

Subject:		External Audit Plan Addendum for Covid-19 risk 2019/20	
Date of Meeting:		21 July 2020	
Report of:		Grant Thornton	
Contact Officer:	Name:	Andy Conlan	Tel: 020 7728 2492
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Ward(s) affected:		All	

FOR GENERAL RELEASE/ NOT FOR PUBLICATION**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This document provides an update to the planned scope and timing of the statutory audit of Brighton & Hove City Council as reported in the external auditor's Audit Plan reported to the committee on 10 March 2020.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee note the updated External Audit Plan at Appendix 1.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 In addition to the audit risks communicated to those charged with governance in the external auditor's (Grant Thornton) Audit Plan on 10 March 2020, recent events have led the external auditor to update their planning risk assessment and reconsider the audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic.
- 3.2 The auditor has identified a new financial statement level risk for the audit as detailed in their appended report alongside the work it will carry out to address the audit risk.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The external auditor is guided by International Auditing Standards (IAS) in determining their approach to undertaking risk assessment and the appropriate treatment of those risks.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 None in relation to this report.

6. CONCLUSION

- 6.1 The global pandemic has given rise to a wide range of increased risks across all sectors. The external auditor has now considered the impact of the pandemic as part of its risk assessment of the council and has appended a report on how it will reflect this risk in its audit and value for money approach.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There are no additional financial implications (i.e. fees) arising from this change of audit and value for money approach. However, as for any area of investigation, if this leads to additional audit reviews or more in depth investigation, there is provision in the current contract for the auditor to recover additional expenses from the local authority subject to moderation by the Public Sector Audit Appointments body (PSAA Ltd).

Finance Officer Consulted: James Hengeveld

Date: 09/07/20

Legal Implications:

- 7.2 The Accounts and Audit Regulations 2015, made under the Local Audit and Accountability Act 2014, provide a process whereby the council's statement of accounts in each year must be approved by Members. The council's Constitution delegates responsibility for that function to the Audit & Standards Committee.
- 7.3 The council's appointed external auditors (Grant Thornton) are required to give assurance that the council's accounts are free from material misstatement and to report significant matters arising from the audit. It is therefore appropriate to ensure that the External Audit Plan is updated to reflect the significant impact of the global pandemic.

Lawyer Consulted: Elizabeth Culbert

Date: 09/07/20

Equalities Implications:

- 7.4 There are no direct equalities implications arising from this report.

Sustainability Implications:

- 7.5 There are no direct sustainability implications arising from this report.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 7.6 Financial sustainability is a key strategic risk for the council (SR2). External scrutiny by the external auditor provides an opinion and further assurance to the committee that the council has in place appropriate plans to mitigate potential financial risks.

SUPPORTING DOCUMENTATION

Appendices:

1. External Audit Plan Update

Background Documents

1. None

