

**BRISTOL CITY COUNCIL  
AUDIT COMMITTEE**

**23 SEPTEMBER 2014**

**Report of: Service Director (Finance)**

**Title: Grant Thornton's Annual Report to those charged with Governance 2013-14**

**Ward: Citywide**

**Officer presenting report: Grant Thornton UK LLP**

**Contact telephone number:**

**RECOMMENDATION**

The Audit Committee:

- note, and comment as appropriate, on Grant Thornton's Annual Report to those charged with Governance for 2013-14 and the action plan agreed by management;
- confirm that they are satisfied that the unadjusted misstatements included in the report do not require processing by management; and
- confirm that the Letter of Representation for 2013-14 to Grant Thornton is signed.

**Summary**

Attached to this report at Appendix 1 is Grant Thornton's Annual Report to those charged with Governance, which highlights the key issues arising from the audit of the Council's financial statements for the year ending 31 March 2014. This report enables Grant Thornton to discharge their audit responsibilities in accordance with International Standards of Auditing (ISA) 260. It also reports their conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Attached to this report at Appendix 2 is the Letter of Representation for 2013-14 to Grant Thornton.

### **The key considerations set out within this report are:**

- The auditors anticipate issuing an unqualified audit opinion on the Council's accounts and an unqualified VFM conclusion.
- Overall the financial statements have been prepared to a good standard. A number of adjustments have been identified and discussed with management following the audit. Where agreed, these changes have been made to the accounts.
- Recommendations have been made to management with regards to a number of improvements. Management responses to these recommendations are set out in the Action Plan at Appendix A to this report.

### **Policy**

None affected by this report. The Audit Commission has statutory responsibility for inspection and assessment at the Council. Grant Thornton are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements. In particular these are the Audit Commission Act 1998 and the Code of Audit Practice with regard to audit, and the Local Government Act 1999 with regard to best value and inspection.

### **Consultation**

**Internal:** Grant Thornton has discussed and agreed the findings of the audit with the Service Director of Finance and senior council finance officers.

**External:** None.

## **1 Introduction**

1.1 Grant Thornton's 2013-14 Annual Report to those charged with Governance is attached as an appendix to this report. The report provides commentary on:

- the outcomes of the audit of the Council's financial statements and the issues arising;
- our proposed conclusion on the VFM opinion;
- details of the amendments processed and not processed by management. Members of the audit committee are required to confirm that the unadjusted misstatements set out in the report

- do not require processing by management; and
- the action plan arising from their audit of the financial statements and managements responses to the matters raised.

1.2 Grant Thornton's auditors responsible for the City Council's audit will be attending the Committee, and will be pleased to answer Members' questions.

### **Other Options Considered**

Not applicable.

### **Risk Assessment**

Not as a result of this report.

### **Equalities Impact Assessment**

There are no issues arising from this report.

### **Legal and Resource Implications**

None arising from this report.

### **Appendices:**

Appendix 1: Grant Thornton's Annual Report to those charged with Governance 2013-14.

Appendix 2: Letter of representation from Management for 2013-14.

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:** None

# The Audit Findings for Bristol City Council

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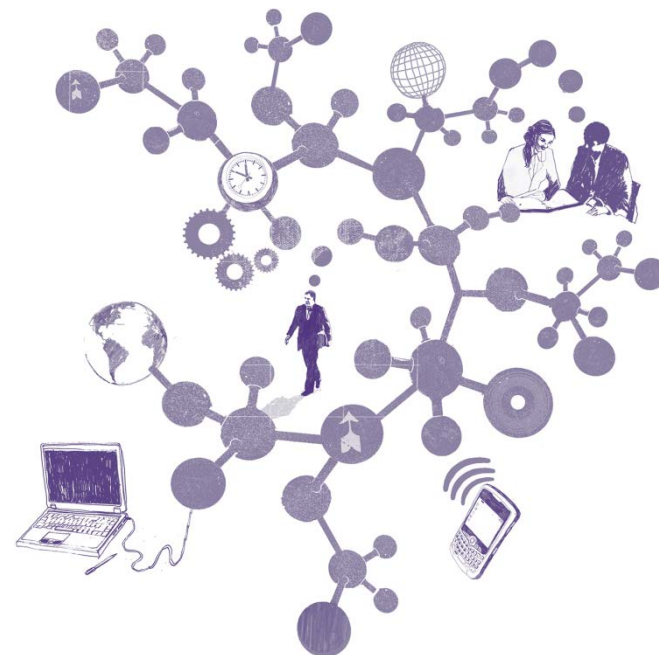
**Year ended 31 March 2014**

