

The Audit Plan for Warwick District Council

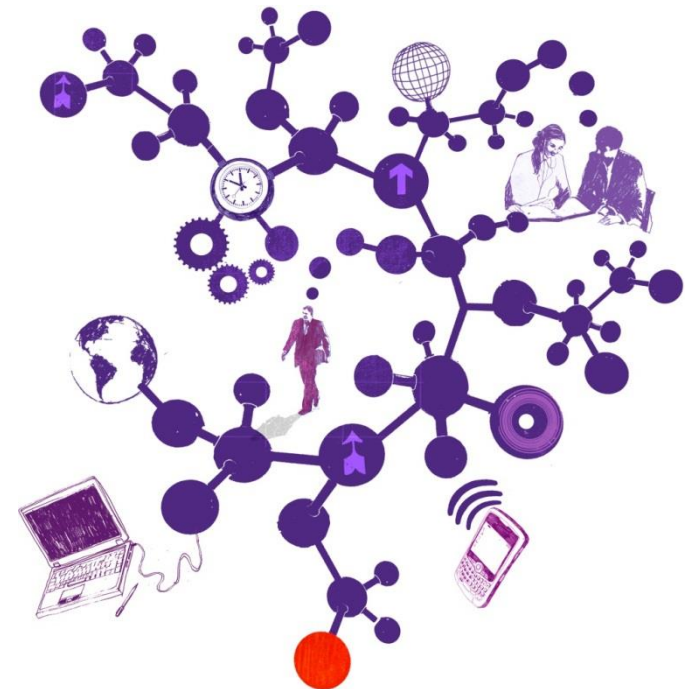
Year ending 31 March 2016

5 April 2016

John Gregory
Director
T 0121 232 5333
E john.gregory@uk.gt.com

Helen Lillington
Audit Manager
T 0121 232 5312
E helen.m.lillington1@uk.gt.com

Georgia Beirne
Audit In Charge
T 0121 232 5197
E georgia.beirne@uk.gt.com



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 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 Council or any 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.

Warwick District Council
Riverside House
Milverton Hill
Royal Leamington Spa
CV32 5HZ
5 April 2016

Grant Thornton UK LLP
Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT
T +44 (0) 121 212 4000
www.grant-thornton.co.uk

Dear Members of the Finance and Audit Scrutiny Committee

Audit Plan for Warwick District Council for the year ending 31 March 2016

This Audit Plan sets out for the benefit of those charged with governance (in the case of Warwick District Council, the Finance and Audit Scrutiny Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015.

Our responsibilities under the Code are to:

- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Yours sincerely

John Gregory
Engagement Lead

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grant-thornton.co.uk for further details.

Contents

Section

Understanding your business

Developments and other requirements relevant to the audit

Our audit approach

Significant risks identified

Other risks identified

Value for Money

Results of interim audit work

Key dates

Fees and independence

Communication of audit matters with those charged with governance

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

Challenges/opportunities

1. Autumn Statement 2015 and financial health

- The Chancellor proposed that local government would have greater control over its finances, although this was accompanied by a 24% reduction in central government funding to local government over 5 years.
- Despite the increased ownership, the financial health of the sector is likely to become increasingly challenging.
- Warwick District Council is showing a balanced budget for the 2015/16 financial year. Nonetheless there is a challenging savings position required in future years as part of the MTFP. In 2016/17 the level of projected savings required is £977k.

2. Devolution

- The Autumn Statement 2015 also included proposals to devolve further powers to localities.
- The Council has declined an invitation to become a Non Constituent Member of the proposed West Midlands Combined Authority as it stands in its current terms.
- A combined authority based on the economic geography of the Coventry and Warwickshire sub regions is Warwick District Council's preferred option.

3. Housing

- The Autumn Statement also included a number of announcements intended to increase the availability and affordability of housing.
- In particular, the reduction in council housing rents and changes to right to buy will have a significant impact on Councils' housing revenue account business plans.

