



The Audit Plan for Cotswold District Council

Year ending 31 March 2016

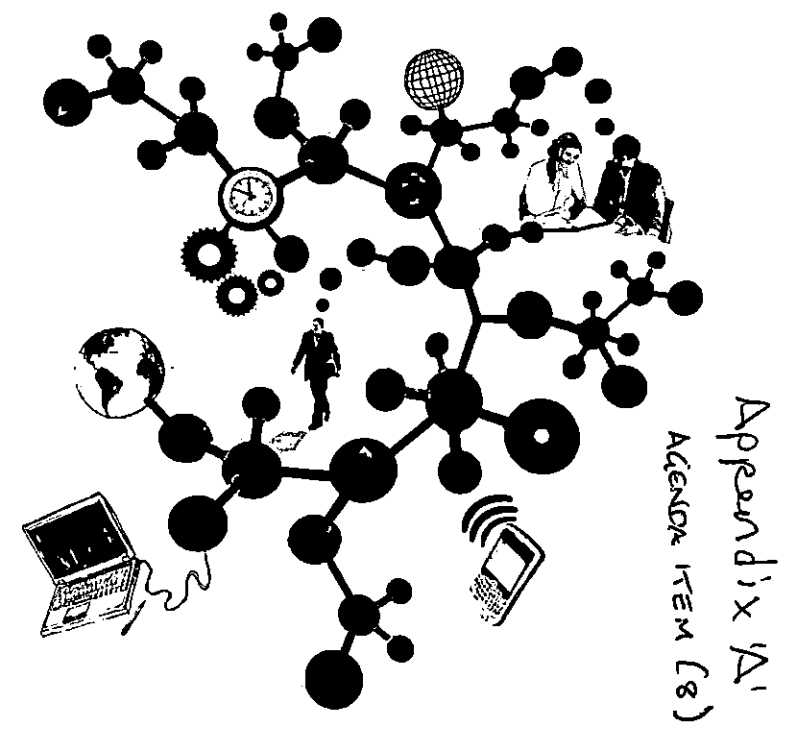
16 March 2016

3

Julie Masci
Associate Director

Michelle Burge
Assistant Manager

Roy Edwards
Executive



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.



Cotswold District Council
Trinity Road
Cirencester
Gloucestershire
GL7 1PX

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT
T +44 (0)117 3057600
www.grant-thornton.co.uk

16 March 2016

Dear Members of the Audit Committee

Audit Plan for Cotswold 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 Cotswold District Council, the Audit 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

Julie Masci
Associate Director

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

• Group audit scope and risk assessment

• Value for Money

• Results of interim audit work

9 • Key dates

Fees and independence

Communication of audit matters with those charged with governance

Appendices

A. Action plan

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
- The specific impact on Cotswold DC is uncertain, with the RSG being phased out and the basis for allocating New Homes Bonus Grant likely to change. Cotswold District Council's Settlement Funding Assessment results in a fall in core Government funding of 19.9% in 2016/17.

2. Collaborative working

- Go Shared Services is now well established, providing shared services to four district councils and several other bodies
- Three more councils became equal shareholders in Ubico Limited in April 2015, reducing Cotswold's shareholding from 50% to 20%. This will further reduce next year when another council joins.
- The Council is proceeding with the 2020 Vision programme, more closely working with its Go Shared Services partners. Central Government has awarded £3.8 million transformation funding to the member bodies and a Joint Committee has been formed.
- The Autumn Statement 2015 also included proposals to devolve further powers to localities. The Council participated in the Gloucestershire devolution bid.
- The Council is also participating in the proposed reorganisation of Oxfordshire, which could lead to the creation of a unitary authority jointly with West Oxfordshire Council and participation in a combined authority for services formerly provided by the County Council.

3 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.
- The Council's Audit Committee will meet to approve the accounts on the 23rd August, four weeks earlier than last 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 work closely with the auditors of your partner authorities to maximise the benefits of joint working.
- We will consider your plans as part of our work in reaching our VFM conclusion.
- We are able to provide support and challenge to your plans based on our knowledge of good practice elsewhere in the country.

