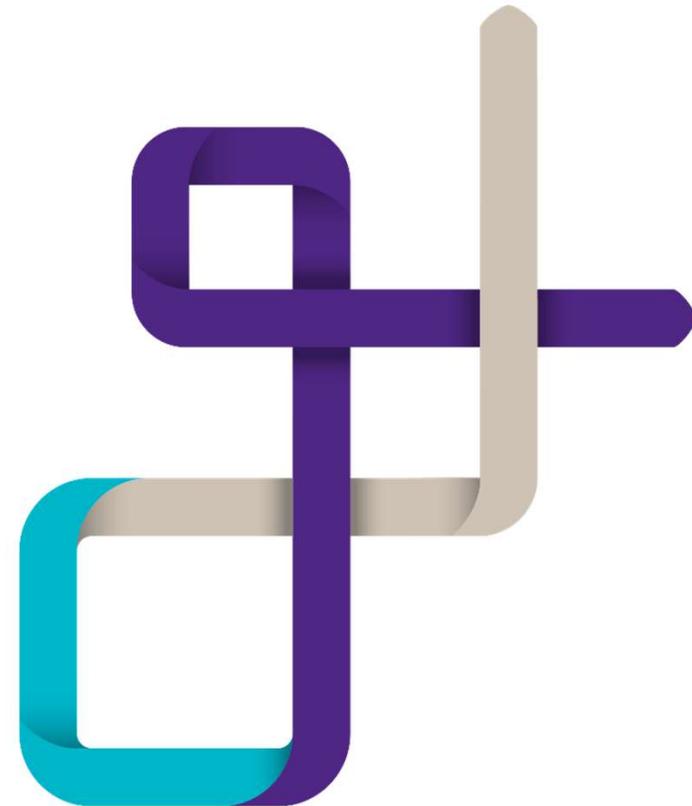


External Audit Plan

Year ending 31 March 2019

Bristol City Council
January 2019



Contents



Your key Grant Thornton
team members are:

Jon Roberts

Partner

T: 0117 305 7699

E: jon.roberts@uk.gt.com

Jackson Murray

Senior Manager

T: 0117 305 7859

E: jackson.murray@uk.gt.com

Beth Garner

Executive

T: 0117 305 7726

E: Beth.AC.Garner@uk.gt.com

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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 planning 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 Authority or all 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 & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Bristol City Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Bristol City Council. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council and Group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. 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 audit approach is based on a thorough understanding of the Council's business and is risk based.

Group Accounts	The Council is required to prepare group financial statements that consolidate the financial information of Bristol Holding Limited, Bristol Waste Company Limited, Bristol Energy Limited and for the first time Gorman Homes Limited, Bristol City Council's newly incorporated housing company.
Significant risks	<p>Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:</p> <ul style="list-style-type: none">• Management override of control (presumed risk under ISA 240)• Fraudulent revenue recognition (presumed risk under ISA 240) for the Group (Bristol Energy Limited), rebutted for the Council and other Group components• Valuation of land and buildings• Valuation of the net defined benefit pension liability• Incomplete or inaccurate financial information transferred to the new HRA system <p>We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.</p>
Materiality	We have determined planning materiality to be £17.5m (PY £19.2m) for the Group and £16.5m (PY £18.1m) for the Council, which equates to approximately 1.5% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.875m (PY £0.362m).
Value for Money arrangements	<p>Our risk assessment regarding your arrangements to secure value for money has currently identified the following VFM significant risk:</p> <ul style="list-style-type: none">• Financial planning and future financial sustainability
Audit logistics	<p>Our interim visit will take place in March 2019 and our final visit will take place in May, June and July 2019. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.</p> <p>The scale fee for the audit set by PSAA is £156,839 (PY: £203,687) for the Council, subject to the Council meeting our requirements set out on page 13. We will report any additional fees to the Audit Committee through our update reports should they be required.</p>
Independence	We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. Bristol City Council set a balanced budget for 2018/19, with a General Fund net budget of £361.6m. At the end of quarter 2, the Council was forecasting an overspend on the general fund budget of £0.3m.

