

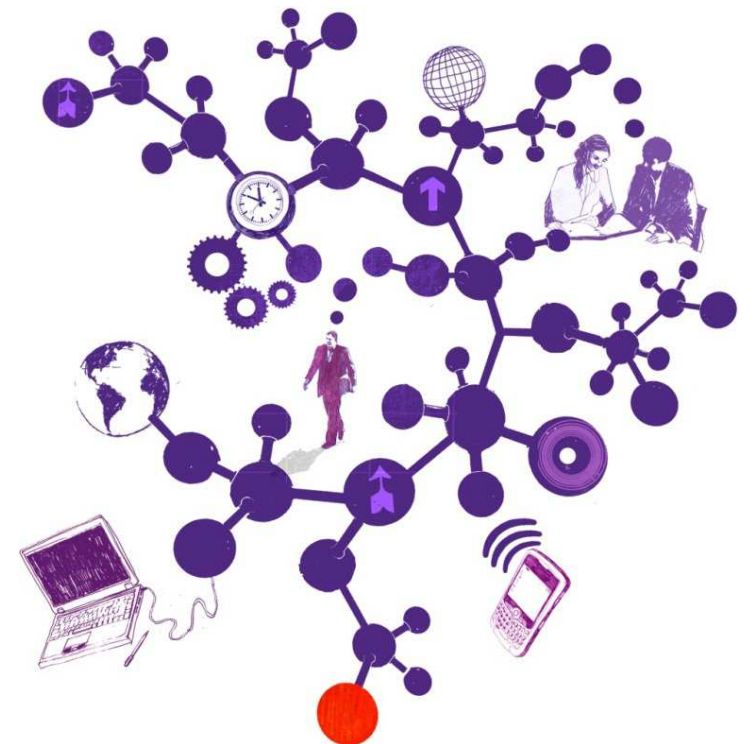
Corporate Committee Update

Year ended 31 March 2016

February 2016

Paul Dossett
Partner
T 020 7728 3180
E paul.dossett@uk.gt.com

Paul Jacklin
Manager
T 020 7728 3263
E paul.jacklin@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 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.

Contents

Section	Page
Introduction	4
Progress at 21 January 2016	5
Emerging issues and developments	
Grant Thornton	6
Local government issues	8

Introduction

This paper provides the Corporate Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Corporate 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 (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Making devolution work: A practical guide for local leaders
- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- All aboard? our local government governance review 2015

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 Audit Manager.

Paul Dossett Engagement Lead T 020 7728 3180 M 07919025198 paul.dossett@uk.gt.com

Paul Jacklin Audit Manager T 020 7728 3263 M 07880456186 paul.j.jacklin@uk.gt.com

Progress at 21 January 2016

Work	Comments
Audit Certificates	<p>We gave an unqualified opinion on the Council's financial Statements on 29 September 2014 in advance of the 30 September deadline. We were not able to certify the 2013/14 audit as complete due to two set of objections raised on the accounts by local authority electors.</p> <p>We have issued our report with recommendations to the Council and to the local objector in relation to court costs charged by the Council at the point of issuing a summons for non-payment of council tax. The objector has appealed to the High Court against our decision not to declare Council enforcement costs on those who haven't paid council tax to be illegal. The Court hearing is set for February 24th 2016.</p> <p>We are currently completing work of the on bailiff enforcement of parking/traffic debts and other parking matters. Once this objection is resolved the audit certificate will be issued an it will enable the 2013/14 and 2014/15 audits to be closed.</p>
2014-15 Grant Claim certification	<p>We have completed the certification work for the Pooling of Capital Receipts return, Teachers Pensions claim, the Decent Homes Backfunding claim and the Council's Housing Benefit and Council Tax Benefit claim.</p> <p>Our Grant Certification report is a separate item on the agenda</p>

Grant Thornton and CIPFA workshops

Closure of accounts workshops

CIPFA FAN and Grant Thornton are presenting a 'Undertaking the 2015/16 Accounts Closedown' workshops. Attendees will gain an understanding of the key issues affecting the preparation of the 2015/16 Statement of Accounts and the ongoing and emerging audit issues that will need to be considered for this year's closedown.

The expected future changes to the Code of Practice and what actions need to be considered now to best prepare for those changes will also be discussed. There will be an opportunity to share and discuss the practical considerations in relation to the 2015/16 Statement of Accounts and share examples of good practice.

Grant Thornton are also running a Local Government faster close workshops in February. The firm has an excellent record of working with clients and assisting them with faster close.

Workshops will be interactive, giving you a unique opportunity to:

- hear from colleague practitioners who have already achieved early closure of public sector accounts, what challenges they faced and what has worked in practice;
- hear an audit perspective on earlier closure;
- explore the challenges and benefits of earlier closure;
- discuss what preparations can be made now and in the run up to 2018

Council officers have booked onto both events.

Reforging local government

Summary findings of financial health checks and governance reviews

Grant Thornton market insight

The recent autumn statement represents the biggest change in local government finance in 35 years. The Chancellor announced that in 2019/20 councils will spend the same in cash terms as they do today and that "better financial management and further efficiency" will be required to achieve the projected 29% savings. Based on our latest review of financial resilience at English local authorities, this presents a serious challenge to many councils that have already become lean.

Our research suggests that:

- the majority of councils will continue to weather the financial storm, but to do so will now require difficult decisions to be made about services
- most councils project significant funding gaps over the next three to five years, but the lack of detailed plans to address these deficits in the medium-term represents a key risk
- Whitehall needs to go further and faster in allowing localities to drive growth and public service reform including proper fiscal devolution that supports businesses and communities
- local government needs a deeper understanding of their local partners to deliver the transformational changes that are needed and do more to break down silos
- elected members have an increasingly important role in ensuring good governance is not just about compliance with regulations, but also about effective management of change and risk
- councils need to improve the level of consultation with the public when prioritising services and make sure that their views help shape council development plans.



Code of Audit Practice

National Audit Office

Under the Local Audit and Accountability Act 2014 the National Audit Office are responsible for setting the Code of Audit Practice which prescribes how local auditors undertake their functions for public bodies, including local authorities.

The NAO have published the Code of Audit Practice which applies for the audit of the 2015/16 financial year onwards. This is available at <https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Final-Code-of-Audit-Practice.pdf>

The Code is principles based and will continue to require auditors to issue:

- Opinion on the financial statements
- Opinion on other matters
- Opinion on whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the "VFM conclusion".)

The NAO plan to supplement the new Code with detailed auditor guidance in specific areas. The published audit guidance on the auditor's work on value for money arrangements was finalised in November 2015. The guidance includes the following.

- Definition of the nature of the opinion to be given – i.e. a "reasonable assurance" opinion as defined by ISAE 300 (revised)
- Definitions of what could constitute "proper arrangements" for securing economy, efficiency and effectiveness in the use of resources
- Guidance on the approach to be followed by auditors in relation to risk assessment, with auditors only required to carry out detailed work in areas where significant risks have been identified
- Evaluation criteria to be applied
- Reporting requirements.



© 2015 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