- We will work with you to identify areas of your accounts production where you can learn from good practice in other authorities.
- We will identify ways that work on this audit can be integrated with work on West Oxfordshire DC's audit.

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 Joint arrangements

- Councils are involved in a number of pooled budgets and alternative delivery models which they need to account for in their financial statements.
- The arrangement directly impacting on the financial statements is the Council's holding in Ubico Limited, which changed during the year.

4. Other

- The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion.
- The Council completes a benefit subsidy return on which audit certification is required



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.

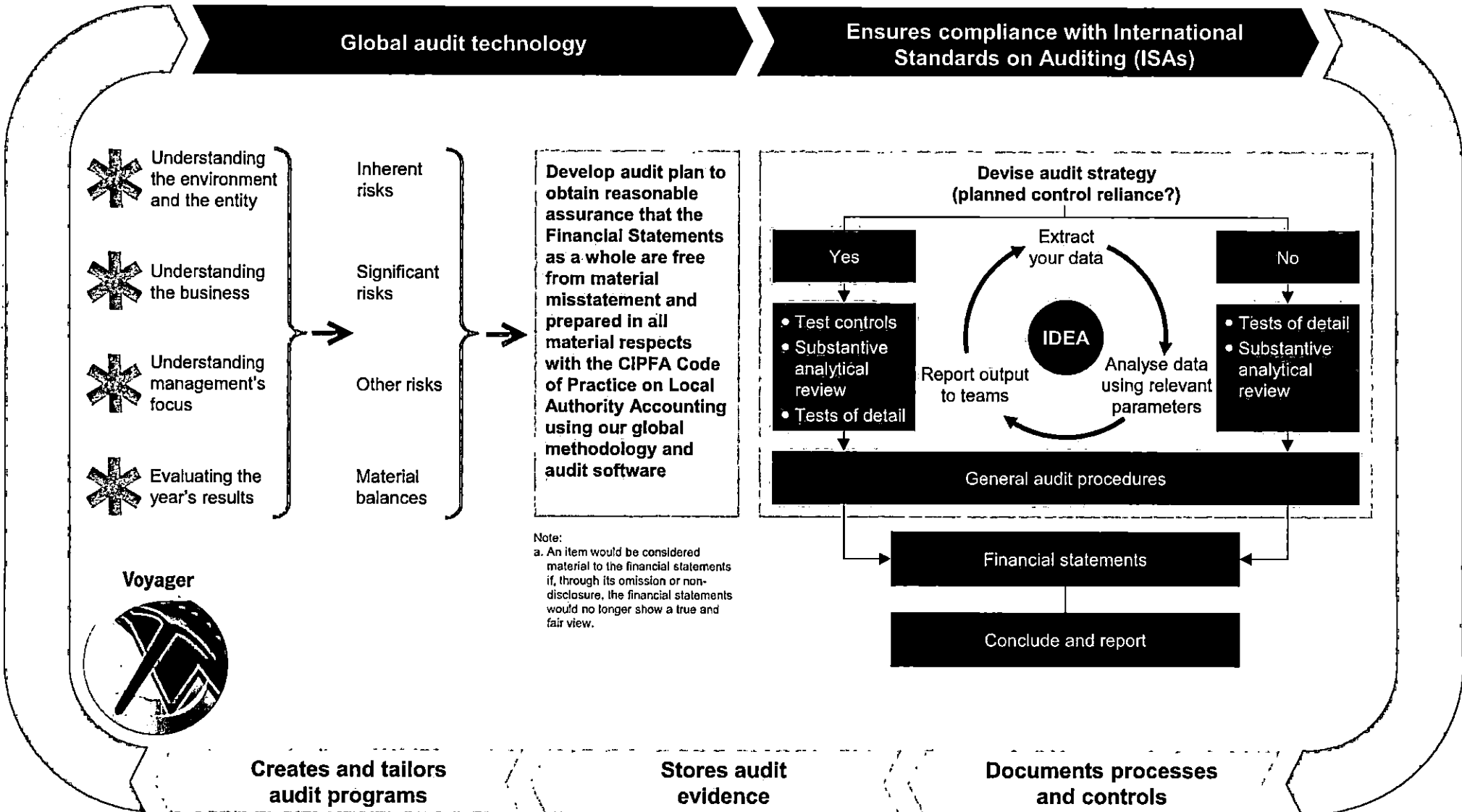
- We will review your Narrative Statement to ensure it reflects the requirements of the CIPFA Code of Practice when this is updated, and make recommendations for improvement.
- We will review your arrangements for producing the AGS and consider whether it is consistent with our knowledge of the Council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

