

AUDIT COMMITTEE

17 MARCH 2022

PLANNING INQUIRIES INFORMING THE AUDIT RISK ASSESSMENT 2020/21

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Summary

This report sets out important areas of the auditor risk assessment where Grant Thornton is required to make inquiries of the Audit Committee under auditing standards.

1. Budget and policy framework

1.1. Under International Standards on Auditing (UK), (ISA(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 specify matters that should be communicated.

2. Background

2.1. 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.

2.2. As part of the risk assessment procedures, the auditors are required 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, and
- Accounting Estimates

2.3. The report attached at Appendix 1 details both the questions and the management responses provided by Medway Council.

3. Risk management

3.1. There are no significant risks arising from this report.

4. Financial implications

4.1. There are no financial implications arising directly from this report.

5. Legal implications

5.1. There are no direct legal implications to this report.

6. Recommendations

6.1. The Committee is requested to consider whether the management responses provided are consistent with its understanding and whether there are any further comments it wishes to make.

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Appendices

Appendix 1 – Medway Council informing External Audit risk assessment 2020/21

Background papers

None