September 2014

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

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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## **Appendices**

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- B Audit opinion

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# Section 1: Executive summary

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**03. Value for Money**

**04. Fees, non audit services and independence**

**05. Communication of audit matters**

# Executive summary

## Purpose of this report

This report highlights the key matters arising from our audit of Bristol City Council's ('the Council') financial statements for the year ended 31 March 2014. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

## Introduction

In the conduct of our audit we have removed one risk relating to property, plant and equipment, which is no longer relevant, to our planned audit approach, which we communicated to you in our Audit Plan dated 25 April 2014.

Our audit is substantially complete although we are finalising our work in the following areas:

- review of the cash flow statement
- completion of testing on operating expenditure and welfare expenditure
- reviewing management's assessment of whether the PPE is materially misstated
- review of the final version of the financial statements
- obtaining and reviewing the final management letter of representation
- review of final version of the Annual Governance Statement
- updating our post balance sheet events review to the date of signing the opinion
- Whole of Government Accounts

We received draft financial statements and the majority of the accompanying working papers at the start of our audit, in accordance with the agreed timetable. There was a delay in obtaining some supporting evidence in relation to Property, Plant and Equipment.

## Key issues arising from our audit

### Financial statements opinion

We anticipate providing an unqualified opinion on the financial statements.

To date, our audit work has not identified any adjustments affecting the Council's reported financial position (details are recorded in section 2 of this report). The draft financial statements recorded net expenditure of £379m which is unchanged following our audit. We have identified a number of adjustments to improve the presentation of the financial statements.

The key messages arising from our audit of the Council's financial statements are:

- Overall the financial statements have been prepared to a good standard and sound progress has been made against the recommendations raised last year.
- However, there were significant delays in obtaining the information required to support the carrying value of property, plant and equipment assets compared to fair values estimates, for those assets not revalued in the year. This issue has been recognised by officers and will be addressed for the future.
- There continues to be a risk relating to the breadth of knowledge within the organisation. A number of individuals are the sole point of contact and in the event that they are not available this could result in a risk to both the delivery of the audit, but also the corporate knowledge of the Council. We understand that this is now being addressed through the current restructuring of the Finance team.

Further details are set out in section 2 of this report.



### **Value for Money conclusion**

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VfM conclusion.

Further detail of our work on Value for Money is set out in section 3 of this report.

### **Whole of Government Accounts (WGA)**

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

### **Controls**

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

Our work has not identified any control weaknesses which we wish to highlight for your attention.

Further details are provided within section 2 of this report.

### **The way forward**

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Service Director - Finance.

We have made a number of recommendations, which are set out in the action plan in Appendix A. Recommendations have been discussed and agreed with the Service Director – Finance and the finance team.

### **Acknowledgment**

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

**Grant Thornton UK LLP**  
**September 2014**

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## Section 2: Audit findings

01. Executive summary

**02. Audit findings**

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

# Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit Committee on 25 April 2014. We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

## Changes to Audit Plan

We have made one change to our Audit Plan as previously communicated to you on 25 April 2014. We have removed the risk relating to Property, Plant and Equipment being impaired as our interim audit found that the PFI Academy Schools had remained off Balance Sheet. We have undertaken alternative procedures to ensure that the carrying value of the assets recorded in the financial statements are appropriate.

## Audit opinion

We anticipate that we will provide the Council with an unmodified opinion. Our audit opinion is set out in Appendix B.