4. Earlier closedown of accounts

- The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 May and 31 July respectively by the 2017/18 financial year.



Our response

- We will consider the Council's plans for addressing its financial position as part of our work to reach our VFM conclusion.

- We will consider your plans on local devolution agenda as part of our work in reaching our VFM conclusion.

- We will consider how the Council has reflected government announcements as part of its business planning process.
- We will share our knowledge of how other Councils are responding to these changes.

- We will work with you to identify areas of your accounts production where you can learn from good practice in other authorities.
- We aim to complete all substantive work in our audit of your financial statements by 31 August 2016 as a 'dry run'.

Developments and other requirements relevant to your audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

Developments and other requirements

1. Fair value accounting

- A new accounting standard on fair value (IFRS 13) has been adopted and applies for the first time in 2015/16.
- This will have a particular impact on the valuation of surplus assets within property, plant and equipment which are now required to be valued at fair value in line with IFRS 13 rather than the existing use value of the asset.
- Investment property assets are required to be carried at fair value as in previous years.
- There are a number of additional disclosure requirements of IFRS 13.

2. Corporate governance

- The Accounts and Audit Regulations 2015 require local authorities to produce a Narrative Statement, which reports on your financial performance and use of resources in the year, and replaces the explanatory foreword.
- You are required to produce an Annual Governance Statement (AGS) as part of your financial statements.

3. Highways Network Asset

- Accounting requirements for the Highways Network Asset in 2016/17 will be a significant change to local authority financial statements.
- For this to apply the authority needs to determine if it has transport infrastructure assets, and if they are part of an interconnected network. CIPFA expects that this will mean that only Highways authorities will be covered and that there will be limited impact on the accounts for district councils.

4. Leisure Centre Management

- The Council is currently looking for an external partner to manage the council's leisure centres.
- The decision has been taken to help protect the services going forward and enable investment in the leisure centres.



