

The Audit Findings for Bristol City Council

Year ended 31 March 2019

Findings at 27 September 2019



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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 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 control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Bristol City Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the group and Council's financial statements:</p> <ul style="list-style-type: none">• give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our findings to date are summarised on pages 5 to 16. We have identified adjustments to the financial statements that impact the Council's main financial statements, and details of all non-trivial audit adjustments identified to date are detailed in Appendix B. We have also raised recommendations for management as a result of our audit work in Appendix A.</p> <p>We are still awaiting satisfactory completion of the following items, which in some cases could lead to material adjustments to the final statements;</p> <ul style="list-style-type: none">- responses to all outstanding queries and satisfactory completion of our review of property valuations;- conclusion on the accounting treatment of guarantees provided by the Council on behalf of Bristol Energy Limited;- receipt of the letter of support provided by the Council to Bristol Energy Limited;- finalisation of our review of the Council's payroll reconciliation;- receipt and review of final outstanding sample items and queries;- receipt of a transaction listing to enable us to select a sample of grants received in advance for testing;- receipt of third party confirmations from financial institutions that the Council held investments or borrowing with at year end; and- receipt of the Section 75 Agreements that the Council is party to. <p>Following completion of the above:</p> <ul style="list-style-type: none">- satisfactory completion of final quality reviews of the financial statements and our audit file;- receipt and review of a final set of financial statements with all audit adjustments; and- receipt of management representation letter. <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.</p>
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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Bristol City Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2019 for those charged with governance.

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').	We have completed our risk based review of the Council's value for money arrangements. We have concluded that Bristol City Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We therefore anticipate issuing an unqualified value for money conclusion. Our findings are summarised on pages 17 to 26.
Statutory duties	The Local Audit and Accountability Act 2014 ('the Act') also requires us to: <ul style="list-style-type: none">• report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and• to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties. We are unable to issue our completion certificate until we complete our review of the Council's Whole of Government Accounts return.

Acknowledgements

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

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- An evaluation of the group's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that audit procedures for Bristol Holdings Limited, Bristol Waste Company Limited and Bristol energy Limited were required, which were completed by PricewaterhouseCoopers LLP; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Our approach to 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. Materiality calculations remain the same as reported in our audit plan.

	Group Amount	Council Amount	Qualitative factors considered
Materiality for the financial statements	£17,500,000	£16,500,000	We considered materiality from the perspective of the users of the financial statements. The Council prepares an expenditure based budget for the financial year with the primary objective to provide services for the local community and therefore gross expenditure at the Net Cost of Services level was deemed as the most appropriate benchmark. This benchmark was used in the prior year. Recognising the size and scale of the Council, we deemed that 1.5% was an appropriate rate to apply to the expenditure benchmark. We also applied this to the Group.
Trivial matters	£875,000	£825,000	5% of materiality was deemed an appropriate level for triviality.
Materiality for senior officer remuneration	£17,000	£17,000	A lower level of materiality was determined for the Senior Officer Remuneration balance due to the sensitivity surrounding this disclosure.

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>The revenue cycle includes fraudulent transactions (partially rebutted)</p> <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 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> <ul style="list-style-type: none"> • 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. • Bristol Holding Limited – revenue for the company is significantly below our Group materiality level. <p>We considered that the risk of fraudulent revenue recognition existed at Bristol Energy Limited due to the significance of the company's turnover and the estimation required in recognising accrued income. We therefore identified the occurrence and accuracy of Bristol Energy Limited's income as a significant risk to the group. We communicated this to the company's auditor PricewaterhouseCoopers LLP who undertook procedures as part of their audit of the company which included:</p> <ul style="list-style-type: none"> • performance of a 'top-down' recalculation of revenue recognised by Bristol Energy Limited; • sample testing of customer records within the billing system; and • sample testing of unbilled revenue to subsequent post-year end billings. <p>No issues were identified.</p>
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override 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:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals; • gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>PricewaterhouseCoopers LLP also performed procedures at the Group entities in respect of the non-rebuttable significant risk in respect of management override of controls. No issues were noted at the Group level.</p> <p>We have raised a control recommendation in respect of the authorisation of journal entries in Appendix A.</p>

Significant findings – audit risks

Risks identified in our Audit Plan

Valuation of land and buildings

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.

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.

Note that this risk also relates to the valuation of investment property assets, as well as operational land and buildings.

Commentary

We:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- discussed with the valuer the basis on which the valuation was carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register; and
- evaluated 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, engaging our own valuation expert to provide us with additional assurance over the assumptions made.

The Council's valuer undertook valuations as at 1 October 2018, and then undertook a desktop review of these valuations at 31 March 2019. This identified a material downward movement in the valuation of HRA assets of £28.4m and a material uplift of other land and buildings not valued at year end of £27.2m. We engaged an external valuation expert to review the approach taken by the internal valuation expert and they identified areas of challenge that we have posed to the Council's valuer. As a result of the indexation exercise we expect that management will update their financial statements to reflect the valuations at year end which will represent material adjustments in the notes to the financial statements but a non-material adjustment in the Balance Sheet.

We are awaiting additional evidence for our sample of revalued assets to support the calculations.