# Audit findings against significant risks

"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 detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p><b>Improper revenue recognition</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<ul style="list-style-type: none"> <li>• review and testing of revenue recognition policies</li> <li>• testing of material revenue streams</li> <li>• review of unusual significant transactions</li> </ul>	<p>Our audit work has not identified any significant issues in respect of revenue recognition.</p>
2.	<p><b>Management override of controls</b></p> <p>Under ISA 240 there is a presumed risk of management over-ride of controls</p>	<ul style="list-style-type: none"> <li>• review of accounting estimates, judgements and decisions made by management</li> <li>• testing of journal entries</li> <li>• review of unusual significant transactions</li> </ul>	<p>Our audit work has not identified any evidence of management override of controls.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>

# Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Operating expenses</b>	Creditors understated or not recorded in the correct period	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• Reviewed the internal financial controls relating to operating expenses</li> <li>• Substantively tested the material expenditure streams</li> <li>• Reviewed after date payments to ensure that all liabilities have been identified</li> </ul>	There is still some work to be completed on creditor disclosures but testing carried out in other areas has not identified any significant issues
<b>Employee remuneration</b>	Employee remuneration accrual understated	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• Reviewed the internal financial controls relating to employee remuneration</li> <li>• Substantively tested the employee remuneration</li> </ul>	<p>We were unable to review year end reports to HMRC as the Payroll software did not retain a copy of the data that was electronically submitted to HMRC. This meant reconciliation to the accounts was problematical. This was further exacerbated by no reconciliation being completed until audit of the final accounts was being undertaken. This work has now been completed and no issues have been identified.</p> <p>Our audit work has not identified any other significant issues affecting employee remuneration</p>
<b>Welfare expenditure</b>	Welfare benefit expenditure improperly computed	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• Reviewed the internal financial controls relating to the calculation of housing benefits</li> <li>• Completed an element of the housing benefit s subsidy calculation</li> </ul>	Work in this area is still to be completed and our audit work carried out in other areas has not identified any significant issues



# Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Housing Rent Revenue Account</b>	Revenue transactions not recorded	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>Reviewed the internal financial controls relating to HRA rental revenue</li> <li>Substantively tested HRA rental income</li> </ul>	Our audit work has not identified any significant issues in relation to Housing rents
<b>Property, plant &amp; equipment</b>	PPE activity not valid	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>Reviewed the internal financial controls relating to PPE additions</li> <li>Substantively tested PPE additions and disposals</li> </ul>	Our audit work has not identified any significant issues in relation to this risk
<b>Property, plant &amp; equipment</b>	Revaluation measurement not correct	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>Reviewed the internal financial controls relating to PPE valuations</li> <li>Reviewed the accounting entries in respect of any revaluations to ensure these are fully and accurately reflected in the accounts</li> </ul>	The revaluation report and documentation showing the Council's consideration of carrying value against fair value was requested prior to the start of the audit. Whilst we received the revaluation report in late July 2014, as at the date of this report, we have still not received the relevant documentation to support the Council's consideration of the market value of those assets not subject to revaluation in the financial year. We are, therefore, unable to conclude on the appropriateness of the carrying value at this point in time. Work is continuing in this area and we continue to liaise with the relevant officers.

# Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	<ul style="list-style-type: none"> <li>Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential will flow to the Council.</li> <li>Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential will flow to the Council.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue recognition policies have been reviewed and were determined to be in accordance with the requirements set out in the CIPFA Code</li> <li>Disclosure requirements have been assessed in accordance with the CIPFA disclosure checklist and are deemed to be appropriate.</li> </ul>	 (green)
<b>Judgements and estimates</b>	<ul style="list-style-type: none"> <li>The Council has disclosed that the key estimates and judgements in applying accounting policies are in relation to:                             <ul style="list-style-type: none"> <li>future levels of funding</li> <li>useful life of capital equipment</li> <li>significant property, plant and equipment valuations and impairments</li> <li>pension fund valuations</li> <li>group relationships</li> <li>business Rates</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Judgements and estimates have been reviewed and were determined to be in accordance with the requirements set out in the CIPFA Code.</li> <li>Whilst not material, the provision for Business Rates appeals was reviewed in detail, as this is a new area for the Council following the introduction of the Business Rates Retention Scheme, which became effective from 1 April 2013. Our testing concluded that the Council's estimate for this provision is reasonable and no issues were noted.</li> </ul>	 (green)



## Assessment

 Marginal accounting policy which could potentially attract attention from regulators