- We will review your proposals for accounting for these arrangements against the requirements of the CIPFA Code of Practice, in particular the accounting treatment of Ubico Limited.
- We will also check your proposals for consistency with your partner councils.
- As in previous years, we will consider financial statement disclosures of staff jointly working with other councils.

- We will carry out work on the WGA pack in accordance with requirements.
- We will certify the housing benefit subsidy claim in accordance with the requirements specified by Public Sector Audit Appointments Ltd.
- We will review any other claims and returns as requested by the Council.

Our audit approach

6



Note:
a. An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

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 £882,000 (being 2% of 2014-15 gross revenue expenditure, and is also the materiality used in 2014-15). 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 £44,000.

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.	£5,000 (one remuneration band)
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.	£1,000
Disclosure of members allowances	Due to public interest in these disclosures and the statutory requirement for them to be made.	£5,000

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:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	<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 Council's revenue streams, 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 • The culture and ethical frameworks of local authorities, including Cotswold District Council, mean that all forms of fraud are seen as unacceptable.
Management over-ride of controls	Under ISA 240 it is presumed that the risk of management over-ride of controls is present in all entities.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgements and decisions made by management • Testing of journal entries • Review of unusual significant transactions <p>Further work planned:</p> <ul style="list-style-type: none"> • As above, for transactions not tested at the interim audit • Review of assurances from the Audit Committee and management in relation to fraud, law and regulations.
Transfer of data on systems upgrade	A major upgrade to the financial systems took place this year after nearly a year of planning and preparation. The upgrade was akin to the installation of a new system from the same supplier, requiring the planned suspension of some financial systems for several days and a total refresh of the hardware and servers.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of financial staff planning and control arrangements • Review of financial staff reconciliation of pre- and post- transfer data • Retesting a range of financial data <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of IT arrangements over the process.

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"> • Documented our understanding of processes and key controls over the transaction cycle, which is operated by Go Shared Services. • Undertaken walkthrough of the key controls to assess whether they are designed effectively <p>Further work planned</p> <ul style="list-style-type: none"> • Review of year end creditors control account reconciliations • Review for unrecorded liabilities through, for example, review of payments made after the year end • Gain an understanding of the year end accruals process, and sample test accruals to ensure that these are calculated on a reasonable basis.
Employee remuneration	Employee remuneration accruals understated (Remuneration expenses not correct)	<p>Work completed to date</p> <ul style="list-style-type: none"> • Documented our understanding of processes and key controls over the transaction cycle, which is operated by Go Shared Services. • Undertaken walkthrough of the key controls to assess whether they are designed effectively • Undertaken a trend analysis of monthly payroll data for Month 1 – 10. <p>Further work planned</p> <ul style="list-style-type: none"> • Undertaking a trend analysis of monthly payroll data for Month 11-12, to identify any unusual variances on which additional audit procedures may be required • Reconciliation of payroll figures within the Comprehensive Income and Expenditure Statement and supporting notes to the general ledger and payroll subsidiary system

12

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. The procedures will not be as extensive as those adopted for the risks identified in the previous section but will cover:

- Investments (long term and short term)
- Cash and cash equivalents
- 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 grant income
- Segmental reporting note
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- 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 to check that it is consistent with the statements on which we give an opinion and that 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

Group audit scope and risk assessment

ISA 600 requires that as Group auditors we obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Ubico Ltd

The structure of Ubico changed in 2015/16 with the addition of three more partners to the company. Membership is now made up of five partners – Cotswold District Council, Cheltenham Borough Council, Forest of Dean District Council, Tewkesbury Borough Council and West Oxfordshire District Council.

Component	Significant?	Level of response required under ISA 600	Risks identified	Planned audit approach
Ubico Ltd	No	<ul style="list-style-type: none">Targeted	<ul style="list-style-type: none">Inter-group transactionsConsolidation in group accounts	<ul style="list-style-type: none">Rely on full scope UK statutory audit performed by Grant Thornton

14

Value for Money

Background

The Local Audit & Accountability Act 2014 ('the Act') and the NAO Code of Audit Practice ('the Code') require 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 National Audit Office (NAO) issued its guidance for auditors on value for money work in November 2015.

<https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

The Act and NAO guidance state that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

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

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,
- 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.

We have identified significant risks which we are required to communicate to you. The NAO's Code of Audit Practice 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 the wider public. Significance has both qualitative and quantitative aspects.

We have set out below the risks we have identified as a result of our initial risk assessment, how they relate to the Code sub-criteria, and the work we propose to undertake to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
2020 Vision The Council continues to progress the 2020 Vision partnership arrangement with Cheltenham Borough Council, West Oxfordshire and Forest of Dean District Councils. The success of 2020 Vision, through the members working together effectively, is critical to the medium term financial plan at Cotswold District Council.	Working with partners and other third parties	<ul style="list-style-type: none">• Review of the progress made in the development of the 2020 Vision.• Understand how the Joint Committee is operating and how the councils are working together to deliver the planned savings.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and Annual Audit Letter. We will include our conclusion as part of our report on your financial statements which we will give by 30 September 2016.

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>

Results of interim audit work (continued)

	Work performed	Conclusion
Transfer of data on systems upgrade	<p>We have reviewed the arrangements set up to plan and execute the upgrade from a finance perspective.</p> <p>We have also reviewed the reconciliations of balances before and after the transfer, and agreed these balances to underlying transactions.</p> <p>The upgrade has been effective, and only minor inconsistencies and problems have been identified to date.</p>	<p>Our work to date has not identified any weaknesses which impact on our audit approach.</p> <p>Our IT specialist will review the control arrangements over the upgrade process from an IT perspective.</p> <p>At our final visit we will review issues identified since the upgrade to determine whether the upgrade created or subsequently revealed any systemic weaknesses not apparent at the time of the interim audit.</p>
Walkthrough testing	<p>We have carried out walkthrough testing 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 to date 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 to date has not identified any weaknesses which impact on our audit approach.</p>
Review of information technology controls	<p>Our information systems specialist will be performing a high level review of the general IT control environment, as part of the overall review of the internal controls system. We will also perform a follow up of the issues that were raised last year.</p>	<p>We will report the results of our findings and any recommendations in our Audit Findings Report.</p>