Our response

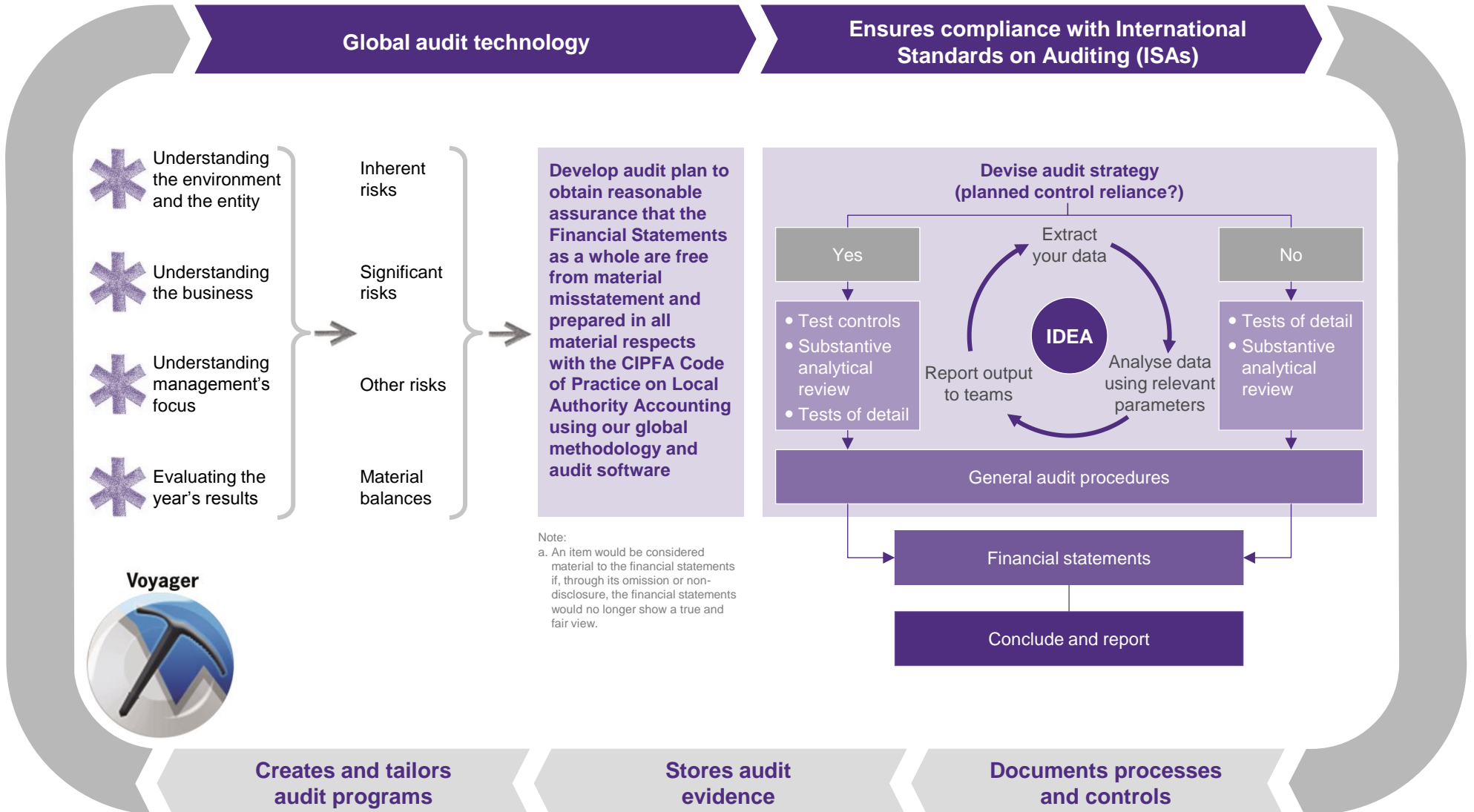
- We will keep the Council informed of changes to the financial reporting requirements for 2015/16 through ongoing discussions and invitations to our technical update workshops.
- We will discuss this with you at an early stage, including reviewing the basis of valuation of your surplus assets and investment property assets to ensure they are valued on the correct basis.
- We will review your draft financial statements to ensure you have complied with the disclosure requirements of IFRS 13.

- We will review your Narrative Statement to ensure it reflects the requirements of the CIPFA Code of Practice when this is updated, and make recommendations for improvement.
- We will review your arrangements for producing the AGS and consider whether it is consistent with our knowledge of the Council and the requirements of CIPFA guidance.

- We will continue to discuss the developments in this area with officers and agree the required actions once the 2016/17 Code has been published.
- It is likely that for non Highways Authorities scoping themselves out of Highways Network Assets will be a critical judgement that will need to be disclosed in the accounts. We will agree this disclosure with officers as early as possible to help facilitate faster close.

- As part of the VFM conclusion we will review the arrangements in place for the decisions taken on the future management of leisure centres.

Our audit approach



Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit.

The standard states that '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'.

As is usual in public sector entities, we have determined materiality for the statements as a whole as a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £1,638k (being 2% of gross revenue expenditure). We will consider whether this level is appropriate during the course of the audit and will advise you if we revise this.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £81,900.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'.

We have identified the following items where separate materiality levels are appropriate.

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£10k
Disclosure of auditors' remuneration in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£10k

Significant risks identified

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315). In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing - ISAs) which are listed below. In addition we have identified a further significant risk relevant to your audit and this is included overleaf.

Significant risk	Description	Substantive audit procedures
<p>The revenue cycle includes fraudulent transactions</p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Warwick District Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition, • opportunities to manipulate revenue recognition are very limited, and • the culture and ethical frameworks of local authorities, mean that all forms of fraud are seen as unacceptable.
<p>Management over-ride of controls</p>	<p>Under ISA 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Initial review of accounting estimates, judgments and decisions made by management. <p>Further work planned:</p> <ul style="list-style-type: none"> • Further review of accounting estimates, judgments and decisions made by management. • Testing of journal entries. • Review of unusual significant transactions.