 Accounting policy appropriate and disclosures sufficient

 Accounting policy appropriate but scope for improved disclosure

# Accounting policies, estimates & judgements - continued

Accounting area	Summary of policy	Comments	Assessment
<p><b>Judgements and estimates - PPE</b></p>	<ul style="list-style-type: none"> <li>Page 43 of the accounts sets out the authority's rolling programme of revaluations. This shows that the date of valuations vary between March 2010 and March 2014. This approach is similar to many other authorities, but the Council needs to demonstrate that the carrying value of Property, Plant and Equipment (based on these valuations) does not differ materially from the fair value at 31 March 2014.</li> <li>In our view, however, this rolling programme does not meet the Code's requirement in paragraph 4.1.2.35 to value items within a class of property, plant and equipment simultaneously. This paragraph of the Code, which is based on IAS 16 Property, Plant and Equipment, does permit a class of assets to be revalued on a rolling basis provided that:               <ul style="list-style-type: none"> <li>- the revaluation of the class of assets is completed within a 'short period'</li> <li>- the revaluations are kept up to date</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We have been unable to verify that carrying and fair value do not differ materially as, to date, the Council has been unable to provide evidence as to how they have satisfied themselves that this is the case. Documentation has been requested and we still await this information.</li> </ul>	<p style="text-align: center;"> (red)</p>
<p><b>Other accounting policies</b></p>	<ul style="list-style-type: none"> <li>We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.</li> </ul>	<ul style="list-style-type: none"> <li>Our review of accounting policies has not highlighted any issues which we wish to bring to your attention</li> </ul>	<p style="text-align: center;"> (green)</p>

**Assessment**

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate and disclosures sufficient

-  Accounting policy appropriate but scope for improved disclosure



# Adjusted misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out below along with the impact on the primary statements and the reported financial position.

Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Impact on total net expenditure £000
1 Note 28 has been amended since the draft version of the financial statements was issued. The changes have occurred within the note and have not affected the totals. This was due to a material error noted by the Finance Team.	-	-	-
<b>Overall impact</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

## Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Presentation and disclosure	-	Various disclosures	Whilst we acknowledge the work undertaken by the Council to improve the layout and presentation of the financial statements, there were a number of minor disclosure and presentational adjustments that required processing by the Council.. We recommend that appropriate senior management review of the draft financial statements is undertaken before the financial statements are signed.
2 Disclosure: Exit packages	-	Employee Remuneration	The split of exit costs within the bandings includes the provision for the exit costs associated with the staff reorganisation. This is has been calculated based on 236 leavers of the 800 in 2013/14. Documentation provided could only find evidence of 193. Whilst the overall cost of exit packages has not changed, the allocation between bandings has been adjusted. We recommend that the Council ensure robust evidence is available to support entries in the statement of accounts
3 Disclosure: Leases – Council as lessor	£18,432	Leases	The accounts require that the Council show the future minimum lease payments due under non-cancellable leases in future years. Initial review of this found that the figures included for 2013/14 totalled £896.5m which was actually the figures for 2011/12. The correct figure for 2013/14 was £878.1m. We recommend that further review of information in the accounts to working papers is undertaken to ensure all information is correctly disclosed.

## Unadjusted misstatements

The table below provides details of adjustments identified which we request be processed but which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below:



Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Reason for not adjusting
1 £1.6m unallocated income included within a suspense account. Officers are continuing to investigate and review these items, which relate to HRA balances prior to the implementation of Agresso Business World. Since the Statement of Accounts have been prepared, some £400k of this balance has been resolved.	1,600	-	Below triviality
<b>Overall impact</b>	<b>£1,600</b>	<b>£0</b>	

# Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

These and other recommendations, together with management responses, are included in the action plan attached at Appendix A.