Within this position, the main budget pressures relate to Adult Social Care placements and Education, which is in line with pressures seen nationally at councils who provide these services. These overspends are currently offset by central contingency funds, other budget underspends, one-off grant funding and reductions in capital financing costs as a result of a re-profiling of the capital programme. The Council continues to monitor these full year forecasts and implement actions where budgets are forecast to overspend.

At a national level, the Government continues its negotiation with the EU over Brexit, and future arrangements remain clouded in uncertainty. The Council will need to ensure that it is prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.

Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

We have discussed these with Council finance officers and do not consider that these will have a material impact on the Council's financial statements.

Implementation of new Housing Revenue Account (HRA) system

The Council implemented a new HRA system in year, moving from the Northgate system to Civica software. The system includes transactions related to HRA rents, repairs and estates which feed into the Council's financial statements.

As part of the transfer, which happened part way through the year, financial balances were transferred between the systems.

Consolidation of new Council-owned Housing Company

Bristol City Council incorporated a new fully-owned company on 1 October 2018 under the name of Goram Homes Limited. The aim of the Company is to increase the supply of housing to help to meet the demand for homes in the city, providing the Council with more influence over what is built and when.

As a fully-owned Council company, Goram Homes Limited will be consolidated into the Group accounts of Bristol City Council for the first time in 2018/19. Although the transactions are unlikely to be material for the 2018/19 financial statements, it is expected that they will become material in future years.

Our response

We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.

Our work on the Value for Money conclusion will also consider your medium term financial plans, including savings plans and actions to reduce costs or demand for services in the medium term, along with your capital and other investment proposals for future years.

We will consider whether your financial position leads to material uncertainty about the going concern of the group and will review related disclosures in the financial statements as appropriate.

We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.

As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

We will consider the approach to system implementation and ensure that balances were transferred accurately between the systems. We have identified the new system implementation and resultant transfer of balances as a significant risk to our audit opinion.

We will consider the accounting treatment and consolidation adjustments made in respect of Goram Homes Limited in the group accounts to ensure that we are satisfied that these are appropriate and that relevant disclosures have been made.

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to 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.

Component	Individually Significant?	Audit Scope	Risks identified	Planned audit approach
Bristol City Council	Yes	Audit of the financial information of the component using component materiality	See risks detailed on pages 7 and 8	Full scope UK statutory audit performed by Grant Thornton UK LLP
Bristol Holding Limited	No	Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	See risks detailed on pages 7 and 8	Specific scope procedures on the presumed risk of management override of controls to be performed by company auditor.
Bristol Waste Company Limited	No	Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	See risks detailed on pages 7 and 8	Specific scope procedures on the presumed risk of management override of controls to be performed by company auditor.
Bristol Energy Limited	No	Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	See risks detailed on pages 7 and 8	Specific scope procedures on the presumed risk of management override of controls and fraudulent revenue recognition to be performed by company auditor.
Goram Homes Limited	No	Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	See risks detailed on pages 7 and 8	Specific scope procedures on the presumed risk of management override of controls to be performed by company auditor.

The nature, timing and extent of our involvement in the work of component auditors will begin with a discussion on risks, guidance on designing procedures and participation in meetings, followed by the review of relevant aspects of the company auditor's documentation and meetings with appropriate members of management.

