

 COTSWOLD DISTRICT COUNCIL	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 29 APRIL 2021
Report Number	AGENDA ITEM 13
Subject	INFORMING THE AUDIT RISK ASSESSMENT – EXTERNAL AUDIT ASSURANCE
Wards affected	All
Accountable member	Cllr. Mike Every Deputy Leader and Cabinet Member for Finance
Accountable officer	Jenny Poole, Chief Finance Officer Jenny.Poole@cotswold.gov.uk 01285 623313
Summary/Purpose	For the Audit Committee to discuss its response to the Council's external auditors (Grant Thornton LLP) regarding how the Audit Committee gains assurance on matters such as fraud, breaches of internal control, compliance with laws and regulations and accounting estimates.
Annexes	Annex A – "Informing the Audit Risk Assessment 2020/21" Annex B – "Accounting Estimates Management Summary 2020/21"
Recommendation/s	<i>a) That the Committee confirm their understanding and agreement with the responses provided by management to the auditors in Annex A.</i> <i>b) That the Committee are also asked to confirm their understanding and agreement with the approach to estimates set out in Annex B</i> <i>c) If any Committee members have, any further comments or observations in respect of any of the areas set out in either document, they should make them know to the auditors.</i>
Corporate priorities	Ensure that all services delivered by the Council are delivered to the highest standard.
Key Decision	No
Exempt	No
Consultees/ Consultation	Chief Finance Office, Monitoring Officer, Chief Executive, Counter Fraud Manager, SWAP Internal Audit.

1. BACKGROUND

- 1.1.** Each year the Council's external auditor is required to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and reporting the risk of fraud and possible breaches of internal control in the Council. In addition, auditors need to understand how those charged with governance gain assurance that the Council complies with all relevant laws and regulations.
- 1.2.** A revision to auditing standard ISA (UK) 540 (Auditing Accounting Estimates and Related Disclosures) has resulted in significant enhancements in respect of the audit risk assessment process for accounting estimates. Auditors are required to understand and assess an entity's internal controls over accounting estimates, including ensuring that those charged with governance can satisfy itself that arrangements for accounting estimates are adequate. There are consequently a number of more detailed questions in respect of accounting estimates in **Annex B** than have been included in previous years. They relate to management's methods, assumptions and controls in respect of material accounting estimates included in the accounts.
- 1.3.** Attached at **Annex A** and **B** is the Council's proposed response to the questions posed to the Council by the external auditor, Grant Thornton LLP.

2. MAIN POINTS

- 2.1.** The draft responses have been prepared by the Council's Deputy Chief Executive and her team.
- 2.2.** The Committee are asked to confirm their understanding and agreement with the responses provided by management to the auditors in both Annex A and Annex B. Should any members have any further comments or observations in respect of any areas set out in either document they are asked to make them known to the auditors.

3. FINANCIAL IMPLICATONS

- 3.1.** None directly arising from this report.

4. RISK ASSESSMENT

- 4.1.** None

5. BACKGROUND PAPERS

- 5.1.** None

(END)