



TO: Audit & Governance Committee

FROM: Director of Finance

DATE: 26 October 2021

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT	Response to the External Auditor's request for information on how the Audit Committee gains assurance from management
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1. PURPOSE

To summarise how the Audit Committee gains assurance, as 'those charged with governance', from management in order to fulfil its responsibilities in relation to the financial reporting process.

2. RECOMMENDATIONS

The Committee is asked:

- to consider and approve the response attached at Appendix 1.

3. BACKGROUND

The Council's external auditor, Grant Thornton, is required to comply with the requirements of the International Standards on Auditing (UK) (ISA), as adopted by the UK Financial Reporting Council (FRC), in conducting the audit of the Council's financial accounts for the year ended 31 March 2021.

Under the ISA Grant Thornton has specific responsibilities to communicate with the Audit & Governance Committee. The matters that should be communicated as also specified. To support their work, the Audit & Governance Committee has been asked to provide information on how it gains assurance from management in order to fulfil its responsibilities in respect of the financial reporting process.

As part of the risk assessment procedures Grant Thornton is required to obtain an understanding of the management processes, and the Committee's oversight, of the following areas in respect of the year ended 31 March 2021:

- General Enquiries of Management
- Fraud;
- Laws and Regulations;
- Related Parties ; and
- Accounting Estimates.

Grant Thornton sent a questionnaire to the Council setting out their enquiries of management covering the above areas. The information provided by the Council will assist Grant Thornton in understanding the Council's business processes and support its work in arriving at an audit opinion for the 2020/21 accounts.

4. RATIONALE

Local authorities are required to comply with international reporting standards and, in turn, external audit are required to gain an understanding and review the arrangements in place. The ISA set out steps that any organisation with robust governance arrangements will follow routinely. The Audit & Governance Committee is responsible for providing independent assurance on the adequacy of the Council's governance arrangements.

5. KEY ISSUES AND RISKS

The attached Appendix sets out a series of questions from Grant Thornton in respect of each of the above areas and provides the management response in each case, for consideration by the Audit & Governance Committee.

The responses demonstrate that the Audit & Governance Committee can gain assurance from management in order for it to fulfil its responsibilities in respect of the financial reporting process.

6. POLICY IMPLICATIONS

There are no policy implications flowing from complying with the ISAs.

7. FINANCIAL IMPLICATIONS

There are no financial implications arising as a result of this report.

8. LEGAL IMPLICATIONS

The Local Audit and Accountability Act 2014 (the Act) states that the accounts of a relevant authority for a financial year must be audited:

(a) in accordance with the Act and provisions made under it, and

(b) by an auditor (local auditor) appointed in accordance with the Act or provision made under it.

A local auditor must, in carrying out the auditor's functions in relation to the accounts of a relevant authority, comply with the Code of Audit Practice applicable to the authority that is for the time being in force. The current Code of Practice for UK Local Government is the Code of Audit Practice issued by the National Audit Office, which came into effect from the 2020/21 audit year. The Code adopts the International Standards on Auditing (ISAs) as issued by the FRC.

9. RESOURCE IMPLICATIONS

There are no resource implications arising as a result of this report.

10. EQUALITY AND HEALTH IMPLICATIONS

The decisions to be taken do not change policy and do not require any further consideration in respect of equality or health issues.

11. STATEMENT OF COMPLIANCE

The recommendation in this report is made further to advice from the Monitoring Officer. The Section 151 Officer has confirmed that it does not incur unlawful expenditure. It is also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendation reflects the core principles of good governance set out in the Council's Code of Corporate Governance.

12. CONSULTATIONS

Director of Finance, Head of Financial Services (Resources & Place) Strategic Head of Services Legal / Council Solicitor, Head of Audit & Assurance.

Contact Officer:	Colin Ferguson, Head of Audit & Assurance— Ext: 5326
Date:	07 October 2021
Background Papers:	None