The analysis above is based on our current understanding of the individual companies and the Group structure. We will remain in discussion with management about any future changes and developments to companies, and where appropriate will update the Audit Committee on any changes to our proposed approach and resultant audit fees through our Audit Committee update papers.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (partially rebutted)	Group	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition at the Council 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 Bristol City Council, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Bristol City Council.</p> <p>We have also rebutted this risk for certain Group entities, as we do not consider there to be a risk of material misstatement due to fraud relating to revenue recognition for the following reasons:</p> <p>Bristol Waste Company Limited – the majority of the Company’s revenue is derived from contracts held with the Council that are agreed in advance at an agreed price based. Upon consolidation, revenue at a Group level is immaterial.</p> <p>Bristol Holding Limited – revenue for the company is significantly below our Group materiality level.</p> <p>Goram Homes Limited – revenue for the part-year period from 1 October 2018 to 31 March 2019 is not expected to be material at a Group level.</p> <p>We consider that the risk of fraudulent revenue recognition exists at Bristol Energy Limited due to the significance of the company’s turnover and the estimation required in recognising accrued income. We have therefore identified the occurrence and accuracy of Bristol Energy Limited’s income as a significant risk to the group.</p>

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Group and Council	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of land and buildings	Council	<p>The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.</p> <p>We therefore identified the valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • discuss with the valuer the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • test revaluations made during the year to see if they had been input correctly into the Council's asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of net defined benefit pension liability	Council	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as an auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of the Avon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Incomplete or inaccurate financial information transferred to the new HRA system</p>	<p>Council</p>	<p>In October 2018, the Council implemented a new system to hold the financial information relevant to the Housing Revenue Account. When implementing a new significant accounting system, it is important to ensure that sufficient controls have been designed and operate to ensure the integrity of the data. There is also a risk over the completeness and accuracy of the data transfer from the previous ledger system.</p> <p>We therefore identified the completeness and accuracy of the transfer of financial information to the HRA system as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • complete an information technology environment review by our IT audit specialists to document, evaluate and test the IT controls operating within the new system; and • map the closing balances from the previous system to the opening balance position in the new system to ensure accuracy and completeness of the financial information contained in the new system.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to the Council under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the group's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. 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.

Materiality for planning purposes

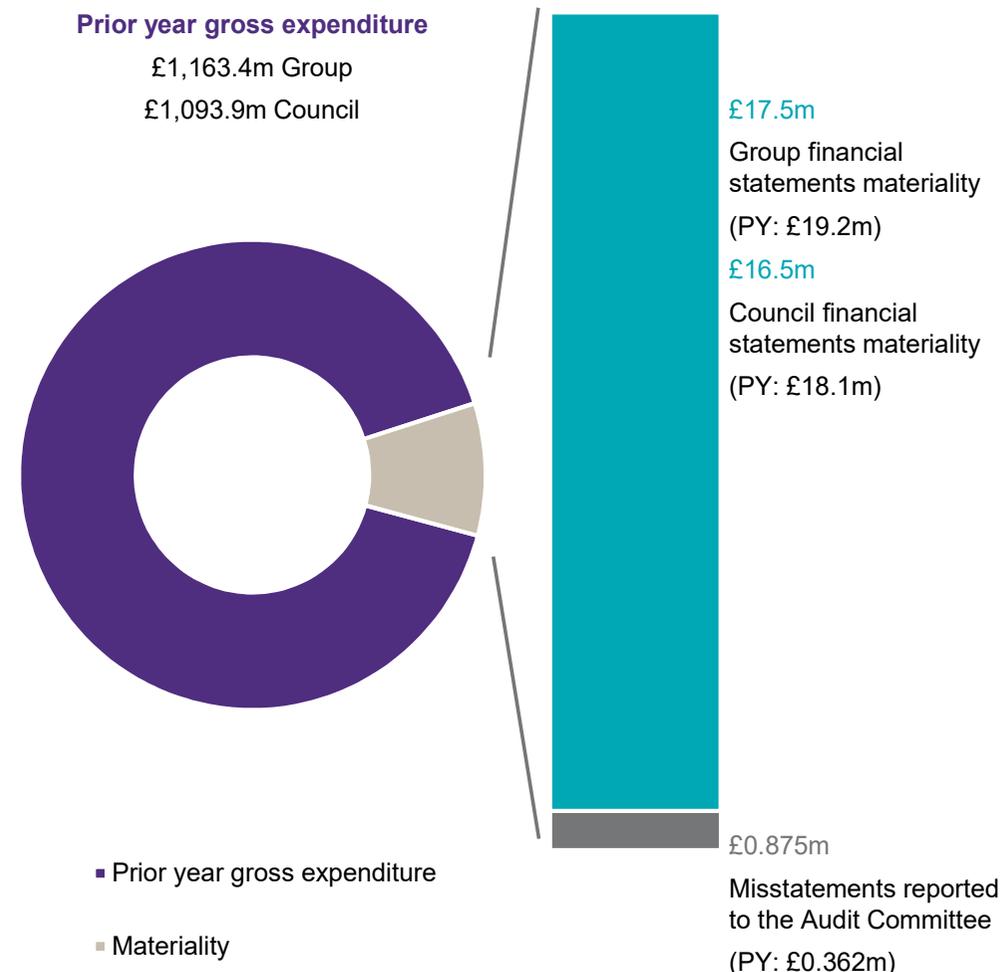
We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £17.5m (PY £19.2m) for the group and £16.5m (PY £18.1m) for the Council, which equates to approximately 1.5% of your prior year gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £17,000 for senior officer remuneration disclosures.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.875m (PY £0.362m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

