

## Grant Thornton Audit Plan 2020/21

Date: 30<sup>th</sup> July 2021

Report of: the Chief Finance Officer

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

### What is this report about?

- This report presents Grant Thornton's Annual Audit Plan for their 2020/21 audit, covering the audit of the Council's accounts and the process for assessing its arrangements to secure value for money in the use of resources. The Audit Plan is attached as Appendix 1.
- The Audit Plan outlines Grant Thornton's proposed audit approach, the timing of audit work, and the significant audit risks identified to date.
- The Audit Plan refers in its section 5 to additional assurances which Grant Thornton will be seeking from the Council in relation to estimates required in the preparation of the accounts. Grant Thornton have sent to the Council a risk assessment comprising a list of questions relating to accounting estimates, fraud and legal compliance. They have requested that the responses are drafted by officers and formally considered by Members at the September meeting of the Committee.

### Recommendations

- a) Members are asked to receive the Annual Audit Plan presented by Grant Thornton and to note and agree the nature and scope of the proposed audit work.

### Why is the proposal being put forward?

- 1 Under the Committee's terms of reference members are required to consider the Council's arrangements relating to external audit, including agreement and review of the nature and scope of the annual audit plan, and the receipt of external audit reports.

### What impact will this proposal have?

#### Wards Affected:

Have ward members been consulted?      Yes      No

- 2 The report outlines Grant Thornton's proposed approach to their 2020/21 audit, including the risks identified to date.

### What consultation and engagement has taken place?

- 3 The Annual Audit Plan does not raise any issues requiring consultation or engagement with the public, ward members or Councillors.
- 4 However, Grant Thornton have requested that the Council's responses to their Audit Risk Assessment document are reviewed at the September meeting of the Committee.

### What are the resource implications?

- 5 Grant Thornton's Audit Plan outlines changes to the required audit process to assess whether the Council has in place proper arrangements for securing value for money.

### What are the legal implications?

- 6 The Audit Plan outlines how Grant Thornton propose to discharge their responsibilities as defined by in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

### What are the key risks and how are they being managed?

- 7 Grant Thornton's audit planning process has identified key risks to the preparation of the financial statements and to the council's financial standing.
  - 6.1 In relation to their audit of the council's statement of accounts, Grant Thornton have identified two areas where there is a significant risk of material misstatement due to the scale of the assets and liabilities involved – the valuation of land and buildings including investment property, and the valuation of pension liabilities and assets. Their audit plan also explains that under auditing standards, the potential for management override of controls is a non-rebuttable presumption which auditors are required to take into account in planning their audit work.
  - 6.2 In relation to their audit of the council's arrangements for securing value for money, Grant Thornton have identified the Council's overall financial position as a continuing risk.

### Does this proposal support the council's 3 Key Pillars?

Inclusive Growth      Health and Wellbeing      Climate Emergency

- 8 The report relates to the council's underlying financial governance arrangements rather than to any specific aspect of service delivery.

### **Options, timescales and measuring success**

#### **a) What other options were considered?**

- 9 The report summarises the proposed arrangements for Grant Thornton's 2020/21 audit.

#### **b) How will success be measured?**

- 10 The report outlines the progress updates which Grant Thornton intend to provide to the Committee during their audit.

#### **c) What is the timetable for implementation?**

- 11 Grant Thornton will present an update on their audit progress to the September meeting of the Committee and aim to present an ISA 260 report on the financial statements in November and an Annual Report on value for money arrangements to the February 2022 meeting of the Committee.

### **Appendices**

- 12 Appendix 1 is Grant Thornton's Audit Plan for 2020/21.

### **Background papers**

- 13 None.

