



Audit & Governance Committee
23 March 2021

Grant Thornton: 2020/21 External Audit Plan

Purpose of the report:

This report provides the Audit & Governance Committee with the Audit Plan for the external audit of the 2020/21 financial statements of the Council and the Surrey Pension Fund

Recommendations:

It is recommended that the Committee approves 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 2020/21. It also outlines the risks identified by Grant Thornton, the Council's external auditors, for the audit of the Council's 2020/21 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.

2020/21 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:
 - Valuation of land and buildings for the Council
 - Valuation of Investment Properties
 - Valuation of the pension fund liability for the Council
 - Management override of controls for both Surrey County Council and the Pension Fund.

Accuracy and presentation of the Private Finance Initiatives (PFI) and similar contracts

- 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 £25.8m and for the Pension Fund, it is £38.5m. 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 deadline for publication of audited local government accounts is 30 September.

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 Council's arrangements in the following areas:

- Response to the Covid-19 pandemic.
- Setting the Medium-Term Financial Plan.
- Service transformation and cultural change
- Working with Key Partners
- Improving Ofsted "inadequate rating" of Children's services
- Bringing back in-house the pension administration from Orbis partnership

Conclusions:

8. Following agreement with the Executive Director Resources 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 2020/21 are due to be reported to this Committee, alongside the Audit Findings Report on 1 October 2021.

Report contact: Barry Stratfull, Chief Accountant (Corporate)

Contact Details: barry.stratfull@surreycc.gov.uk
Woodhatch Place, 11 Cockshot Hill

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