

BOROUGH OF KETTERING

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Report Originator	Head of Resources Mark Dickenson	Forward Plan Ref: N/A	
Wards Affected	All	25 th November 2020	
Title	External Audit: ISA 260 (International Standards on Auditing)		

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the draft ISA 260 Report (**Appendix 1**) to those charged with Governance. This has been prepared by the Council's external auditor (EY), and to approve the Council's draft Management Representation Letter.

2. BACKGROUND

- 2.1 The Government moved the responsibility for the external audit contracts to Public Sector Audit Appointments (PSAA) and following PSAA's national procurement process Ernst & Young LLP (EY) were formally appointed as the Council's external auditors for five years from 2018/19.
- 2.2 In order to comply with the statutory requirements of the Accounts & Audit Regulations 2015, the Responsible Financial Officer is usually required to sign the Statement of Accounts by 31st May each year. However due to the impact on Local Authorities of Covid19, the Accounts and Audit (Coronavirus) Amendments Regulations 2020 extended the deadline for all Local Authorities to 31st August 2020. The Council's accounts were duly signed on the 29th June 2020.
- 2.3 The Councils governance arrangements require this Committee to receive and approve the Statement of Accounts. For the financial year 2019/20, the accounts require approval by 30th November 2020. This is later than in previous years to take account of the impact of Covid19. Prior to Covid19 the accounts would have required approval by 31st July.
- 2.6 The accounts remain in draft format as the following two issues are to be concluded:
- 1) Completion of procedures on the pension disclosures where EY are awaiting an assurance letter from the auditor of the Pension Fund.
 - 2) Completion of EY's routine review and consultation procedures on the Council's going concern assessment and disclosures, disclosures on valuation of assets and the impact on EY's audit report.
- 2.7 A further requirement is for the Council to provide representations on specific matters such as the Councils financial standing and whether the transactions within the accounts are legal and unaffected by fraud. The draft Management Representation Letter detailed at **Appendix 2** confirms the accounts have been prepared in accordance with statutory legislation and fairly represent the

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transactions of the Council and no additional disclosures are required in the financial statements, over and above those already disclosed. A final Management Representation Letter will be issued once the Pension Fund report has been completed.

- 2.8 A representative of the Council's appointed auditor will be at the meeting to present the report and answer Member questions.

3. RECOMMENDATION

- 3.1 That the Monitoring & Audit Committee receives the Audit Memorandum – Report to those charged with Governance and approve the draft Management Representation Letter.
- 3.2 That any non-material adjustments required to the draft audit opinion (ISA 260) and the Management Representation letter are delegated to the Council's Head of Resources (s151 Officer), in consultation with the Chair of Monitoring & Audit Committee.