Significant risks identified (continued)

Significant risk	Description	Substantive audit procedures
Valuation of pension fund net liability	The Council's pension fund asset and liability as reflected in its balance sheet represent significant estimates in the financial statements.	<p>Work planned:</p> <ul style="list-style-type: none"> • We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. • We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out. • We will undertake procedures to confirm the reasonableness of the actuarial assumptions made. • We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

Other risks identified

"The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures"(ISA (UK & Ireland) 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit approach
Operating expenses	Creditors understated or not recorded in the correct period (Operating expenses understated)	<p>Work completed to date:</p> <ul style="list-style-type: none"> • We have conducted a walkthrough of the key controls for this system. • We have held discussions with appropriate personnel to obtain and document a detailed understanding of the accruals process. <p>Further work planned:</p> <ul style="list-style-type: none"> • We plan to test a sample of payments made after the year end to ensure that liabilities have been recorded in the correct period. • A sample of goods received but not yet invoiced will be tested to identify any items which have not been accrued for correctly.
Employee remuneration	Employee remuneration accruals understated (Remuneration expenses not correct)	<p>Work completed to date:</p> <ul style="list-style-type: none"> • We have conducted a walkthrough of the key controls for this system. • We have completed a trend analysis up to Month 9 of monthly payroll data. • We have tested a sample of employee remuneration payments up to month 9 to ensure they have been calculated and accounted for correctly. <p>Further work planned:</p> <ul style="list-style-type: none"> • We will perform a reconciliation to ensure that information from the payroll system can be agreed to the ledger and financial statements. • We will complete the trend analysis to cover the whole of the financial year. • We will complete the sample testing to cover the whole of the financial year.

Other risks identified (Continued)

"The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures" (ISA (UK & Ireland) 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit approach
Welfare expenditure	Welfare benefit expenditure improperly computed	<p>Work completed to date:</p> <ul style="list-style-type: none"> • We have conducted a walkthrough of the key controls for this system. • We have completed Benefit payments testing up to Month 9. • We have completed work on module 2 of HBCOUNT which tests whether the correct parameters have been entered into the housing benefit system. <p>Further work planned:</p> <ul style="list-style-type: none"> • Complete the sample testing of benefit payments to cover the whole of the financial year. • We will review key reconciliations between the revenue and benefits systems and the ledger.

Other risks identified (continued)

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 the previous section but will include:

- Heritage assets
- Assets held for sale
- Investments (long term and short term)
- Cash and cash equivalents
- Borrowing and other liabilities (long term and short term)
- Provisions
- Usable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Taxation and non-specific grants
- Segmental reporting note
- Officers' remuneration note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Housing Revenue Account and associated notes
- Collection Fund and associated notes

Other audit responsibilities

- We will undertake work to satisfy ourselves that disclosures made in the Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read the Narrative Statement and check that it is consistent with the statements on which we give an opinion and disclosures are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We will give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts

Value for Money

Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO 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 opposite:

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> Acting in the public interest, through demonstrating and applying the principles and values of good governance Understanding and using appropriate cost and performance information to support informed decision making and performance management Reliable and timely financial reporting that supports the delivery of strategic priorities Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	<ul style="list-style-type: none"> Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions Managing assets effectively to support the delivery of strategic priorities Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	<ul style="list-style-type: none"> Working with third parties effectively to deliver strategic priorities Commissioning services effectively to support the delivery of strategic priorities Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We completed an initial risk assessment based on the NAO's guidance. In our initial risk assessment, we considered :

- 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.
- the findings of other inspectorates and review agencies.
- illustrative significant risks identified and communicated by the NAO.