	Assessment	Issue and risk	Recommendations
1.	 (amber)	We were able to obtain copies of the payroll reports however although there is a reconciliation taking place between the payroll system (Envoy) and the general ledger (ABW), this is to balance sheet control accounts. There was no reconciliation to the CIES. The risk is that incorrect information is being entered in to the general ledger.	<ul style="list-style-type: none"> <li>During the audit, a reconciliation was prepared for us to show that there were no material differences occurring at the year end. The payroll system is reconciled to the general ledger on a balance sheet basis. However, there is no reconciliation of the payroll output to the employees subjective analysis for the CIES. The current restructuring of the Finance team should ensure that this task is undertaken in the future.</li> </ul>
2	 (amber)	<p><b>Unit 4 – remote access</b></p> <p>Unit 4, the vendors of Agresso Business World (ABW), require remote access in order to provide support and problem-solving services to BCC. This facility is left permanently switched on, to give Unit 4 maximum flexibility of access during the ongoing ABW implementation project. Activity under the Unit 4 user code is not reviewed.</p> <p>Remote access presents a security risk because it is more difficult for BCC to be sure who is using the user account and what activity is being undertaken under it.</p>	<p>We recommend that management:</p> <ul style="list-style-type: none"> <li>Consider activating the remote access only when Unit 4 request it, for a defined purpose and defined period only;</li> <li>It is acknowledged that during an implementation project flexibility for problem solving etc. is at a premium, and until the implementation project workload falls off, we accept that the Council may decide that Unit 4 need the remote access to be switched on indefinitely. In that event, it is recommended that the Council consider logging activity under the Unit 4 user access, and review the logs to gain assurance as to the nature of the work that is carried out.</li> </ul>

## Assessment


 Significant deficiency – risk of significant misstatement

 Deficiency – risk of inconsequential misstatement

# Internal controls - continued

	Assessment	Issue and risk	Recommendations
3	 (amber)	<p><b>Reviewing unsuccessful attempts at logging onto ABW</b>                      At the moment unsuccessful attempts at logging onto ABW are not recorded. This makes it less likely that unsuccessful attempts to gain unauthorised access to the system are detected and appropriate action taken.</p>	<p>It is acknowledged that ABW disables user accounts when three successive unsuccessful access attempts have been made, and that this partly mitigates this risk, however as a matter of best practice it is recommended that logging of unsuccessful access attempts be switched on, and a process put in place to review the logs to identify potential attempts to gain unsuccessful access</p>
4	 (amber)	<p><b>ABW system administrators</b>                      There are currently eleven ABW system administrators. It is considered that this is too many; best practice is to keep the number of staff with privileged access rights (like the system administrators) to a minimum, to comply with the fundamental principle of least privilege.</p> <p>Too many system administrators can mean that some such users have access rights they do not need for their jobs. This can lead to the rights being misused deliberately or accidentally, causing damage to systems and data.</p>	<p>It is acknowledged that the ongoing implementation project will require that more staff than strictly necessary have privileged user access in order to provide the flexibility to resolve problems promptly. However, there are currently more administrators than we would expect to see, and it is recommended that consideration be given to reducing this number during the coming months, as the project work declines and the structure of Finance and the ABW Systems and Data team is finalised</p>
5	 (amber)	<p><b>Active Directory – periodic review of users</b>                      The review found two weaknesses with the review of staff with access to Active Directory (AD):</p> <ul style="list-style-type: none"> <li>• there is no periodic review of all staff with AD access, in order to identify leavers, transfers and other changes that haven't been reflected in user access rights;</li> <li>• there is a periodic review of AD users with privileged access, but this review is ad hoc and informal</li> </ul> <p>The absence of formal reviews of users means that mistakes in allocating and withdrawing user access that fall through the day-to-day controls over access will not be detected and corrected, leading to excessive access rights being allowed to users.</p>	<p>It is recommended that:</p> <ul style="list-style-type: none"> <li>• an annual review of AD users be carried out, to confirm that all users have the access they are entitled to; given the large number of AD users, such a review might be more practical if functional managers are asked to confirm the access rights for their staff;</li> <li>• a formal review of users with privileged AD access should be carried out every three months.</li> </ul>

## Assessment

-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement

## Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	<b>Matters in relation to fraud</b>	We have previously discussed the risk of fraud with the Audit Committee and we have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures
2.	<b>Matters in relation to laws and regulations</b>	We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	<b>Written representations</b>	A letter of representation has been requested from the Council.
4.	<b>Disclosures</b>	Our review found no material omissions in the financial statements. A number of minor disclosure and presentation adjustments have been made to the financial statements as set out on page 15.
5.	<b>Matters in relation to related parties</b>	We are not aware of any related party transactions which have not been disclosed
6.	<b>Going concern</b>	Our work has not identified any reason to challenge the Council's decision to prepare the financial statements on a going concern basis.

