

By: Peter Oakford, Deputy Leader and Cabinet Member for  
Finance, Corporate and Traded Services  
Zena Cooke – Corporate Director Finance

To: Governance and Audit Committee – 14 September 2023

Subject: **Audit Risk Assessment**

Classification: Unrestricted

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**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**

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### **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 G&AC 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 G&AC and supports the G&AC in fulfilling its responsibilities in relation to the financial reporting process.
3. Usually the questionnaire is completed as part of the audit planning process and taken to G&AC in April. Due to delays in finalising and signing off the 2021-22 Statement of Accounts, the audit planning had overlapped with the 2022-23 closure of accounts and delayed the completion of the questionnaire.

### **Purpose of Report**

4. As part of Grant Thornton's risk assessment procedures they are required to obtain an understanding of management processes and the G&AC oversight of 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:**

**Cath Head**  
**Head of Finance Operations**  
**Ext: 416934**

**Emma Feakins**  
**Chief Accountant**  
**Ext: 416082**