We have identified the following (overleaf) significant risks which we are required to communicate to you. Our definition of significant risks, based on the definition in the NAO's Code of Audit Practice, is:

The Code defines 'significant' as follows: *A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or wider public. Significance has both qualitative and quantitative aspects.* Note that classifying something as a risk at this stage does not mean that we are of the view that there is a particular business risk in that area- it may be that it is an area which falls within the criteria where we do not have sufficient information at present to reach a conclusion on the Council's arrangements, but that we will in due course be satisfied with the arrangements in place.

We have set out below the risks we have identified, how they relate to the Code sub-criteria, and the work we propose to undertake to address these risks.

Value for Money (continued)

We set out below the significant risks we have identified as a result of our initial risk assessment and the work we propose to address these risks..

Significant risk	Link to sub-criteria	Work proposed to address the risk identified
<p>The Council is currently looking for an external partner to manage the councils leisure centres. A full procurement process will now take place to find the most suitable operating partner and will be subject to a detailed service specification that will outline what is required of the operator.</p>	<p>This links to the Council's arrangements for Commissioning services effectively to support the delivery of strategic priorities.</p>	<p>We will review the Council's current progress against its vision.</p>
<p>The Fit for the Future plan sets out that the Council has a commitment to work with partners to build sustainable, safer, stronger and healthier communities.</p>	<p>This links to the Council's arrangements for working effectively with third parties to deliver strategic priorities.</p>	<p>We will review the Council's current progress against its vision and understand the picture of partnership working across the authority.</p>
<p>The Council identified savings of £1.735m as part of the September 2015 Fit for the Future report, for the period up until 2019/20. This included £648k which would enable contributions to be made to reserves. As a result of the budget settlement, further recurrent savings of £591k also need to be identified to maintain a balanced budget over the period.</p>	<p>This links to the Council's arrangements for ensuring it plans finances effectively to support its strategic functions, and its arrangements for ensuring informed decision making.</p>	<p>We will review the Council's arrangements for identifying and agreeing savings plans, and communicating key findings to the Council and key decision making committees.</p>

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report.

Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements</p>
Walkthrough testing	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>

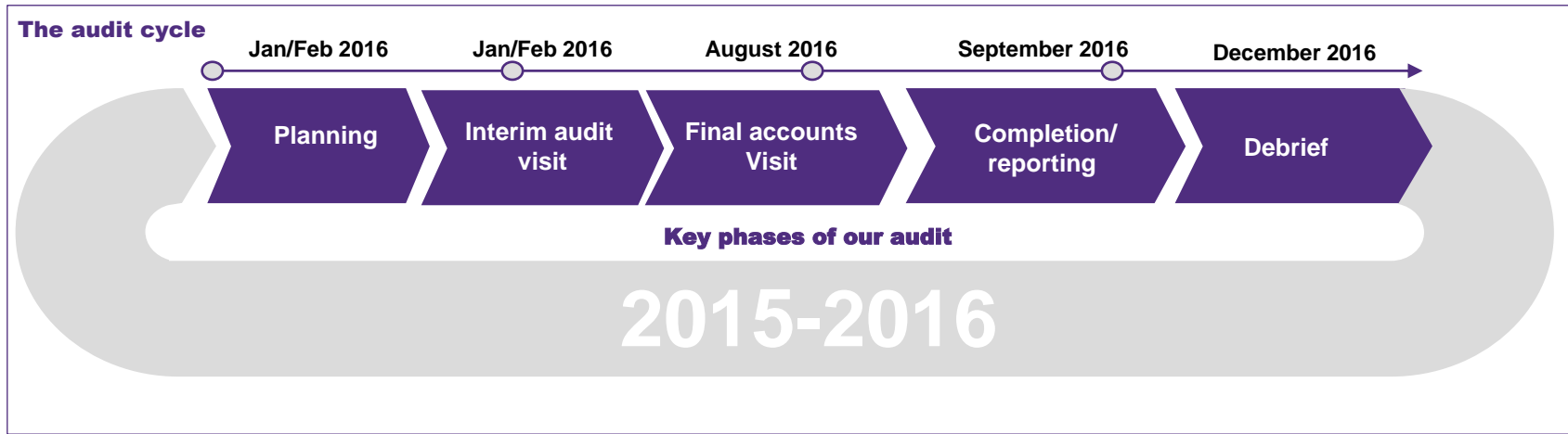
Results of interim audit work (continued)