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## Section 3: Value for Money

01. Executive summary

02. Audit findings

**03. Value for Money**

04. Fees, non audit services and independence

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# Value for Money

## Value for money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources;
- ensure proper stewardship and governance; and
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VFM conclusion based on two criteria specified by the Audit Commission which support our reporting responsibilities under the Code. These criteria are:

**The Council has proper arrangements in place for securing financial resilience** - the Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

**The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness** - the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

## Key findings

### Securing financial resilience

We have considered the Council's arrangements to secure financial resilience against the following themes:

- Key financial performance indicators
- Financial governance
- Financial planning
- Financial control

Overall our work highlighted that the Council has demonstrated that it has proper arrangements in place to secure financial resilience. The Council has delivered an under spend on its revenue budget and continues to face the challenge of delivering further significant savings going forward.

Improvements have been made with the publication of the Council's first Medium Term Financial Strategy and strengthening of the governance arrangements, although further improvements are still required.

### Challenging economy, efficiency and effectiveness

We have considered the Council's arrangements to challenge economy, efficiency and effectiveness against the following themes:

- Prioritising resources
- Improving efficiency & productivity

Overall our work highlighted that the Council has proper arrangements in place.

The Council is challenging the way it provides services and delivers savings through the Single Change Programme. The single change programme should deliver significant savings, which are planned from 2014/15. The Council should also agree SMART non-financial benefits for all its services which are included in the single change programme and ensure it actively monitors the effect that organisational change has on service delivery. The Council is currently developing its performance management system and is in the process of reviewing its performance indicators. As a result, the Council has yet to ensure that its monitoring of performance indicators is aligned and linked to its strategic objectives.

### Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.



We set out below our summary findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

<b>Green</b>	<b>Adequate arrangements</b>
<b>Amber</b>	<b>Adequate arrangements, with areas for development</b>
<b>Red</b>	<b>Inadequate arrangements</b>

Our detailed findings are set out within two separate reports:

- Report on Value for Money
- Review of Governance – phase 2

Theme	Summary findings	RAG rating
<b>Key indicators of performance</b>	<p>In comparison to its "nearest neighbours" (Audit Commission VfM indicators) the Council is in line with the trends indicated by other Councils, for the majority of the indicators. The exception to this is the level of school balances as a proportion of the designated schools grant where the Council has one of the highest levels of school balances.</p> <p>The Council has achieved a revenue underspend for the fourth consecutive year, reviewed its reserves balance and setting aside £14m in a strategic reserve. However, the capital spend for 2013/14 was £145.6m, 23% below the revised budget.</p> <p>Sickness absence rates and the recording of completion of annual PMDS remain an area of concern for the Council.</p>	<b>Green</b>
<b>Strategic financial planning</b>	<p>The Council has published its first three year Medium Term Financial Strategy (MTFS) in February 2014 covering the period 2014/15 to 2016/17. The MTFS is based on the Mayor's budget for the same period and reflects these requirements within the savings targets.</p> <p>The Council now needs to ensure that the priorities within the MTFS are fully reflected within supporting strategies, such as workforce and information technology.</p>	<b>Green</b>
<b>Financial governance</b>	<p>The Council has strengthened its governance arrangements by making permanent appointments to its Strategic Leadership Team and updating its constitution to both improve the efficiency and decision making processes and address the recommendations made by the Centre for Public Scrutiny. The new arrangements are evolving and the Council should ensure that they are kept under review and evaluated.</p> <p>However, the Financial Regulations still need to be updated. The Council's website refers to the Financial Regulations as at July 2012 and make no reference to the Mayor.</p> <p>We consider that the Council's financial governance arrangements could be improved by introducing corporate reporting on the delivery of its savings programme and a systematic and better integrated approach to benchmarking services in line with the corporate priorities.</p>	<b>Amber</b>

