



Audit & Governance Committee  
12 September 2022

**Informing the External Audit Risk Assessment 2021/22**

**Purpose of the report:**

The report is an annual requirement of the International Standards on Auditing and brings together the views of management and those charged with Governance oversight into one report. Setting out key information to inform the external audit risk assessment for the 2021/22 Statement of Accounts for both the Surrey County Council Group and the Pension Fund.

**Recommendations:**

It is recommended that:

1. Audit & Governance Committee note the Informing the Audit Risk Assessment Report for both Surrey County Council Group and the Pension Fund.

**Summary:**

1. The Informing the Audit Risk Assessment Report (attached as Annex 1) forms part of the planning for the External Audit of the Statement of Accounts 2021/22 and supports the External Audit Plan, which was approved by this Committee in June 2022.
2. The purpose of this report is to contribute towards the effective two-way communication between Surrey County Council's and the Pension Fund's external auditors and Surrey's Audit and Governance Committee, as 'those charged with governance'.
3. Under International Standards on Auditing (UK), auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.
4. This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

5. The report covers some important areas of the auditor risk assessment where our External Auditors, Grant Thornton, are required to make inquiries of the Audit and Governance Committee, to obtain an understanding of management processes and the Council's oversight of the following areas:
- General Enquiries of Management
  - Fraud
  - Laws and Regulations
  - Related Parties
  - Going Concern
  - Accounting Estimates
6. This report includes a series of questions on each of these areas and the Council and Pension Fund management responses, which were compiled after consultation with senior officers and committee members.

#### **Conclusions:**

7. Grant Thornton's report 'Informing the Audit Risk Assessment for Surrey County Council Group and the Pension Fund 2021/22' is attached to this report for consideration.

#### **Financial and value for money implications**

8. There are no direct financial or value for money implications of this report.

#### **Equalities and Diversity Implications**

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

#### **Risk Management Implications**

10. There are no direct risk management implications of this report. The Council's approach to risk management is summarised in the Narrative Statement of the Councils Statement of Accounts.

#### **Next steps:**

The final, audited Statement of Accounts and Audit Findings Report are scheduled to be presented to this committee by 30<sup>th</sup> November.

**Report contact:** Barry Stratfull, Chief Accountant (Corporate)

**Contact details:** [barry.stratfull@surreycc.gov.uk](mailto:barry.stratfull@surreycc.gov.uk)  
Woodhatch Place, 11 Cockshot Hill, Reigate

#### **Sources/background papers:**

Appendix 1 – Grant Thornton – Informing the risk assessment of Surrey County Council Group & the Pension Fund 2021/22