



## Governance, Audit, Risk Management and Standards (GARMS) Committee

<b>Title</b>	Informing the Audit Risk Assessment and External Audit Plan 2023/24
<b>Date of meeting</b>	15 April 2024
<b>Report of</b>	Interim Executive Director of Resources (s151 officer)
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Appendices</b>	Appendix A – Informing the Audit Risk Assessment Appendix B – Grant Thornton External Audit Plan 2023.24 Appendix C – Grant Thornton Audit progress 2023.24
<b>Officer Contact Details</b>	Kevin Bartle – Interim Executive Director of Resources (s151 officer) <a href="mailto:Kevin.Bartle@Barnet.gov.uk">Kevin.Bartle@Barnet.gov.uk</a> 020 8359 2059  Mohammed Ahmed – Chief Accountant <a href="mailto:Mohammed.Ahmed@Barnet.gov.uk">Mohammed.Ahmed@Barnet.gov.uk</a> 020 8359 7129

### Summary

The purpose of the report is to advise the Committee of managements' responses to the questions on Informing the Audit Risk Assessment, and Grant Thornton's External Audit Plan and progress for 2023/24.

This report forms a key part of the Council's communication with our external auditor Grant Thornton, to promote effective two-way communication throughout the audit process between auditor and those charged with governance.

It summarises the planned audit strategy for the year ending 31 March 2024 in respect of Grant Thornton's audit of the financial statements of the Council and consolidated entities (together the 'Group') and use of resources; comprising materiality, key audit risks and the planned approach to these, together with the timetable and the Grant Thornton team.

### Recommendations

1. That the Committee consider whether the management responses on Informing the Audit Risk Assessment as set out in Appendix A are consistent with its understanding;
2. That the Committee note Grant Thornton's external audit plan and progress report for 2023/24; and
3. That the Committee provide any comments that they may have or wish to make on the above matters.

## 1. Reasons for the Recommendations

### Informing the Audit Risk Assessment

- 1.1 The purpose of this report is to contribute towards the effective two-way communication between Council's external auditors and the Council's Governance, Audit, Risk Management and Standards Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where they are required to make inquiries of the GARMS Committee under auditing standards.
- 1.2 Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Committee. ISA(UK) emphasises the importance of two-way communication between the auditor and the Committee and also specifies matters that should be communicated.
- 1.3 This two-way communication assists both the auditor and the 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.
- 1.4 The auditors' risk assessment procedures require them to obtain an understanding of management processes and the Council's oversight of General Enquiries of Management, Fraud, Laws and Regulations, Related Parties, Going Concern and Accounting Estimates.

### Grant Thornton's External Audit Plan 2023/24, and Audit Progress 2023/24

- 1.5 To ensure that the Committee are aware of the external audit scope and objectives, overall strategy, key audit risks, the proposed audit fees for 2023/24 and progress to date.

## 2. Alternative Options Considered and Not Recommended

- 2.1 None

## 3. Post Decision Implementation

- 3.1 Grant Thornton's audit plan for 2023/24 will dictate what is reported to the Committee as part of the on-going audit process.

## 4. Corporate Priorities, Performance and Other Considerations

### Corporate Plan and Performance

- 4.1 The responses to Inform the Audit Risk Assessment, and External Audit Plan will assess fundamental aspects of financial standing and performance management in Barnet that

relate to the key theme of 'Engaged and Effective Council' relating to the Council's corporate priorities.

### **Sustainability**

4.2 None in the context of this decision

### **Corporate Parenting**

4.3 None in the context of this decision

### **Risk Management**

4.4 The audit plan for the year ended 31 March 2024 highlights the Council's statutory responsibility in respect of producing the financial statements. Without appropriate closedown processes in place and references to local government financial reporting policies there is a risk that statutory deadlines may be missed, or accounting policies misinterpreted without the appropriate reference to the external auditor's views or concerns. The consequence of this could result in a qualified audit opinion on the financial statements or a qualified value for money opinion

### **Insight**

4.5 Informing the Audit Risk Assessment was completed by management and responses were shared with Grant Thornton. This provided an understanding of management processes and the Council's oversight for areas such as General Management, Fraud, Laws and Regulations, Related Parties, Going Concern and Accounting Estimates.

### **Social Value**

4.6 None in the context of this decision

## **5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)**

5.1 The External Audit Plan report sets out the engagement timetable and framework for the assessment of the Council's financial reporting, management and standing, as well as value for money.

5.2 The proposed fee for the core audit is £458,810, the fee scale applies for the audit work to be undertaken by appointed auditors in respect of the 2023/24 financial statements for authorities that have opted into PSAA's national auditor appointment arrangements.

## **6. Legal Implications and Constitution References**

6.1 The Local Audit and Accountability Act 2014 governs the work of auditors appointed to authorities and other local public bodies. Along with the Accounts and Audit Regulations 2015 cover the duties, responsibilities and rights of local authorities concerning the accounts being audited.

6.2 The Local Audit and Accountability Act 2014 requires the accounts of a relevant authority for a financial year to be audited, in accordance with this Act and provisions made under it, and by an auditor appointed in accordance with this Act or provision made under it.

6.3 Paragraph 2.3 Part 2B of the Council's Allocation of Responsibilities; the Governance, Audit, Risk Management and Standards Committee's purpose is "to provide independent assurance to the members of the adequacy of Barnet Council's governance, risk

management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place”.

6.4 Paragraph 4.5.2 of the Council's Financial Regulations; External auditors have a responsibility to satisfy themselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources and value for money.

## **7. Consultation**

7.1 There are no consultations or engagements relevant to this report

## **8. Equalities and Diversity**

8.1 The audit planning report 203/24 has the potential to cover the inspection and assessment of all services within the authority that, in turn, impacts on all members of the community.

## **9. Background Papers**

9.1 Local Audit and Accountability Act 2014 [www.legislation.gov.uk/ukpga/2014](http://www.legislation.gov.uk/ukpga/2014)

9.2 Council's constitution Part 2B Allocation of Responsibilities [Section 2.3](#)

9.3 Council's Financial Regulations 4.5.2 [Part 4 A](#)