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

<b>Green</b>	Adequate arrangements
<b>Amber</b>	Adequate arrangements, with areas for development
<b>Red</b>	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
<b>Financial control</b>	<p>The Council has a good track record of achieving its planned budget, under spending its 2013/14 net revenue budget by £0.3m. The Head of Internal Audit opinion has recognised an improvement in the control environment moving from high risk to medium risk, reflecting the progress made towards the end of the year.</p> <p>The Council has strengthened its strategic risk management processes and further work is underway. Directorates are in the process of developing their risk registers.</p>	<b>Green</b>
<b>Prioritising resources</b>	<p>The Council now has a complete Strategic Leadership Team and has appointed a permanent section 151 officer. The Council has strengthened its decision making processes by ensuring the Mayor's forward plan is more up to date and looks four months ahead.</p> <p>The Council, along with NHS Bristol Clinical Commissioning Group (CCG), has begun to work with its partners to develop and deliver the Better Care Fund. The Council needs to continue to develop these relationships and ensure that effective arrangements are in place that will deliver the planned vision from April 2015.</p>	<b>Green</b>
<b>Improving efficiency &amp; productivity</b>	<p>The Council has been working towards delivering savings and changing the way services are delivered through its change portfolio. The Council has continued to change the governance arrangements for transformation and on the 1 July 2014 Cabinet agreed the adoption of a single change programme. The single change programme should deliver significant savings, but as investment is required these will not be delivered until 2014/15. The Council should also agree SMART non-financial benefits for all its services which are included in the single change programme and ensure it actively monitors the effect that organisational change has on service delivery, to ensure the impact on performance is understood and the risk of any reduction in standards is minimised.</p> <p>The Council is currently developing its performance management system and is in the process of reviewing its performance indicators. As a result, the Council has yet to ensure that its monitoring of performance indicators is aligned and linked to its strategic objectives. The Council should review its use of benchmarking to ensure its approach is efficient and effective to monitor performance against its strategic priorities.</p>	<b>Amber</b>

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## Section 4: Fees, non audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

**04. Fees, non audit services and independence**

05. Communication of audit matters

# Fees, non audit services and independence

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

## Fees

	Per Audit plan £	Actual fees £
Council audit	270,513	270,513
Grant certification	15,388	16,458
<b>Total audit fees</b>	<b>285,901</b>	<b>286,971</b>

## Fees for other services

Service	Fees £
None	Nil

## Fee Variations – Business Rates Certification

There is additional fee of £1,070 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR3 claims. The additional fee is 50% of the average fee previously charged for NDR3 certifications for Unitary Council's and is subject to agreement by the Audit Commission.

## 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.

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

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## Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

# Communication of audit matters to those charged with governance

International Standard on Auditing (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.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

## Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).

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. 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 Audit Commission and includes nationally prescribed and locally determined work. 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		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

# Appendices

# Appendix A: Action plan

## Priority

**Significant deficiency** – risk of significant misstatement

**Deficiency** - risk of inconsequential misstatement

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	The payroll system is reconciled to the general ledger on a balance sheet basis. However, there is no reconciliation of the payroll output to the employees subjective analysis for the CIES. We would therefore recommend that reconciliations are being performed periodically.	Low	Agreed. A timetable of reconciliations is currently being produced. This will be reviewed on an ongoing basis during the course of the financial year.	October 2014 and ongoing throughout the year. Service Director – Finance
2	Remote access for ABW is permanently switched on to give flexibility during the implementation. Activity under this remote access is not reviewed. We would therefore recommend that remote access for ABW is only activated when requested and for a defined purpose and time period. If this is considered impractical at this stage of implementation, we would recommend that the logs of activity under this log on are reviewed.	Low	Agreed. During this key period of system improvement and upgrading, a monthly review of activity logs will be undertaken. Following completion of the system improvements remote access will only be activated when requested for defined purposes and time periods.	October 2014 Service Director Business Change and ICT Service Director – Finance