Our audit identified that the gross value of assets and accumulated depreciation within the property, plant and equipment note were £9.8m higher than expected when compared to the values recorded in the fixed asset register, after taking not account other reconciling items. We have raised a recommendation in Appendix A in respect of this.

We identified that not all assets had been valued within the five year rolling programme for land and buildings, or at year end for investment and surplus properties, as required by the CIPFA Code. We are waiting management's assessment as to why no material valuation issues arise. The gross value of assets not valued in the five year rolling programme is £46.7m, whilst the value of investment assets and surplus assets not valued within year is £2.7m and £3.5m respectively. We have raised a recommendation in respect of valuations in Appendix A.

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

Incomplete or inaccurate financial information transferred to the new HRA system

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.

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.

We:

- completed an information technology environment review using our IT audit specialists to document, evaluate and test the IT controls operating within the new system; and
- mapped the closing balances and accounts 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.

We have no findings to report in respect of this significant risk.

Valuation of long term investments

Following our Audit Plan which was issued in January 2019, we obtained a further understanding of the Council's long term investments which include an unquoted equity investment and also the Council's investment in Bristol Energy Limited.

These are by their nature hard to value estimates, and management have estimated their value based on a range of estimation techniques.

We have identified the valuation of the Council's long term unquoted investments as a significant risk.

We:

- discussed the valuation techniques adopted with management and obtained their calculations for the valuation of the unquoted equity investments; and
- engaged our internal valuations experts to review management's estimates and to provide us with assurance over the valuation of the Council's unquoted equity investments.

We are satisfied that management's estimated valuations are within our expected range at 31 March 2019, noting that they are on the more prudent end of our estimated range. We are discussing the valuation at 1 April 2018 which was used for reclassification purposes with our valuation experts to ensure that this is appropriate.

We have raised a recommendation to management in Appendix A in respect of engaging valuation experts in future years in order to value the investments.


Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>Valuation of net defined benefit pension liability</p> <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. 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:</p> <ul style="list-style-type: none"> • updated 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; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • tested 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; • undertook 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 • obtained 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. <p>As noted later in our report, management obtained an updated valuation of their pension liability to reflect the additional pension liability attributable to Bristol City Council following the McCloud / Sergeant judgement which was made following the production of the draft financial statements. More information can be found on page 13.</p>

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Land and Buildings at valuation:	Other land and buildings comprises £279.821m of specialised assets such as schools and libraries which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£279.634m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end.	We have undertaken a review of the work of management's internal expert. This assessment includes a review of their experience, capabilities and independence to the council. We have not identified any issues in these areas.	In progress
Other Land and Buildings - £559.455m	The Council also values its council dwellings (£1,679.183m) annually using the beacon principles.	Our review also considers the assumptions adopted by the expert. This includes a review of the consistency of the estimates with those provided to us by Gerald Eve as an auditors expert. No issues have been identified in respect of this work.	
Council Dwellings - £1,691.452m	Surplus assets and investment properties are valued at fair value annually.	We have confirmed the completeness of the data provided to the valuer by agreeing the amounts submitted for valuation back to the fixed asset register. As the Council use their internal valuer they have access to all required and held property details on the Council's systems.	
Surplus Assets - £42.428m	The Council engaged their internal valuers to complete the valuation of properties as at 1 October 2018 as part of the five-yearly cyclical programme. 83.4% of assets held at valuation were revalued during 2018/19. The valuation of these assets (including investment properties) has resulted in a net decrease in value of £2.4m.	We have tested individual asset revaluations to confirm that the treatment of these assets within the financial statements has been correct. We have reviewed amounts to ensure the asset register and the valuation reports agree as well as reviewing the treatment in the council's reserves. As previously noted, we are awaiting additional evidence to support the valuation calculations.	
Investment Properties - £249.251m	Management have considered the year end value of non-valued properties and the potential valuation change in the assets revalued at 1 October 2018 by applying indices to determine whether there has been a material change in the total value of these properties.	We have reviewed the work undertaken by the Council's valuer in order to ascertain whether there has been a material movement in asset values from the date of last valuation to the Balance Sheet date. Our work in this area has led us to engage our own external valuations specialists to support us in reviewing the appropriateness of the potential material changes to the financial statements. Our expert's response has identified a small number of areas for us to follow up and we are discussing these with management. Subject to the satisfactory conclusion of these queries, we expect a material adjustment to the property, plant and equipment note but a non-material net movement in the Balance Sheet.	
	Management's assessment of assets revalued has identified a significant decreases in the value of council dwellings between the valuation date and year end and a significant increase in the valuation of other land and building not revalued during the year. These have not been amended in the financial statements.		


Significant findings – key judgements and estimates

Summary of management's policy	Audit Comments	Assessment																				
<p>Net pension liability – £977.592m</p> <p>The Council's net pension liability at 31 March 2019 following the adjustments for the McCloud / Sargeant judgement is £977.592m (PY £832.352m) comprising the Council's share of the Avon Pension Fund Local Government Pension Scheme (LGPS) and the LGPS and Teacher's Pension unfunded defined benefit pension scheme obligations.</p> <p>The Council use their actuary Mercer to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016.</p> <p>A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>There has been a £91.675m actuarial remeasurement of the net pension liability recognised in the Comprehensive Income and Expenditure Statement in 2018/19.</p>	<p>We have reviewed the estimate, undertaking tests on the asset and liability elements of the net liability. Using analytical procedures, we have compared actual results with expectations and estimates applied by the actuary and have concluded that the results are reasonable.</p> <p>We have reviewed the work of Mercer, through the use of an auditor's expert, PricewaterhouseCoopers LLP (PwC). We have undertaken an assessment of actuary's roll forward approach, including work to confirm reasonableness of the approach. We also considered the assumptions applied by the actuary in their 2018/19 IAS 19 pension liability calculation against those independently assessed by our auditor expert, and the results are set out below.</p> <table border="1" data-bbox="786 555 1883 916"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.4%</td> <td>2.4 – 2.5%</td> <td>Green</td> </tr> <tr> <td>Pension increase rate</td> <td>2.3%</td> <td>2.2 – 2.3%</td> <td>Green</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>23.7 / 26.3</td> <td>22.2 – 23.7 / 24.8 – 26.3</td> <td>Green</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>26.2 / 29.0</td> <td>25.0 – 26.4 / 27.9 – 29.0</td> <td>Green</td> </tr> </tbody> </table> <p>We have undertaken checks on the completeness and accuracy of the underlying information used to determine the estimate in order to determine the reasonableness of increase in the estimate. We have also ensured adequacy of the disclosure of the estimate in the financial statements.</p> <p>We have reviewed the Council's updated financial statements following receipt of their updated IAS 19 report in respect of the impact of the McCloud / Sargeant judgement. We have also considered the assumptions and methodology employed at calculating this impact. We did not identify any issues in respect of this updated calculation.</p> <p>We also considered the impact of Guaranteed Minimum Pension on the Council's pension liability and are satisfied that the actuary has applied reasonable assumptions of the impact of this and that there would not be a material impact on the Council's net defined pension liability arising from the application of other assumptions.</p> <p>We obtained assurance from the auditor of Avon Pension Fund over the processes and controls in place at the Pension Fund, including those around member data and the information provided to the actuary. We also confirmed that the pension fund auditor had undertaken testing of the Pension Fund's Level 3 investments. No issues were identified in respect of the response received from the pension fund auditor.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.4%	2.4 – 2.5%	Green	Pension increase rate	2.3%	2.2 – 2.3%	Green	Life expectancy – Males currently aged 45 / 65	23.7 / 26.3	22.2 – 23.7 / 24.8 – 26.3	Green	Life expectancy – Females currently aged 45 / 65	26.2 / 29.0	25.0 – 26.4 / 27.9 – 29.0	Green	 <p>Green</p>
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Assessment

● We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Provisions for NNDR appeals - £26.913m	The Council are responsible for repaying a proportion of successful rateable value appeals. Management's calculation is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates.	We consider that the information used and the calculation methodology and assumptions are appropriate.	 Green

The Council include details of the critical judgements in applying accounting policies in Note 3 of the financial statements. We reviewed this note and narrative updates were made to the Note to ensure that they fully reflect the judgements being made. In our view, the judgement in respect of the City Region Deal is not a significant judgement rather the application of an accounting policy.

The Council disclose assumptions made about the future and other major sources of estimation uncertainty in Note 4 of the financial statements. The disclosures in respect of business rates and the bad debt provision do not give rise to a significant risk of material misstatement in future periods and as such do not give rise to significant estimation uncertainty under IAS 1. It is not clear for all of the disclosures what the impact of a change in assumptions could have, and in line with IAS 1 would expect the disclosure to reflect a range of reasonable possible outcomes or to give some examples of the sensitivity of the carrying amounts to the methods, assumptions and/or estimates underlying their calculation.

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process and key assumptions to be reasonable

Significant findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary
McCloud / Sergeant ruling and the impact on the net defined benefit pension liability	<p>The Court of Appeal ruled that there was age discrimination in the judges and firefighters pension schemes where there were transitional protections given to scheme members. The legal ruling around age also has implications for other pension schemes where transitional arrangements on changing benefits were implemented, and this includes the Local Government Pension Scheme.</p> <p>The Government applied to the Supreme Court for permission to appeal but this was rejected in June 2019 which confirmed that there was a present obligation to pay additional benefits to scheme members affected, and that it is probable that there will be an outflow of cash as a result of this.</p> <p>We discussed the implications of this with management and more widely with the sector as a whole to ensure consistency. We requested that management discuss the implications of the current situation with their actuary and they obtained additional information from them in order to ascertain whether the net defined pension liability could be materially understated.</p> <p>The updated IAS 19 calculations undertaken by the actuary identified that the defined net benefit pension liability was understated by £32.697m. Management updated the financial statements to reflect this increased liability. Further detail on the adjustments can be found in Appendix B.</p>
Bristol Energy guarantees	<p>The Council provide a number of guarantees in respect of Bristol Energy Limited to their energy suppliers. The Council includes these as a contingent liability in the notes to the financial statements. We have queried the accounting treatment on these guarantees with management who are assessing the guarantees against the relevant accounting standards. On initial review of the guarantee documentation, there is a potential that these guarantees may meet the definition of derivative financial liabilities that would be required to be accounted for on the Council's Balance Sheet.</p> <p>Management are consulting with colleagues at Bristol Energy Limited and with their advisors in order to come to an assessment on the appropriate accounting treatment for these guarantees. Upon receipt of this assessment we will review management's proposed accounting treatment to ensure that this is appropriate.</p>

Going concern

Our responsibility

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 entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

The Council has a detailed Medium Term Financial Plan that runs to 2022/23 which identifies balanced revenue budgets to the end of 2020/21, after delivery of previously agreed savings targets and some use of earmarked revenue reserves. Our review of the Medium Term Financial Plan and the assumptions that underpin it did not identify any significant issues.

