th</sup> July may help, but consistent funding and a move away from short termism and a clear strategy are also going to be essential levers that national and local government are now going to have to develop.

**For a copy of the National Audit Office report, see [the effectiveness of government in tackling homelessness \(nao.org.uk\)](https://nao.org.uk).**

**For the government's new housebuilding targets, see [Housing targets increased to get Britain building again - GOV.UK \(www.gov.uk\)](https://www.gov.uk)**

## £2.44bn

Spent by local government in 2022/23 on homelessness services

## 60%

Proportion of local government 2022/23 total gross expenditure on housing services (excluding that relating to their own housing) that was used to deal with homelessness, up from 25% in 2010/11

## 15

Cross-government boards that have a remit relevant to homelessness



National Audit Office





# The social landlord role – what can councils do better?

The Housing Ombudsman published its latest Insight Report in July 2024: [Insight report - Issue 17 \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk/insight-report-issue-17)

The report focused on London – noting that 47% of the cases determined by the Ombudsman in 2023/24 were from residents living in a London postcode, despite the fact that just under one in six homes in the Ombudsman’s membership is located within Greater London.

No other region of England has such a wide gap between the proportion of social housing and complaints, but the Ombudsman noted that outside Greater London, other councils and landlords should also take note of the recommendations and learning points, especially in other urban areas, as they provide vital indicators of where things go wrong and how to stop that from happening.



The report recommends that landlords:

- Foster a positive complaints culture - leadership and governance should be seen to support the complaints’ function, including promoting internal cooperation and engagement with the complaints process;
- Don’t lose sight of the person at the centre of a complaints issue – try to ameliorate the impact of issues outside the landlord’s full control and avoid blame. Be clear about landlord responsibilities where resolution involves dealing with third parties;
- Show that the resident’s experience is important – ensure that details are taken and recorded appropriately so that residents feel listened to; the right solution is found to resolve the issue swiftly; and the communication to the resident is courteous and accurate;
- Remember that complaint handling is a landlord’s opportunity to regain a resident’s trust after they have had a bad experience; and
- Use insight and intelligence from complaints strategically. This ranges from effective root cause analysis of casework through to identifying risks and horizon scanning.

The report makes good reading for members looking to better understand how they can help to stop things going wrong in the council’s relationship with residents.



# Devolution

On 16<sup>th</sup> July 2024, the new Deputy Prime Minister wrote a [Letter to Local Leaders](#) setting out the new government's ambition to:

- Devolve new powers over transport, skills, housing, planning and employment support;
- Provide more regions with integrated settlement and with access to financial flexibility;
- Move away from a deal-based approach, “setting out clear conditions and a clear offer in return for places seeking devolution agreement”; and
- Enshrine a presumption towards devolution, so that places can take on new powers automatically if they meet certain conditions.

In the English Devolution Bill one day later, the government started arrangements to legalise a new devolution framework; address within it growth drivers such as employment and planning; and make devolution the “default setting”.

How and when the details of the new devolution revolution will work remains to be seen, but the Deputy Prime Minister has made it clear that new arrangements will be tailored to sensible economic geographies so that local leaders can act at the scale needed to effectively deploy their powers. In most cases that will require councils to come together in new combined authorities. Councils are now encouraged to begin discussions with their neighbouring authorities on this basis.

Members will need to start asking themselves both how ready their organisation is, and how ready their neighbours are.



## Ministry of Housing, Communities & Local Government



# Audit Committee resources

**The Audit Committee and organisational effectiveness in local authorities (CIPFA):**

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

**LGA Regional Audit Forums for Audit Committee Chairs**

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email [ami.beeton@local.gov.uk](mailto:ami.beeton@local.gov.uk) LGA Senior Adviser, for more information.

**Public Sector Internal Audit Standards**

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

**Code of Audit Practice for local auditors (NAO):**

<https://www.nao.org.uk/code-audit-practice/>

**Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):**

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

**The Three Lines of Defence Model (IAA)**

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

**Risk Management Guidance / The Orange Book (UK Government):**

<https://www.gov.uk/government/publications/orange-book>

**CIPFA Guidance and Codes**

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

**Audit Committees: Practical Guidance For Local Authorities And Police**

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

**Delivering Good Governance in Local Government**

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

**Financial Management Code**

<https://www.cipfa.org/fmcode>

**Prudential Code**

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

**Treasury Management Code**

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