	Work performed	Conclusion
Journal entry controls	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p>	<p>Our work has not identified any weaknesses that impact on our audit approach.</p> <p>Detailed testing on journals deemed large or unusual will be carried out as part of the final accounts visit.</p>
Faster Close	<p>As part of last years audit findings report we recommended that officers should critically review the published financial statements and ensure that only significant items are included. This review should then form the basis of an action plan that will help the Council achieve a faster more streamlined approach to the production of the accounts, in preparation for the deadlines coming forward in future years.</p> <p>We held a detailed planning meeting with officers and discussed a range of measures that could be taken to enable the accounts to be closed earlier. This included a greater use of estimates, and more collaboration with staff outside of the finance team. A greater focus will be put on these areas during this years closedown however the timetable for the accounts production will remain unchanged from prior years.</p> <p>Officers have reviewed the accounts and made suggestions where notes could be reduced or removed.</p>	<p>We will continue to work with officers to help them meet the early close agenda.</p> <p>We will review the proposed changes to the disclosures in the financial statements by the end of March and discuss any findings with officers as part of our on-going dialogue.</p>
Working papers to support the financial statements	<p>Last year we identified that some working papers were difficult to follow and we recommended that working papers could be improved with greater use being made of spreadsheets to demonstrate the audit trail between ledger balances and the financial statements.</p> <p>We have met with officers and discussed ways that working papers could be improved, focusing in particular on areas where we experienced difficulties last year. We have issued a revised working papers checklist which clearly sets out the information that we will need to complete the audit.</p>	<p>We will continue to work with members of the finance team to streamline and improve the working papers that support the financial statements.</p> <p>We will report to members the progress made in this area as part of the audit findings report.</p>

Results of interim audit work (continued)

	Work performed	Conclusion
Early substantive testing	<p>In line with the earlier close agenda we have worked with the finance team to identify key areas of the accounts where testing could be undertaken before the year end. The work completed is listed below.</p> <ul style="list-style-type: none"> • Detailed grants testing up to month 9 for material grants. • Testing of fees and charges income up to month 9. • Testing of capital additions and disposals up to month 9. • Testing of a sample of employee remuneration payments up to month 9 • Payroll trend analysis up to month 9. • Housing Benefit payments testing up to month 9. 	<p>Our audit work has not identified any errors in the transactions tested.</p> <p>The final accounts visit will focus on how these interim transactions are presented in the financial statements, and ensuring that further testing is undertaken to gain assurance over the full financial year.</p>

Key dates



Date	Activity
Jan/Feb 2016	Planning
Jan/Feb 2016	Interim site visit
April 2016	Presentation of audit plan to Finance and Audit Scrutiny committee
August 2016	Year end fieldwork
September 2016	Audit findings clearance meeting with Head of Finance
September 2016	Report audit findings to those charged with governance- Finance and Audit Scrutiny committee
September 2016	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	53,623
Grant certification	9,540
Total audit fees (excluding VAT)	63,163

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list.
- The scope of the audit, and the Council and its activities, have not changed significantly.
- The Council will make available management and accounting staff to help us locate information and to provide explanations.
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Fees for other services

Service	Fees £
Audit related services: <ul style="list-style-type: none">• Pooled capital receipts grant certification (CFB 06)	3,000
Non-audit services	Nil

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter

Independence and ethics

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 Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings Report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (UK & Ireland) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings Report will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council 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 Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



© 2016 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires.

Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk