

Audit Committee
Progress and Update Report for
Cotswold District Council
Year ended 31 March 2016

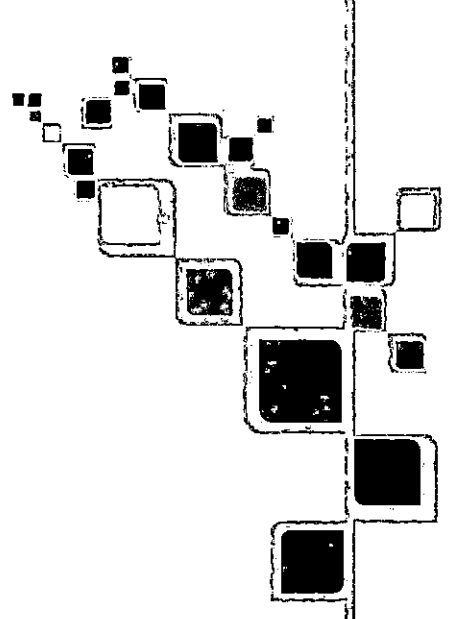
13 June 2016

John Golding
Partner

Julie Masci
Associate Director

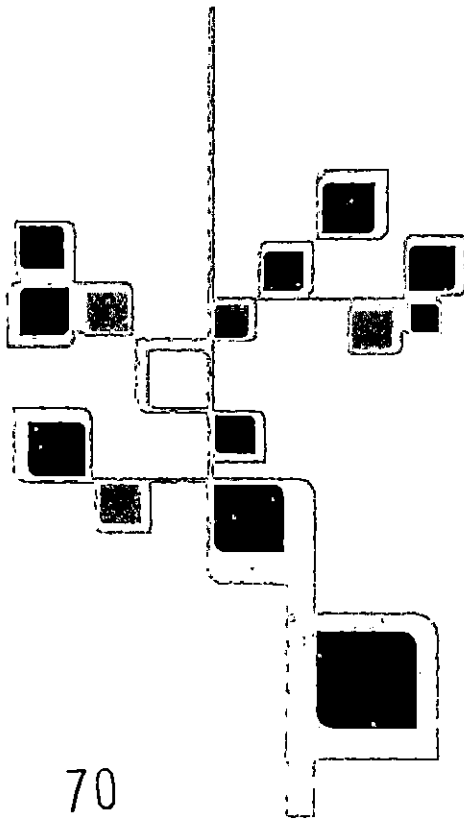
Michelle Burge
Assistant Manager

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 your business 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.



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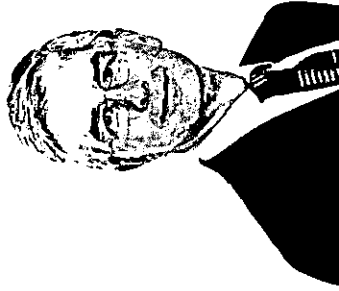
Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications including:

- Better Together: Building a successful joint venture company; <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>
- Knowing the Ropes – Audit Committee; Effectiveness Review ; www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/
- Making devolution work: A practical guide for local leaders (October 2015) www.grantthornton.co.uk/en/insights/making-devolution-work/

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



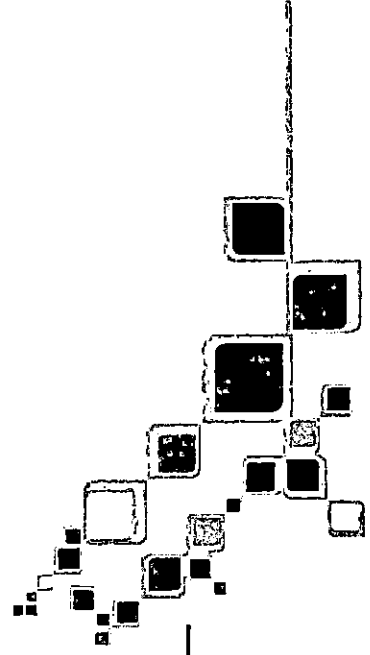
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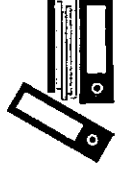
Progress at 13 June 2016



Progress against plan
On track



Opinion and VfM conclusion
Plan to give before deadline of 30 September 2016



Outputs delivered
Fee letter, Progress Reports, delivered to plan



2015/16 work

Completed Comments

Fee Letter

We issued the 'Planned fee letter' for 2015-16 in April 2015.

April 2015

We have also recently issued the fee letter for 2016-17, with no change to the fee proposed. This is reported to this meeting of the Audit Committee.

Accounts Audit Plan

We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements.

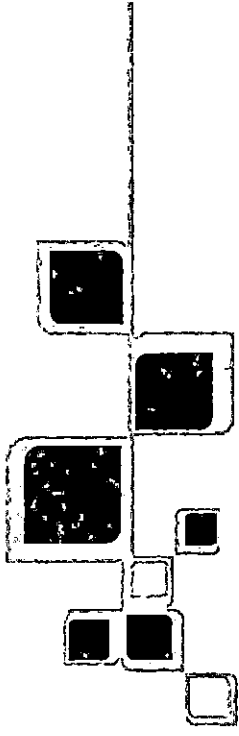
March 2016

This was presented to the Audit Committee in March 2016.

We also inform you of any subsequent changes to our audit approach.

There are no proposed changes to our audit approach that we need to communicate to you.

