



Audit & Governance Committee
8 April 2019

Grant Thornton: 2018/19 External Audit Plan

Purpose of the report:

This report provides the Audit & Governance Committee with the Audit Plan for the external audit of the 2018/19 financial statements of the Council and the Surrey Pension Fund

Recommendations:

It is recommended that the Audit and Governance Committee approve the attached Audit Plan

Introduction:

1. The Audit Plan (Annex 1) provides an overview of the planned scope of the statutory audits of the Council's and Pension Fund accounts for 2018/19. It also outlines the risks identified by Grant Thornton, the Council's external auditors, for the audit of the Council's 2018/19 financial statements and their planned response to these risks.
2. The report also outlines the work the auditor will undertake as part of the assessment of the Council's Value for Money arrangements.

2018/19 Financial Statements:

3. The Audit Plan has identified a series of 'significant' risks and 'reasonably possible' risks. These risks have been identified in accordance with auditing standards and are consistent with the risks identified across Grant Thornton's local government clients, rather than being specific to this audit.
4. The 'significant' risks comprise:
 - Two presumed risks as required under International Auditing Standards, relating to fraud arising from revenue recognition (which has been rebutted) and management override of controls. This covers both the Council and the Pension Fund.
 - Valuation of land and buildings for the Council
 - Valuation of the pension fund liability for the Council

- Valuation of Pension Fund Investments

5. The plan also sets out the levels of materiality for the Council and Pension Fund on which the external auditor will report on misstatements in the accounts. For the Council, this is £30m and for the Pension Fund, it is £40m. In addition, there will be notes and statements that, although not materially in financial terms are important for stakeholders. These will include;

- Cash
- Senior Officers Disclosures
- Related Party Transactions
- Subsequent events
- Audit Fees

6. The statutory deadlines for publication of audited local government accounts has been brought forward to 31 July.

Value for Money Conclusion:

7. The Audit Plan summarises the auditors planned approach to the Value for Money work, and the significant risks identified. They will conduct their work with a focus on the following areas:

- Financial health
- Arrangements in children's services following the 2014/15 Ofsted report

Conclusions:

8. Following agreement with the Director of Finance, the Audit Plan is presented to this Committee for discussion and approval.

Financial and value for money implications

9. There are no direct financial or value for money implications of this report. The audit fee quoted for this work is included within the medium term financial plan.

Equalities and Diversity Implications

10. There are no direct equalities implications of this report.

Risk Management Implications

11. There are no direct risk management implications of this report.

Next steps:

12. The audited financial statements for 2018/19 are due to be reported to this Committee, alongside the Audit Findings Report on 29 July 2019.

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