## Appendix A: Action plan - continued

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
3	<p>Unsuccessful attempts at logging into ABW are not currently recorded. We are aware that ABW disables user accounts when three successive unsuccessful access attempts have been made and that this partly mitigates the risk, however as a matter of best practice it is recommended that logging of unsuccessful access attempts be switched on and reviewed periodically.</p>	Low	<p>Agreed. The functionality will be activated and unsuccessful attempt to access the system will be reviewed.</p>	<p>Service Director - Finance November 2014</p>
4	<p>There are currently eleven ABW system administrators and this is considered excessive. We would therefore recommend that consideration is given to reducing this number as the project work declines.</p>	Low	<p>Agreed. This will be implemented as project work declines</p>	<p>Service Director - Finance March 2015</p>
5	<p>Our review found two weaknesses with the review of staff with access to Active Directory (AD):</p> <ol style="list-style-type: none"> <li>1. There is no periodic review of all staff with AD access, in order to identify leavers, transfers and other changes that haven't been reflected in user access rights;</li> <li>2. There is a periodic review of AD users with privileged access, but this review is ad hoc and informal.</li> </ol> <p>It is recommended that:</p> <ol style="list-style-type: none"> <li>1. An annual review of AD users be carried out, to confirm that all users have the access they are entitled to; given the large number of AD users, such a review might be more practical if functional managers are asked to confirm the access rights for their staff;</li> <li>2. A formal review of users with privileged AD access should be carried out every three months.</li> </ol>	Low	<ol style="list-style-type: none"> <li>1) Leavers' access rights are disabled as soon as notified from HR and reviews have previously been carried out. However, agreed that these have been ad-hoc and without the rigour of an annual review. We will work with HR and business managers to establish suitable processes and undertake a review at the start of each financial year.</li> <li>2) Agreed.</li> </ol>	<p>SD&amp;I Service Manager March 2015</p> <p>October 2015; Thereafter quarterly. SD&amp;I Service Manager</p>

## Appendix A: Action plan - continued

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
6	Delays occurred due to the lateness of information being provided to support the carrying value of property, plant and equipment assets compared to fair values estimates. Linked to this is a risk relating to the breadth of knowledge within the organisation. A number of individuals are the sole point of contact and should they be unavailable this could potentially cause serious delays in future years.	Medium	<p>The council is currently implementing revised structures across all areas of the organisation, as part of this process, Service Managers will where possible ensure there is greater resilience through shared knowledge.</p> <p>The issue in relation to revaluations of Property Plant and Equipment has been resolved, and agreement made that any valuation queries will be dealt with more promptly in future.</p>	<p>October 2014 and ongoing Service Director – Finance</p> <p>October 2014 and ongoing Service Director – Property</p>

# Appendix B: Audit opinion

**We anticipate we will provide the Council with an unmodified audit report**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISTOL CITY COUNCIL

### Opinion on the Authority financial statements

We have audited the financial statements of Bristol City Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, Collection Fund, the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of Bristol City Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of Responsibilities, the Service Director - Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Service Director - Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Bristol City Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

### Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

**Conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in the use of resources**

**Respective responsibilities of the Authority and the auditor**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

**Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

**Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Bristol City Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

**Certificate**

We certify that we have completed the audit of the financial statements of Bristol City Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Barrie Morris  
 Director  
 for and on behalf of Grant Thornton UK LLP, Appointed Auditor  
 Hartwell House, 55-61 Victoria Street, Bristol, BS1 6FT

23 September 2014



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**\*\*\*Prepare on client letterhead\*\*\***

Grant Thornton UK LLP  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6FT  
23 September 2014

Dear Sirs

Bristol City Council

### Financial Statements for the year ended 31 March 2014

This representation letter is provided in connection with the audit of the financial statements of Bristol City Council for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **Financial Statements**

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code") as adapted for International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- vi We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no further material judgements that need to be disclosed.
- vii Except as stated in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the Council has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for.
- ix Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- x All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii We have not adjusted the misstatements brought to our attention in the Audit Findings Report, as they are considered to be immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xiii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

## Information Provided

- xv We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xvi We have communicated to you all deficiencies in internal control of which management is aware.
- xvii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xx We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- xxi We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii We have disclosed to you the entity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.



**Annual Governance Statement**

xxiv We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS

**Approval**

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 23 September 2014.

**Signed on behalf of the Board**

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Appendix

	Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Reason for not adjusting
1	£1.6m unallocated income included within a suspense account	1,600	-	Below trivial
	<b>Overall impact</b>	<b>£1,600</b>	<b>£0</b>	