

By: Peter Oakford, Deputy Leader and Cabinet Member for
Finance, Corporate & Traded Services
John Betts – Interim Corporate Director Finance

To: Governance and Audit Committee – 9 October 2024

Subject: **Audit Risk Assessment**

Classification: Unrestricted

Summary: The attached questionnaire from Grant Thornton summarises management's responses to questions on the Council's processes in relation to general enquiries of management, fraud, law and regulations, going concern, related parties and accounting estimate.

FOR DECISION

Introduction

1. Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the Governance and Audit Committee (G&AC). ISA (UK&I) emphasises the importance of two way communication between the auditor and the Governance & Audit Committee and also specify matters that should be communicated.
2. This two way communication enables the auditor to obtain information relevant to the audit from the committee. In turn, it supports the Committee in fulfilling its responsibilities in relation to the financial reporting process.
3. Usually the questionnaire is completed as part of the audit planning process. However, due to delays in finalising the Statement of Accounts (the reasons for which are addressed elsewhere on the agenda today and continue to be a nationwide challenge), they are on the agenda today.

Purpose of Report

4. The External Auditors (Grant Thornton) are required to obtain an understanding of management processes and the G&AC oversight of these processes, as part of their overall risk assessment procedures. This covers the following areas:
 - General Enquiries of Management
 - Fraud
 - Laws and regulations
 - Related Parties
 - Going Concern

- Accounting Estimates
5. The attached report includes a series of questions on each of these areas and the response we have provided to Grant Thornton. Although incorporated into a Grant Thornton report and layout, these are responses are from KCC management.
 6. The G&AC should consider these management responses in terms of its understanding and provide any comments it wishes to make.

Recommendation

7. Members are asked to consider and agree the management responses provided to Grant Thornton.

Report authors:

Joe McKay
Acting Chief Accountant

John Betts
Interim Corporate Director - Finance