



CORPORATE GOVERNANCE COMMITTEE – 12 JUNE 2020

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

EXTERNAL AUDIT RISK ASSESSMENT 2019/20 AND AUDIT PLAN
2019/20 UPDATE

Purpose

1. The purpose of this report is to present the County Council's response to the External Auditor's Risk Assessment for 2019/20 and an update made by Grant Thornton to their External Audit Plan for consideration and comment.

External Audit Risk Assessment

2. The Council's External Auditors, Grant Thornton UK LLP, have prepared a report 'Informing the audit risk assessment for Leicestershire County Council and Pension Fund 2019/20' a copy of which is attached as Appendix A to this report.
3. The assessment is undertaken by Grant Thornton as part of its risk assessment procedures. It is used to gain an understanding of the Council's processes and managing officers' views on various auditing standards. The report sets out questions raised by Grant Thornton on areas such as fraud, laws and regulations, going concerns, accounting estimates and related parties, all of which have an impact on the Council's operations.
4. Management (Finance, Internal Audit and Legal Services) have completed a self-assessment of the questions and provided responses to the External Auditor. These are included within the Auditor's report and reflect updates provided to this Committee.
5. As part of its assessment of the above risk areas, the External Auditor is required to make inquiries of the Corporate Governance Committee under auditing standards. Presentation of the report to this Committee also contributes towards the effective two-way communication between auditors and the Council's Corporate Governance Committee, as 'those charged with governance'.
6. Representatives from Grant Thornton will attend the meeting to present the report and answer any questions.

External Audit Plan 2019/20 Update

7. Following the outbreak of the Covid-19 virus pandemic the External Auditor has provided an update to the Audit Plan that was considered by the Committee at its

meeting on 31 January 2020. The update is attached as Appendix B. This includes a new risk on Covid-19 (financial statements and value for money) – remote working arrangements, volatility of financial and property markets, financial uncertainty, and additional disclosures required within the financial statements.

Production of Draft Accounts and Audit Timetable 2019/20 - Update

8. The Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 were issued in April 2020 which amended the deadlines for the completion and external audit of the financial statements to allow additional time. The revised dates require the draft accounts to be published by 31 August 2020 and the External Audit to be completed by 30 November 2020. This change applies to the 2019/20 financial year only. The Council is currently on track to meet the updated deadlines.

Recommendation

9. The Committee is asked to note the attached reports and to provide any comments.

Equal Opportunities

10. None.

Circulation Under the Local Issues Alert Procedure

11. None.

Background Papers

Corporate Governance Committee, 31 January 2020 - External Audit Plan 2019/20
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=6053&Ver=4>

Officers to Contact

Mr C Tambini, Director of Corporate Resources,
 Corporate Resources Department,
 ☎0116 305 6199 E-mail Chris.Tambini@leics.gov.uk

Mr D Keegan, Assistant Director (Strategic Finance and Property),
 Corporate Resources Department,
 ☎0116 305 7668 E-mail Declan.Keegan@leics.gov.uk

Appendices

- Appendix A – Informing the audit risk assessment for Leicestershire County Council and Pension Fund 2019/20
- Appendix B – External Audit Plan (2019/20) Update