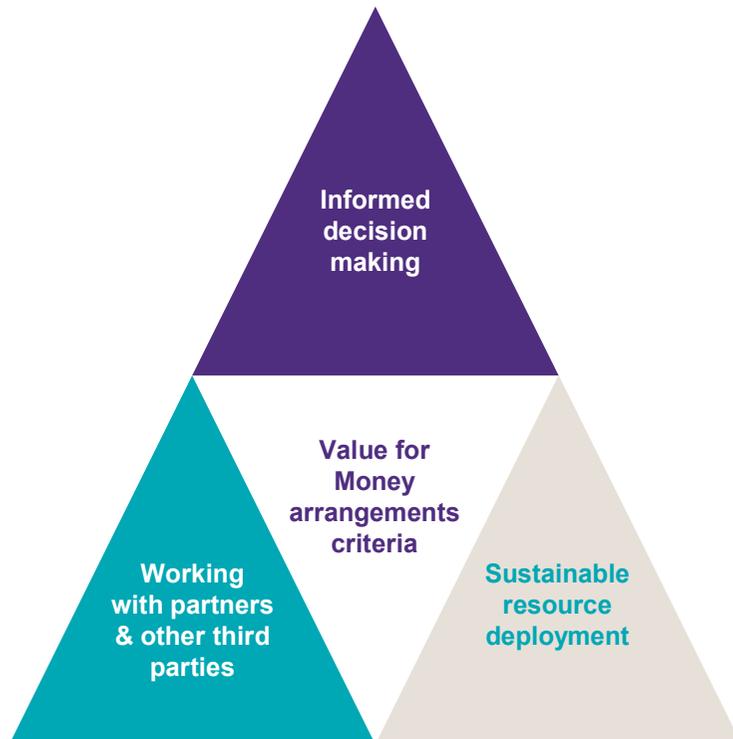
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

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



Significant VFM risks

Significant VFM risks are those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money. Our planning has started and to date we have identified the following significant risk. We will continue to review arrangements and will report any changes to our approach in subsequent update documents.



Financial planning and future financial sustainability

The Council continues to need to meet the challenges of increasing demand for certain services against a backdrop of reducing Government funding as a result of the continued effects of austerity. The Council's medium term financial plan identifies revenue shortfalls in the sort to medium term that will require financing. The Council also has a significant capital programme over the medium term that will be key to ensuring the Council achieves its role in shaping the city.