Progress at 13 June 2016 (continued)



2015/16 work

Completed

Comments

Interim accounts audit

Our interim fieldwork visit included:

- updating our review of the Council's control environment
- updating our understanding of financial systems
- review of Internal Audit reports on core financial systems
- early work on emerging accounting issues
- early substantive testing

March 2016

We have completed our interim audit work. There are no issues to report on the financial systems. We are currently assessing the results of our work on IT arrangements and will be discussing the outcome of the work with officers in June 2016.

As part of our formal communication between auditors and the Council's Audit Committee we prepared a letter covering some important areas of the auditor risk assessment where we are required to make enquiries of those charged with governance under auditing standards to understand how the Members gain assurance from management. The Chair of the Audit Committee responded to these on 1 April 2016 and raised no issues which would require extra attention during our audit.

Final accounts audit

Including:

- Audit of the 2015-16 financial statements
- proposed opinion on the Council's accounts

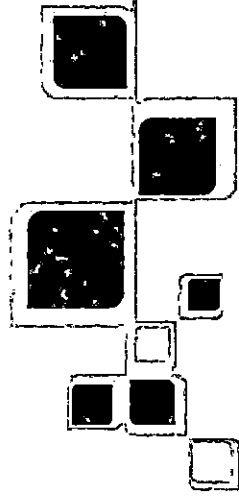
Planned for July -
August 2016

We are planning to complete our audit by 12 August 2016 and report to 23 August 2016 Audit Committee.

To help the Council prepare appropriate evidence to support the financial statements, we have provided a schedule of the working papers that we expect and discussed the implications of emerging accounting matters with finance staff.

We are currently discussing with officers their proposed treatment of the Council's interest in Ubico Ltd within the 2015-16 financial statements.

Progress at 13 June 2016(continued)



2015/16 work

Value for Money (VFM) conclusion

Auditors are required to reach their statutory conclusion on arrangements to secure VFM based on the following overall evaluation criterion: *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.*

To help auditors to consider this overall evaluation criterion, the following sub-criteria are intended to guide auditors in reaching their overall judgements:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We will be required to report by exception if we conclude that we are not satisfied that the Council has in place proper arrangements to secure value for money in the use of its resources for the relevant period.

Other activities

Housing benefit certification

Not yet due

Ongoing

We carried out a visit in April 2016 which combined our financial systems work with our preliminary work on the certification return. We will also carry out some further work in June 2016 to best coordinate our work with benefits staff and reduce the amount of work required later in the year.

Our work completed to date, has not identified any issues that we wish to highlight for your attention.

Completed

Comments

January – June 2016
Work is in progress

We have carried out an initial risk assessment to determine our approach and report this in our Audit Plan in March 2016.

We identified the delivery of the 2020 programme as a significant risk within our Audit Plan and are meeting with the Partnership Managing Director and Programme Director on the 30 June 2016 to review the progress made by 2020 and understand how the 2020 joint committee is operating.

Our work will be reported in the Audit Findings Report to be presented to the August 2016 meeting of the Audit Committee.

Better Together: Building a successful joint venture company

Grant Thornton reports

Local government is evolving as it looks for ways to protect front-line services. These changes are picking up pace as more councils introduce alternative delivery models to generate additional income and savings.

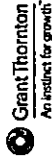
'Better together' is the next report in our series looking at alternative delivery models and focuses on the key areas to consider when deciding to set up a joint venture (JV), setting it up and making it successful.

JVs have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges.

Key findings from the report:

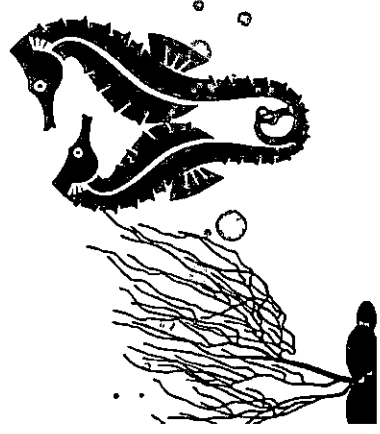
- JVs continue to be a viable option – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- There is reason to be cautious – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- There is a new breed of JVs between public sector bodies – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture.

Our report, **Better Together: Building a successful joint venture company**, can be downloaded from our website: <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>



ALTERNATIVE SERVICE DELIVERY MODELS IN LOCAL GOVERNMENT

Better together
Building a successful
joint venture company



Fighting Fraud and Corruption Locally

CIPFA publication

Fighting Fraud and Corruption Locally is a strategy for English local authorities that is the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape .

This strategy is the result of an intensive period of research, surveys, face-to-face meetings and workshops. Local authorities have spoken openly about risks, barriers and what they feel is required to help them improve and continue the fight against fraud and to tackle corruption locally.

Local authorities face a significant fraud challenge. Fraud costs local authorities an estimated £2.1bn a year. In addition to the scale of losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities will need to work with new agencies in a new national counter fraud landscape.

The strategy:

- calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment
- illustrates the financial benefits that can accrue from fighting fraud more effectively
- calls upon central government to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers to improvement
- updates and builds upon Fighting Fraud Locally 2011 in the light of developments such as The Serious and Organised Crime Strategy and the first UK Anti-Corruption Plan
- sets out a new strategic approach that is designed to feed into other areas of counter fraud and corruption work and support and strengthen the ability of the wider public sector to protect itself from the harm that fraud can cause.

The strategy can be downloaded from <http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>



Fighting
Fraud &
Corruption
locally

The local government
counter fraud and
corruption strategy
2011-2014



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