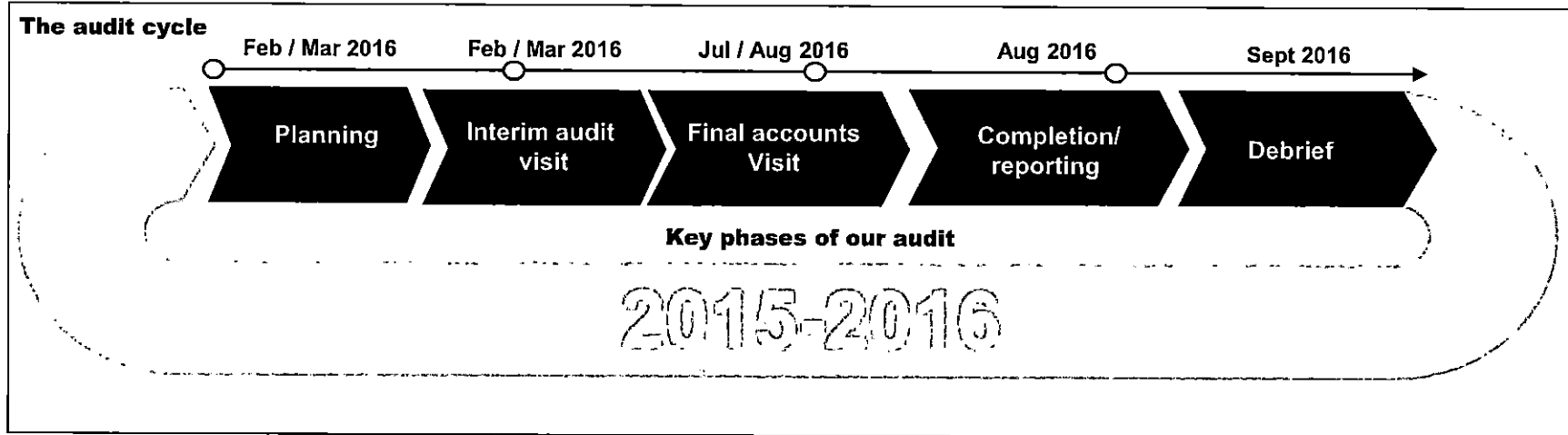
18

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>We carried out detailed testing on journal transactions recorded for the first ten months of the financial year by extracting 'unusual' entries for further review.</p>	<p>Our testing of months 1-10 journal transactions did not identify any issues for your attention.</p> <p>Testing of months 11 to 12 and of the year end adjustments will be carried out during our final visit.</p>
Early substantive testing	<p>We have carried out early substantive testing for months 1 to 10 in the following areas to ensure that transactions are valid and correctly coded:</p> <ul style="list-style-type: none"> • opening balances • grant income • other revenues • employee remuneration • operating expenditure • property, plant and equipment deeds. <p>We have carried out our testing, as in previous years, as a joint effort between all applicable GO Shared Service partners to ensure the most efficient audit approach and to minimise any potential duplication of effort.</p>	<p>Our work to date has not identified any weaknesses which are likely to adversely impact on the Council's financial statements</p>
Response to prior year actions	<p>We reviewed the progress the Council has made against the prior year action plan where the following low priority recommendations were made:</p> <ul style="list-style-type: none"> • payroll reconciliation processes should be strengthened to periodically reconcile gross pay, in addition to the existing reconciliation of net pay. • the amounts in the unders and overs account should be reviewed periodically and cleared to nil at 31 March. • arrangements over IT system audit logs and administrative access rights should be reviewed to identify potential cost-effective improvements. 	<p>Our work to date identified that:</p> <ul style="list-style-type: none"> • an interim reconciliation process has been introduced and a longer term arrangement is being considered • the under and over banking element for the first ten months totalled £172.89 • progress against recommendations in relation to IT system audit logs and administrative access rights to be reviewed and reported at our final visit.

19

Key dates



20

Date	Activity
February / March 2016	Planning
February / March 2016	Interim site visit
March 2016	Presentation of audit plan to Audit Committee
July / August 2016	Year end fieldwork
August 2016	Audit findings clearance meeting with Strategic Director and Head of Go Shared Services
23 August 2016	Report audit findings to those charged with governance (Audit Committee)
August 2016	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	44,879
Grant certification	4,950
Total audit fees (excluding VAT)	49,829

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

	£
Audit related services	0
Non-audit services	0

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.a.co.uk/appointing-auditors/terms-of-appointment/>)

We were 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.

	Audit Plan	Audit Findings
Our communication plan		
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		✓
Matters in relation to the Group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	✓	✓

Appendices

Action plan

Priority**High** - Significant effect on control system**Medium** - Effect on control system**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
	No recommendations have been raised from our planning or interim testing.			