We will:

- review the Council's revenue outturn position and consider the impact on our responsibilities, including the balance between recurrent and non-recurrent steps taken in delivering the outturn;
- consider the arrangements for monitoring and managing delivery of budget and savings plans for 2018/19;
- review the Council's arrangements for developing and agreeing its 2019/20 budget and updated medium term financial plan, including the identification of savings plans, and consider the level of risk within these plans; and
- review the Council's capital planning and reporting arrangements and consider how these link to the Council's growth and regeneration plans

Audit logistics, team & fees



Jon Roberts, Engagement Lead

Jon leads our relationship with you and is a key contact for the Chief Executive, Director of Finance and the Audit Committee. Jon takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.



Jackson Murray, Audit Manager

Jackson's role involves overseeing the day to day planning and execution of the audit, ensuring the audit requirements are fully complied with and producing reports for the Audit Committee. He will respond to ad-hoc queries whenever raised and meet regularly with the Director of Finance and members of the finance team.



Beth Garner, Audit Incharge

Beth's role is to co-ordinate the on-site delivery of audit tasks through her own work and that of junior team members. She liaises with the finance team throughout audit visits and will keep them up to date on progress and any issues arising throughout the year.

Audit fees

The scale audit fees for the financial statements audit completed under the Code as published by PSAA are £156,839 (PY: £203,687). We will inform the Committee of any proposed fee variations agreed with management for additional work that is required to fulfil our responsibilities.

Our requirements

To ensure the audit is delivered on time, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

This is our first year as auditor of Bristol City Council and we have carefully planned how we can make the best use of the resources available to us during the final accounts period. As your previous auditor has yet to issue their audit opinion for the 2017/18 financial year, we have not yet been able to complete our handover with them. As such, this will unfortunately occur later than we would have planned. We will make arrangements to complete this at the earliest opportunity following your previous auditor issuing their 2017/18 opinion.

As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 12). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, 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 Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following other services were identified:

Service	£	Threats	Safeguards
Audit related			
Certification of pooling of housing capital receipts return for financial years 2015/16 to 2017/18 inclusive	12,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,000 in comparison to the total fee for the audit of £156,839 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of pooling of housing capital receipts return for 2018/19	TBC	Self-Interest (because this is expected to be a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work will be less than the total fee for the audit of £156,839 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee based on the number of errors identified and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Benefit subsidy claim for 2018/19	TBC	Self-Interest (because this is expected to be a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work will be less than the total fee for the audit of £156,839 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee based on the number of errors identified and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teacher's Pension return for 2018/19	TBC	Self-Interest (because this is expected to be a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work will be less than the total fee for the audit of £156,839 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee based on the number of errors identified and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Independence & non-audit services (continued)

Service	£	Threats	Safeguards
Non-audit related			
Brexit Room session	10,000	Self-Interest (SI) Management (M) Advocacy (A)	(SI) Applicable but considered low threat because the fees for the non-audit services are not contingent and are a low fee in respect of both audit service and the firm. (M) We will not providing recommendations but instead facilitating conversations and providing feedback on these. The discussions during the workshop are based on 7 areas proposed by management rather than ourselves. (A) Applicable but considered low threat as the nature of the non-audit work will be an objective analysis of Brexit impacts for place as well as the Council. We will not be making any recommendations, the discussions are to be client led with us acting as facilitators and will be framed around the areas determined by management.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been reported to and approved by the Audit Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Independence & non-audit services

Non-audit services provided prior to appointment

Ethical Standards require us to draw your attention to relevant information on recent non-audit / additional services before we were appointed as auditor. In the table below we have set out the previous services we have provided to the Council.

Service	Date of service	Fees £	Would the service have been prohibited if we had been auditor?	Has the outcome of the service been audited or reviewed by another firm?	Commentary
Housing company advice	December 2017	83,905	Yes	No	Job was completed and Council were notified that we could not provide any further advice once we were notified of our audit appointment.

We do not believe that the previous services detailed above will impact our independence as auditors.



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