Grant Thornton

External Audit Plan

Year ending 31 March 2019

Warwick District Council

March 2019

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Warwick District Council ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Warwick District Council. We draw your attention to both of these documents on the PSAA website.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Finance and Audit Scrutiny Committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Finance and Audit Scrutiny Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based. We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

Significant risks	Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as: • Management override of controls • Valuation of Property, Plant and Equipment • Valuation of net pension fund liability We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.
Materiality	We have determined planning materiality to be £1.2m (PY £1.2m) for the Authority, which equates to around 1.5% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £60k (PY £62k).
Value for Money arrangements	Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks: • Arrangements for securing the savings required within the Council's medium term financial plan • Meeting the statutory deadline for publishing audited accounts of 31st July 2019
Audit logistics	Our interim visits will take place in February and March and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A. Our fee for the audit will be £41,290 (PY £103,011 – Subject to PSAA approval) for the Authority, subject to the Authority meeting our requirements set out on page 11.
Independence	We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Key matters impacting our audit

External Factors

Financial pressures and the wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. For 2018/19 the Authority amended its budget upwards by £0.686m and is forecasting to break-even upon its revised budget. These continuing pressures, combined with continuing uncertainty on long term local government funding has led the Council to estimate that the Council will have a funding gap, after savings identified, of £0.607m for 2019/20, £0.081m in 2020/21, £0.929m in 2021/22 and £0.699m in 2022/23.

As part of the Future Fit Scheme savings of £300k were identified in relation to councils office relocation in 2020/21. We understand this may now need to be reprofiled following the withdrawal of one of the development partners. However, these risks are somewhat mitigated by the predicted level of General fund reserves at the end of 2019 lies at £15.1m, which compares favourably to other similar District Councils.

Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model. The Council's long term investment of £5.895m in Corporate Equity Funds that will need to be considered against the new standard.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

Internal Factors

Achieving 31st July 2019 Financial Statement deadline

In 2017/18, the statutory date for publication of audited local government accounts was brought forward to 31st July, across the whole sector. The Authority did not achieve this deadline and the financial statement audit opinion was given on 12th December 2018.

We met with your finance team In January and discussions included the final accounts process and in particular how 'lessons learnt' could be implemented. We also discussed key points relating to the audit process and what constitutes good audit evidence.

The finance team are developing a detailed closedown timetable in order to focus resources within their team and identify the process which will enable the 31st July deadline to be met.

Group Accounts

PSP Warwick LLP was incorporated as a Limited Liability Partnership on 26 March 2013 as a collaborative activity between the Council and PSP Facilitating Limited.

In 2017/18 the Council determined that group accounts were not required as the Council was not legally responsible for any of the losses, assets or liabilities of PSP.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of the Authority and will review related disclosures in the financial statements.

- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements appropriately reflect the financial reporting changes in the 2018/19 CIPFA Code.

We will:

- meet with management regularly to discuss the Council's progress and to ensure any issues which could cause a bottleneck in the audit process are escalated and addressed promptly.
- work closely with the finance team to understand any changes in roles and responsibilities that could potentially impact upon our audit approach.
- review the progress against the detailed closedown plan throughout the year.

If the Council determines to proceed beyond the feasibility phase then it would be come legally responsible for its share of PSP assets and liabilities.

Our current understanding is that it is minded to this and therefore our plan assumes there will be no requirement for group accounts but we will continue to monitor the position.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Warwick District Council, mean that all forms of fraud are seen as unacceptable Therefore we do not consider this to be a significant risk for Warwick District Council. Specific response not required as has been rebutted.
Management over-ride of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of PPE	The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used. As part of the 2017/18 audit it was identified that there were no clear and specific instructions issued to the valuer, there are multiple valuations performed throughout the period, and there was no formal annual impairment review. We have therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	We will: • update our understanding of the processes, controls and assumptions put in place by management to ensure that the PPE valuation is not materially misstated and evaluate the design of these and whether they are sufficient to mitigate the risk of material misstatement; • assess the competence, capabilities and objectivity of management's experts (valuers) who carried out your PPE valuations; • evaluate the instructions issued by management to their management expert (a valuer) for this estimate and the scope of the valuer's work; • communicate with the valuer about the basis on which the valuation is carried out and where necessary challenge the key assumptions • review and challenge the information used by the valuer to ensure it is robust and consistent with our understanding • test revaluations made during the year to ensure they are consistent with the valuer's report and input correctly into the Council's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management have satisfied themselves that these are not materially different to current value.
Valuation of the pension fund net liability	The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£38 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	We will: • update our understanding of the processes and controls put in place by management to ensure that the pension fund liability is not materially misstated and evaluate the design of the associated controls and whether they are sufficient to mitigate the risk of material misstatement; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out your pension fund valuation; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • seek assurances from the auditor of Warwickshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements • check the consistency of the pension fund asset and liability and disclosures in notes to the core financial statements with the actuarial report from your actuary.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
  - issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State.
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
  - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

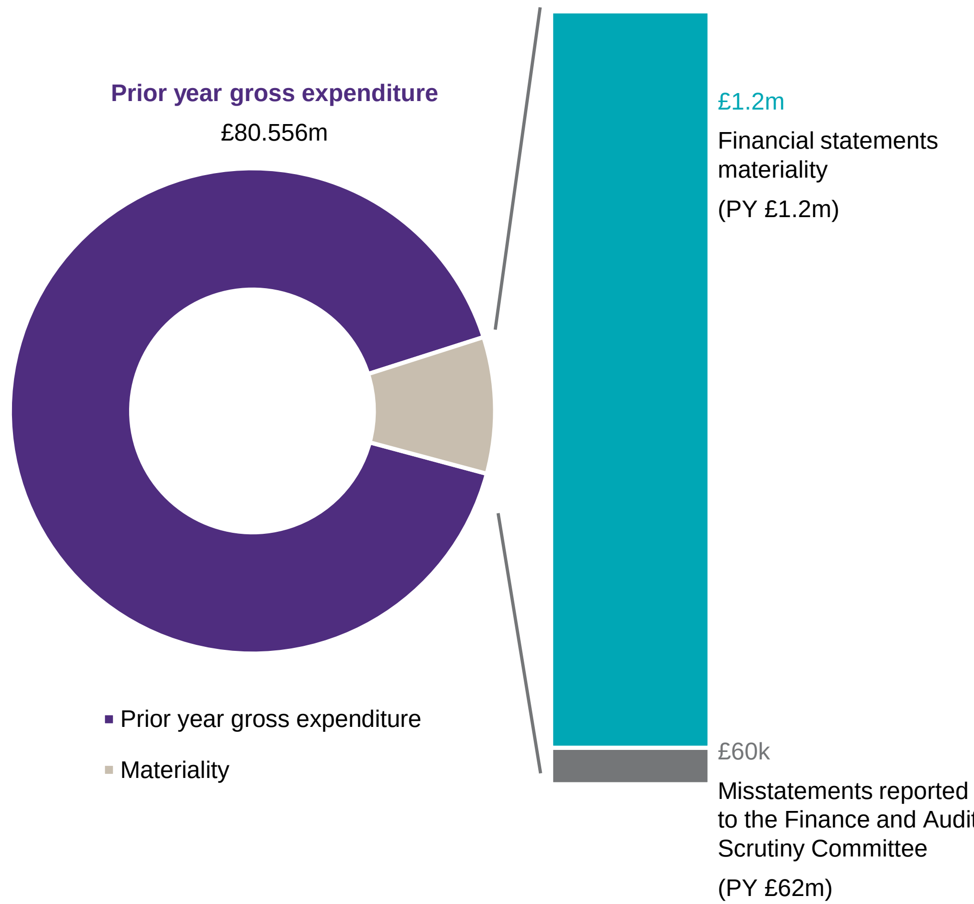
We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.2m (PY £1.2m) for the Authority, which equates to around 1.5% of your prior year gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £25k for senior officers' remuneration disclosure.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £60k (PY £62k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Finance and Audit Scrutiny Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

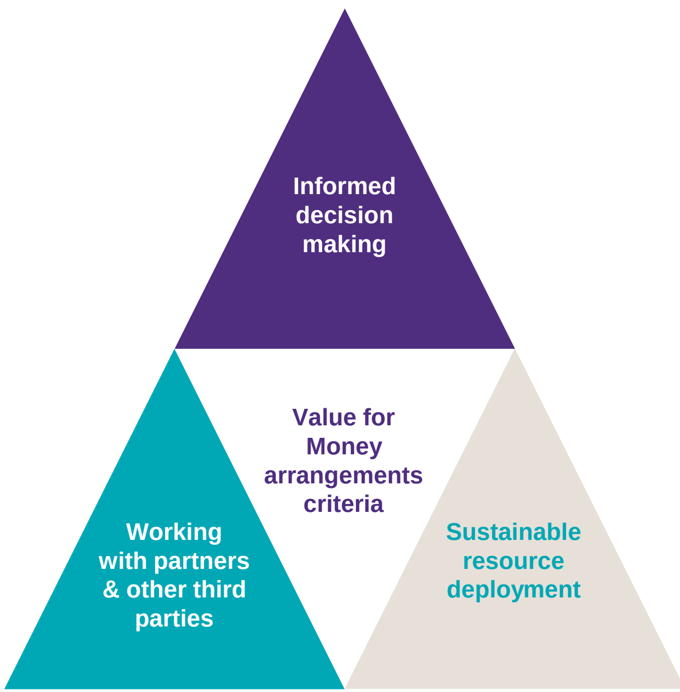
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Significant VFM risks

We have carried out an initial risk assessment based on the NAO's guidance. In our initial risk assessment, we consider :

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements;
- any illustrative significant risks identified and communicated by the NAO in its supporting Information;
- any other evidence which we consider necessary to conclude on your arrangements.

The purpose of the risk assessment is to identify those risks requiring specific audit consideration and procedures, to address the likelihood that proper arrangements are not in place at the Council to deliver value for money. We have identified the following residual significant risks from our initial assessment.

Future Savings Plans

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. For 2018/19 the Authority amended its budget upwards by £0.7m and is forecasting to break-even upon its revised budget. These continuing pressures, combined with continuing uncertainty on long term local government funding has led the Council to estimate that the Council will have a funding gap, after savings identified, of £0.6m for 2019/20, £0.1m in 2020/21, £0.9m in 2021/22 and £0.7m in 2022/23.

The authority has historically been able to achieve savings through making incremental changes to services and ways of working, however, there is a growing acceptance that more challenging decisions are needed to ensure financial stability in the longer term. As part of the Future Fit Scheme savings of £300k were identified in relation to councils office relocation in 2020/21. We understand this may now need to be reprofiled following the withdrawal of one of the development partners.

Work proposed to address risk:

We will review the Council's arrangements for identifying and agreeing savings plans to ensure that the Council is resilient to the increasing financial challenges of coming years.

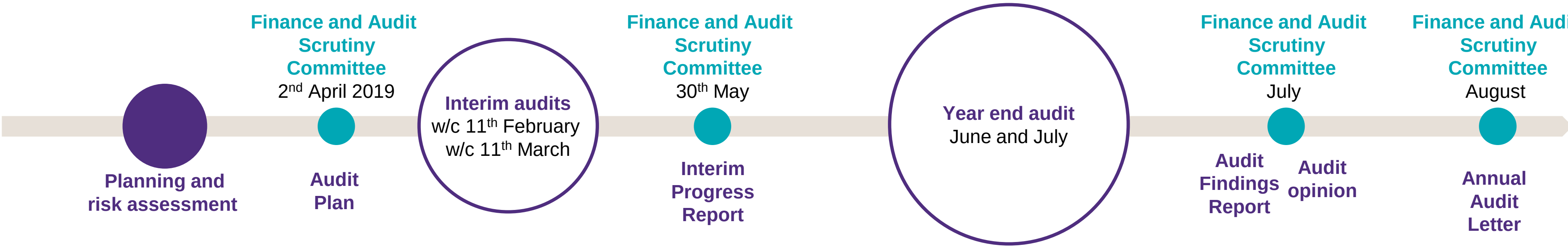
Publication of financial statements

In 2017/18, the statutory date for publication of audited local government accounts was brought forward to 31st July, across the whole sector. The Authority did not achieve this deadline and the financial statement audit opinion was given on 12th December 2018. The Council has a detailed action plan in place in order to ensure the deadlines for 2018/19 are met but the risk of missing the deadlines remains.

Work proposed to address risk:

We will review the Council's progress against its action plan and the changes in arrangements for meeting the publication deadlines

Audit logistics, team & fees



Grant Patterson, Engagement Lead

Grant's role is to lead our relationship with you and be a key contact for the Chief Executive, Head of Finance, and the Finance and Audit Scrutiny Committee. Grant takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority.

Mary Wren, Audit Manager

Mary is a key contact for the Head of Finance and the Finance and Audit Scrutiny Committee, and manages the delivery of the audit to meet professional standards and to add value to the Authority.

Kirsty Lees, Audit Incharge

Kirsty has the day to day responsibility for running the audit and is a key contact for the Authority's accounting staff. She is responsible for ensuring that the accounting team are informed and understand our audit requirements. She will also discuss emerging matters with you.

Audit fees

The planned audit fee is £41,290 (PY £103,011- which is subject to PSAA approval) for the financial statements audit completed under the Code, which is inline with the scale fee published by PSAA. Additional fees £3,000 of fees are planned for the Certification of Housing capital receipts grant which constitutes non Code work by PSAA. In setting your fee, we have assumed that the scope of the audit, and the Authority and its activities, do not significantly change.

Where additional audit work is required to address risks, for example, risks relating to the application of changes to International Financial Reporting Standard (IFRS) 9 – Financial Instruments and changes to the Authority's recognition and accounting treatment of financial assets and liabilities, the application of changes to International Financial Reporting Standard (IFRS) 15 – Revenue from contracts with customers and the Authority's recognition and accounting treatment of income from contracts and any emerging going concern issues, we will consider the need to charge fees in addition to the audit fee on a case by case basis.

Any additional fees will be discussed and agreed with management and require PSAA approval.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the 31st July audit timeframe - Prior year 2017/2018

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload.

While the Council published draft financial statements in line with the required statutory timetable, these did not include a fully reconciled Movement in Reserve Statement. The inability of the Council to balance this statement was indicative of a number of fundamental errors within the published draft financial statements, particularly in relation to the capital accounting and capital financing transactions.

In addition to the errors identified with the capital transactions, an initial review by the audit team of the draft accounts identified issues with accounting changes in the Code not being applied, insufficient work on valuations and key points arising as part of the interim audit were not resolved in a timely manner.

The Audit Opinion on the Authority's financial statements was given on 12th December 2018 and therefore the Authority did not meet the early close timeframe of 31st July 2018. The Authority's Value for Money conclusion was qualified in this respect.

Meeting the 31st July audit timeframe – 2018/2019

We have carefully planned how we can make the best use of the resources available to us in order to deliver an opinion on the Authority's financial statements We will focus on:

- bringing forward as much work as possible to interim audits
- using Inflo in order to request and receive working papers
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audit run smoothly, including early agreement of audit dates, working paper and data requirements (through Inflo) and early discussions on potentially contentious items.
- reviewing progress the Authority has made against recommendations made in previous periods
- regularly meeting with the finance team in order to discuss how changes are being made in the accounts closedown process, progress against timetable and our expectations regarding audit evidence.
- discussing any changes in accounts processes. As an example we have already had early discussions in relation to your proposed changes to manual accruals. We will continue to discuss this with you and form a judgement on this approach prior to the main financial statements audit.
- sharing our insight with you through attending the Finance and Audit Scrutiny Committee and sharing wider learning with the finance team where relevant.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 10).

Where the elapsed time to complete an audit exceeds that agreed due to a client not meetings its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Early close continued

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available throughout the audit process, in accordance with the working paper and evidence requests we will share with you through Inflo
- ensure that the agreed data reports are available to us at agreed dates throughout the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout the planned period of the audit
- respond promptly and adequately to audit queries ensuring that all information or evidence supplied is clearly explained and linked to the original request..

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of Inflo and meetings at regular intervals during the audit.
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified:

Service	£	Threats	Safeguards
Audit related			
Certification of Housing capital receipts grant	£3,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £3,000 in comparison to the total fee for the audit of £41,290 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Benefit Grant Claim	£14,250	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £14,250 in comparison to the total fee for the audit of £41,290 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Authority's policy on the allotment of non-audit work to your auditors. All services have been approved by the Finance and Audit Scrutiny Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.
None of the services provided are subject to contingent fees.

Appendices

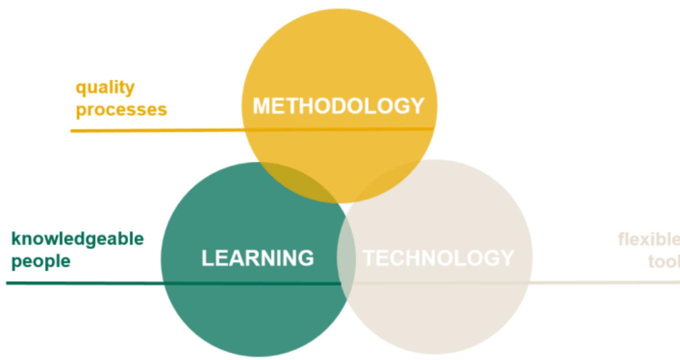
Audit approach

Use of audit, data interrogation and analytics software

LEAP

Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- A cloud-based industry-leading audit tool developed in partnership with Microsoft



IDEA

- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

Appian

Business process management

- Clear timeline for account review:
  - disclosure dealing
  - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on

Inflo

Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.