As a Local Government organisation, the Council has a number of options available to it to raise finance should it require, including the decision on the level of precept and loan financing. Should it be required, the Council could also raise fees or cease discretionary services and it currently holds a healthy reserves balance. As such, the Council has a number of sources of finance available to it.

The Council's Corporate Strategy runs to 2023 which sets out the key priorities of the Council. The CIPFA Code confirms that entities should prepare their financial statements on a Going Concern basis unless the services provided are to cease. There is no indication from Government that the services provided by the Council will cease.

From a group perspective, no issues were identified in respect of the Going Concern by the subsidiary company auditors. Bristol City Council have provided a letter of support to Bristol Energy Limited.

Auditor commentary

Whilst management do not complete a written assessment of the Council's ability to continue as a going concern, we are satisfied that the going concern assumption is appropriate for the Council's financial statements and is in line with accounting standards and the CIPFA Code.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee and have not been made aware of any significant matters in respect of fraud. 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.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, including specific representations in respect of the Group, which is included in the Audit Committee papers as a separate item.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the financial institutions that the Council have banking facilities with, along with those that they have lent money from or invested money with. This permission was granted and the requests were sent. The majority of these requests were returned with positive confirmation, however some requests were not received so we undertook alternative procedures, including reviewing the original investment instruction and the cash returning to the Council's bank account post year end on maturity.
Disclosures	Our audit identified a number of disclosure amendments that were made to the financial statements. More information can be found on these in Appendix B.
Audit evidence and explanations/significant difficulties	<p>We experienced some delays in the receipt of working papers and explanations to audit queries. We had discussed a turnaround time for queries of two days prior to the audit, however a number of requests took both ourselves and finance officers significantly longer to resolve and a number of requests still remain outstanding.</p> <p>We appreciate that as new auditors there is a learning process for both parties in respect of working together, and following the completion of the audit we will discuss this with officers to understand how the process can be improved in future years.</p>

Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified and we plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit; and • if we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Council exceeds the specified group reporting threshold of £500m we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements. This work is not yet completed.</p>
Certification of the closure of the audit	<p>We are unable to certify the closure of the 2018/19 audit of Bristol City Council in the audit opinion until our work on WGA is completed.</p>

Value for Money

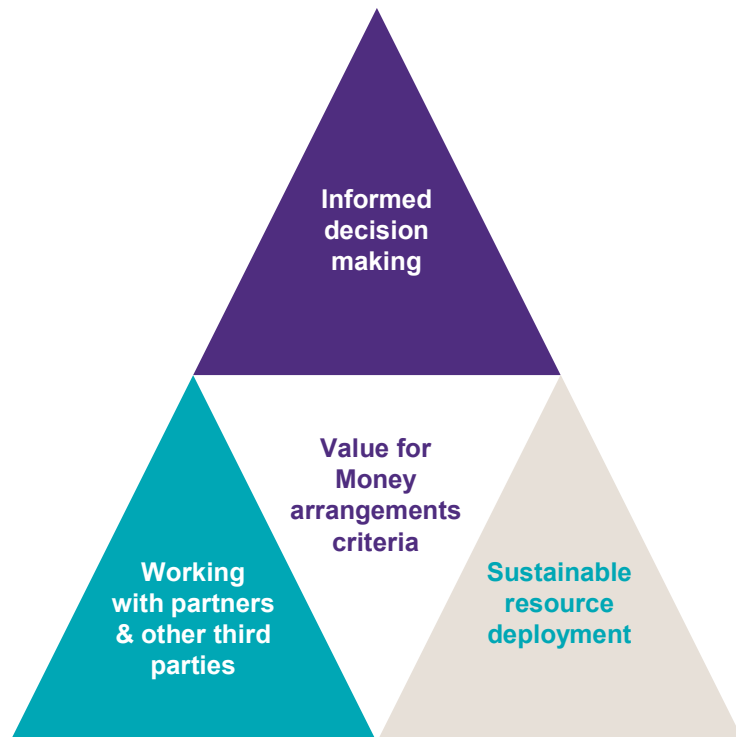
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 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:



Risk assessment

We carried out an initial risk assessment and identified a significant risk in respect of financial planning and future financial sustainability using the guidance contained in AGN03. We communicated this risk to you in our Audit Plan dated January 2019.

We have continued our review of relevant documents up to the date of giving our report, and identified a further significant risk in respect of governance arrangements at the Council following the previous auditor's Statutory Recommendations which were issued in March 2019. We communicated this risk to you in our Audit Committee Update dated May 2019.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness. We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

Finance:

- the Council delivered a £3.2m revenue budget underspend in 2018/19, although this was assisted by a number of one-off measures;
- there is evidence that management actively monitored and managed the budget in year and the revenue outturn identifies that this was effective;
- there is a robust approach adopted in respect of the monitoring of savings delivery which is monitored on a monthly basis;
- the Medium Term Financial Plan was subject to stakeholder consultation and scrutiny, and identifies balanced revenue budgets the 2021/22 without the requirement for any new savings plans;
- the assumptions used in the production of the Medium Term Financial Plan appear to be appropriate;

Governance:

- the Council has responded to the Statutory Recommendations issued in the prior year, updating Terms of Reference and policies as appropriate. To date the new policies have not been required to be used in respect of a senior officer;
- the Council closed the remaining outstanding actions from the Bundred Report in year and has continued to close down actions as completed on the Annual Governance Statement tracker in year; and
- the governance of Council companies has continued to evolve throughout the year.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 19 to 26.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings
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Financial planning and future financial sustainability	<p>2018/19 outturn</p> <p>The 2018/19 revenue budget outturn reported to Cabinet in June 2019, after taking into account reserves adjustments, was an underspend of £3.2m (0.9%) against the revised budget. The original budget approved by Council in February 2018 was revised for a number of reasons throughout the year, and a full reconciliation was reported to members as part of the budget outturn. The main adjustments related to unbudgeted grant funding and a Collection Fund adjustment, which in totality resulted in an additional £16.2m of funding for the 2018/19 general fund budget. £0.9m of grants received late in March 2019 were not spent and were moved to earmarked reserves with plans to spend the monies in 2019/20. Whilst additional funding allowed a revenue surplus to be reported, the one-off nature of some of these funds mean that future year budgets will need to be balanced without them.</p> <p>Each Directorate delivered general fund revenue budget underspends against their revised budgets, with a £1.1m overspend on Adult Social Care (ASC) offset by underspends elsewhere in the People Directorate to deliver an overall underspend of £0.7m. The ASC budget was revised in period 7 as a result of a supplementary estimate of costs, however further pressures materialised as a result of reduced savings, additional costs in respect of Disabled Facilities Grants and adverse changes in the apportionment of costs between the Council and Bristol, North Somerset & South Gloucestershire Clinical Commissioning Group for those service users eligible for s117 funding income. Corporate expenditure was £1m higher than budgeted, largely due to year end provisions especially in respect of NNDR appeals.</p> <p>Of the Council's ring-fenced budgets, the Housing Revenue Account (HRA) delivered an underspend of £8.3m (8.1%), with the main variances relating to delays in reports and maintenance (£3.2m), an underspend of £1m due to slippage in the capital programme and receipt of rental income £1m higher than budgeted due to the pace of relets of properties. The Dedicated Schools Grant (DSG) budget was underspent by £1.9m when £1m of brought forward spend is included, against in-year income of £347.9m. The Council continues to face budget pressures in the High Needs Block, with a carried forward cumulative deficit of £1.1m at the end of the year. Spend on Public Health was £34m compared to grant of £32.5m. The shortfall was met by the budgeted draw-down of £1.5m from the Public Health ring-fenced reserve.</p> <p>The Council had a savings target of £46.2m for 2018/19, being £35.5m in-year savings and £8.1m of savings rolled forward from previous years. Of the full target, £28.9m was delivered as planned and signed off as closed, with £28.5m of recurrent savings and £0.4m of originally-planned one-off savings. £1.9m of additional recurrent savings were delivered by services, although not as originally planned. £5.4m of savings will roll forward into 2019/20, as although benefits were delivered in 2018/19 these were either one-off in nature (£2.2m) or mitigated from other sources such as wider Directorate budgets or contributions from other sources (£3.2m). £6.4m of savings have been written off as undeliverable, which will increase future savings requirements. Of these, £4.7m relate to the People Directorate, £1.2m Growth & Regeneration and £0.5m Resources. The impact of this write off was included in the 2019/20 revenue budget and so does not have an additional impact of the 2019/20 revenue position which we consider later in this section.</p> <p>The outturn capital spend was £129.5m against a revised budget of £160.3m, reflecting 81% of planned expenditure, with £32.6m of HRA capital spend included within this position. The original capital budget approved by Council was for expenditure of £244.3m, with the adjustment largely relating to in accounting treatment for expenditure incurred for Temple Island, external delays and variances to schemes with spend profiles that span a number of financial years. Approval was granted to £30.8m re-profile £26.6m of general fund and £2.8m HRA capital expenditure into future years due to delays in delivery of the schemes. £1.4m was considered an underspend on various projects and was removed from the capital programme.</p>
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Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings
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Financial planning and future financial sustainability	<p><u>Arrangements for monitoring and managing the delivery of the budget</u></p> <p>Monthly revenue budget monitoring reports are reviewed by the Mayor before being reported to Cabinet. Reporting includes the projected year end outturn and provides detailed financial performance and information on pressures for each of the Directorates, as well as separately reporting performance on the Council's ring-fenced budgets, the capital programme, savings delivery and reserves. Reporting is of sufficient detail to allow members to understand the financial position of the Council and understand changes and mitigations from the previous month, as well as future plans to ensure that the Council meets its outturn.</p> <p>The Council operates Directorate cash limited budgets and Executive Directors are responsible for ensuring that appropriate action is taken to contain both revenue and capital spending within the directorate's overall budget limit. Budget holders forecasting a risk of overspend should set out in-service options for mitigation. Where these are considered undeliverable or pressures cannot be contained across the directorate a request can be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source. Monthly budget reports taken to Cabinet include any such proposed changes to budgets. An example of this is the Period 6 monitoring report taken to Cabinet in December 2018, which sought approval to adjust budgets based on in-year performance and following the receipt of un-budgeted one-off monies. This resulted in an additional £12.3m estimate of expenditure for Adults, Children and Education, mainly arising from the Adult Social Care pressures that the Council was facing. This was funded in part through one-off measures such as the un-budgeted S31 and Adult Social Care grants, as well as through permanent adjustments to base budgets and the use of central contingencies. Reporting each month provides detail of the proposed changes to budgets and ensures that members can understand any adjustments to the previously agreed budget.</p> <p>There is a robust approach adopted in respect of the monitoring of savings delivery which is monitored on a monthly basis. Each savings plan is tracked every month, and if it is identified that the plan is not delivering to target the relevant service director is required to produce commentary on progress and overall deliverability, plus identify mitigations if required. Monthly reports sent to savings delivery executive which includes the Section 151 Officer, the Monitoring Officer and the Deputy Mayor – Finance, Governance, Property and Culture. Any service directors with plans not delivering to forecast have to attend the monthly meeting to discuss the situation and proposals to mitigate the risk of non-delivery.</p> <p><u>Arrangements for developing the 2019/20 budget and the updated medium term financial plan</u></p> <p>The budget setting process allows for member scrutiny through the Resources Scrutiny Commission (RSC), which met twice in January 2019, with the findings from this also reported to and considered at Overview and Scrutiny Management Board (OSM). Prior to RSC, the Scrutiny 'Budget Task and Finish Group' met six times with finance and other officers between the end of September 2018 and the beginning of December 2018 to discuss the budget setting process. This process allowed members to scrutinise the budget proposals and deep-dive into key risk areas, and whilst improvements from prior years were noted, the Task & Finish Group did note reports and information were in some cases received late which limited the effectiveness of scrutiny, although prior to the start of the process members knew that they would be received close to meeting dates. Members and officers were positively engaged in the process and this is an example of how the Council continues to evolve its budget setting process to ensure appropriate scrutiny and member involvement, and changes to the timing and process for 2019/20 have been adopted to ensure that this continues to evolve into future years.</p> <p>The Council also undertakes public consultation on its revenue and capital budgets, and the results of the public consultation including on the level of Council Tax increase were included as part of the 2019/20 budget appendices. Officers pro-actively sought feedback on proposals by going out to meet the public, to seek out a view from a wider cohort than is usually gained, and this allowed increased response rates and also ensured that the responses were from a wider and more representative section of the City's population.</p>
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Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk Findings

Financial planning and future financial sustainability

The approved General Fund revenue budget for 2019/20 totals £376.2m, a net increase of £12.8m from 2018/19. This increase consists of £30.2m of investment in services offset by £17.4m previously approved savings, with no requirement for any new savings to achieve a balanced budget for 2019/20. Over the medium term the Council models an assumed funding position which delivers a 3 year balanced revenue position to 2021/22 with no requirement for any new savings to achieve this position.

The below table sets out the previously agreed savings requirement and the General Fund revenue budget position identified in the latest projections.

	2019/20	2020/21	2021/22	2022/23	2023/24	Cumulative total
Savings previously agreed	-£17.4m	-£12.6m	-£7.1m	-£4.8m	£0	-£41.9m
Revenue deficit	Balanced budget	Balanced budget	Balanced budget	£5.4m	£7.8m	£13.2m

Savings remain as previously reported and agreed in the 2018-19 budget setting process, although in 2019-20 £2.8m of savings have been removed from the above target which has been enabled by the increased Council Tax precept above original planning assumptions (i.e. 3% increase rather than 1.99% originally assumed).

Funding assumptions in the projections were based on the provisional Local Government Finance Settlement data issued in December 2018. This represented the final year of the latest funding settlement, and like the rest of the Local Government sector this meant that there was increased uncertainty over the funding assumptions in later years. The previously anticipated Comprehensive Spending Review has now been postponed due to changes in Government, Brexit and other factors, and as such a one-year settlement for 2020-21 is now anticipated with the a full review of funding to take place to be implemented from 2021-22. This serves to prolong the uncertainty over future funding and as such makes any future decisions about investment or savings more difficult for all in the sector.

Despite this uncertainty, the funding and expenditure assumptions applied in the budget and future financial forecasts appear to be reasonable. Detailed information is included for each Directorate, with unavoidable cost pressures or service developments included in future financial plans as expected. Income assumptions are modelled on precept increases of 1.99% annually alongside council tax base growth of 1.5% per annum which is deemed to be a reasonable estimation. The Council currently benefit from the 100% business rates retention pilot and with the uncertainty over the future of funding and the pilot, the Council has prudently assumed that from 2020/21 that the Council will revert to receiving 50% of income and lose the retention of any growth. This level of income has then been baselined for the remainder of the MTFP.

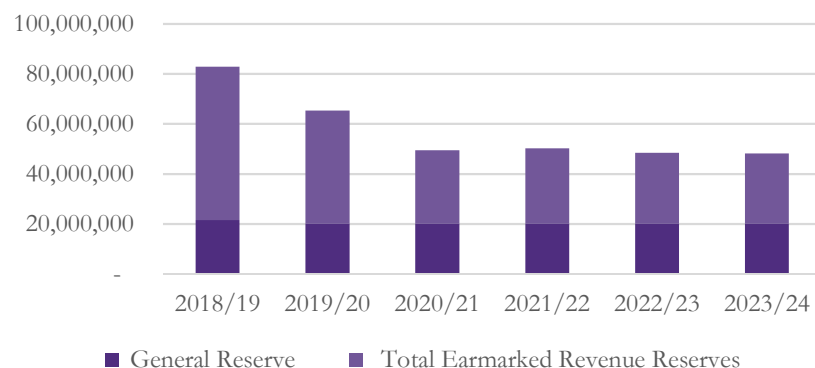
Expenditure increases related to pay costs were modelled based upon the latest nationally agreed changes at the time of production, although the Council recognises that with recent increases in other areas of public sector pay such as policing, future pay increases are likely to be a cost pressure on the MTFP and as such additional modelling will be required for the 2019/20 budget. Other inflation is allowed for using the Office for Budget Responsibility forecasts and other expenditure assumptions appear to be reasonable and are based upon relevant data, with specific contract inflation pressures modelled on an individual contract basis based upon the relevant clauses.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings
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Financial planning and future financial sustainability	<h3>Ring-fenced budgets</h3> <p>The Schools Forum considered the proposals on the use and distribution of the available DSG funding, as advised by the Education and Skills Funding Agency, at its meeting on 16th January 2019. Total funding of £354m was awarded, split between the four blocks. The High Needs block remains a challenge in respect of funding, with an assumed cumulative shortfall of £3.3m by March 2020. In order to fund the High Needs Budget in the short-term, the Council plan to use High Needs DSG from 2020/21 in advance and whilst this is permissible under the DSG regulations, it does not address the underlying shortfall in the High Needs DSG. Whilst this is an issue being experienced by many Councils around the country, officers should continue to implement strategies to address the deficit.</p> <p>The Public Health grant continues to be reduced year on year by the Department for Health and Social Care, with a projected £0.9m reduction between 2018-19 to 2019-20 based on the level of reduction between 2017/18 and 2018/19, with the funding to be used in line with the grant conditions.</p> <p>The separate HRA budget identifies a balanced position for 2018/19 and through to 2023/24 on the planning assumptions, which are considered to be appropriate. The revenue projections include the required 1% reduction in rents, and the capital plans are also balanced over the 5 year period from 2019/20.</p>																				
	<h3>Reserves</h3> <p>The Council held £23.5m in its general fund at 31 March 2019, £3.5m higher than it anticipated in the 2019/20 budget report. The Council will continue to hold a General Fund balance of a minimum of 5% of the Council's net revenue budget which is deemed to be a prudent approach in the Council's management of financial risk. The Council held an additional £81.2m of earmarked revenue reserves at 31 March 2019, £20.2m higher than anticipated. A further £12.5 of schools balances are also held. Reserves at year end were higher than expected after forecast drawdowns were not required to support the final revenue budget outturn.</p> <p>The Council's projected reserves balances over the MTFP period are set out below, which highlights the projected decline of earmarked revenue reserves, with the General Fund projected to remain relatively constant throughout the period.</p>																				
	<table border="1"> <caption>Reserves Data (Estimated from Chart)</caption> <thead> <tr> <th>Year</th> <th>General Reserve</th> <th>Total Earmarked Revenue Reserves</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>£23.5m</td> <td>£81.2m</td> </tr> <tr> <td>2019/20</td> <td>£20.2m</td> <td>£61.0m</td> </tr> <tr> <td>2020/21</td> <td>£20.0m</td> <td>£40.0m</td> </tr> <tr> <td>2021/22</td> <td>£20.0m</td> <td>£40.0m</td> </tr> <tr> <td>2022/23</td> <td>£20.0m</td> <td>£30.0m</td> </tr> <tr> <td>2023/24</td> <td>£20.0m</td> <td>£30.0m</td> </tr> </tbody> </table>	Year	General Reserve	Total Earmarked Revenue Reserves	2018/19	£23.5m	£81.2m	2019/20	£20.2m	£61.0m	2020/21	£20.0m	£40.0m	2021/22	£20.0m	£40.0m	2022/23	£20.0m	£30.0m	2023/24	£20.0m
Year	General Reserve	Total Earmarked Revenue Reserves																			
2018/19	£23.5m	£81.2m																			
2019/20	£20.2m	£61.0m																			
2020/21	£20.0m	£40.0m																			
2021/22	£20.0m	£40.0m																			
2022/23	£20.0m	£30.0m																			
2023/24	£20.0m	£30.0m																			



Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings
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Financial planning and future financial sustainability	<p>Capital</p> <p>The capital programme to 2023/24 is fully funded, with total planned expenditure of £858m, £284.1m of which is related to the HRA. The capital programme is underpinned by the Capital Strategy that was approved in December 2018 which is aligned to the financing principles set out in the MTFP, ensuring that the development of all capital schemes is based on a clear evidence base and whole-life costing with where appropriate, anticipated pay-back of the investment. The Capital Strategy will be reviewed annually to ensure that it remains affordable, sustainable and prudent as well as aligned to the Council's corporate priorities. A significant proportion of the capital programme relates to large infrastructure investments that will support long term regeneration across the City, such as the building of new housing and the development of the Temple Quarter area, with 9% related to invest to save and invest to maintain propositions respectively.</p> <p>Financing of the Council programmes includes the planned use of £206.2m prudential borrowing, £188.7m of grants and £106.7m of capital receipts. The programme as approved will increase capital financing charges by an estimated £20m by 2023/24. The Council's agreed MTFP incorporates the principle that there will be no further increase to the indicative prudential borrowing commitment in the capital programme unless substituting a current scheme or where the Council can make an evidenced return on investment, and the assumed capital charges have been reflected within the revenue budget projections.</p> <p>In addition to it's own capital aims, the Council continues to work closely with the West of England Combined Authority (WECA) in order to drive improvements locally for residents as well as across the region. WECA has been successful in securing additional Government funding in a number of areas, including an additional £103m for transport and £5m to trial 5G networks. The Council continues to work closely with WECA to help shape the city and wider region as well as to secure additional funding for capital programmes. Improved local infrastructure will help support growth in the city and the region, and these plans are set out in the Joint Spatial Plan.</p> <p>As noted previously, the 2018-19 capital programme delivered a significant underspend when compared to both original and revised budgets, and the Council recognise that capital programming should improve in order to support the overall delivery of the capital programme. Any slippage or optimism bias in the capital programme will have knock-on effects on the Council's overall regeneration aims, as well as impacting on the revenue budget projections. Improved governance arrangements for the development and management of capital projects will be introduced in 2019/20 to ensure greater assurance of delivery, in the form of a capital and investment board which will scrutinise the progress of capital schemes as well as reviewing the Council's other investments such as Bristol Energy and the City Fund.</p> <p>Taking the above information into account, we concluded that the risk was sufficiently mitigated and the Council has proper arrangements for informed decision making and sustainable resource deployment.</p>
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Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk Findings

Governance arrangements at the Council

Statutory Recommendations

On 19 March 2019 the Council's previous external auditor, BDO, presented the findings of their senior executive remuneration review to Full Council along with Statutory Recommendations under Schedule 7 of the Local Audit and Accountability Act 2014. Full Council accepted these Recommendations at this meeting. The previous external auditor also issued an 'except-for' qualified value for money conclusion on 23 May 2019 due to evidence of significant weaknesses in arrangements to ensure informed decision-making by the Council which arose following this review.

The agreed action plan to address the 3 Statutory Recommendations and 1 other recommendation included a target completion date for all of May 2019. The recommendations and subsequent progress are included in the table below.

Recommendation	Progress
The Council should ensure that the appropriate Committee is given sufficient detail on the costs and alternative options when presenting information on severance arrangements for senior staff.	There have been no senior officer severance arrangements that have occurred since the Statutory Recommendations were issued. As such, whilst the Council accepts this recommendation and the Pay Policy Statement has been updated to include this as a requirement, we have not yet been able to evidence that this has happened in practice.
A policy and associated guidance should be drafted to cover severance packages for senior staff.	An update to the Council's Pay Policy Statement was considered by the HR Committee 9 May 2019 which was agreed and subsequently approved by Full Council 21 May 2019. Paragraph 10d of the Pay Policy Statement covers this requirement.
The HR Committee Terms of Reference should be revised to explicitly cover the point that any severance payment to the Head of Paid Service should be recommended by the HR Committee for approval by Full Council.	The HR Committee's Terms of Reference have been updated as per the recommendation to explicitly cover this point.
If discretionary payments are made as part of severance packages, then they should be fully explained in the notes to the financial statements.	Management have confirmed that any future discretionary payments made as part of severance packages will be fully disclosed in the financial statements.

Annual Governance Statement tracker

The Council's Annual Governance Statement (AGS) from 2017/18 identified a number of weaknesses that needed to be addressed to ensure continuous improvement in the governance framework and financial and budget management within the Council. The areas identified for improvements were incorporated into a separate AGS Action Plan for 2017/18, monitored through the 2018/19 financial year with progress regularly reported to the Audit Committee. Actions from the 2016/17 AGS were also monitored by the Audit Committee throughout the year, Updates were taken to the September 2018 and January 2019 Audit Committee meetings which showed the progress against the implementation of actions designed to address the issues noted. These covered areas identified in the AGS as well as the recommendations that arose from the 'Bundred Report' that was published on 9 February 2017 that was commissioned by the Mayor to report on the financial deficit in 2016/17.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings
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Governance arrangements at the Council	In respect of the Bundred Report, of the 85 recommendations made, at the beginning of financial year (March 2018), 68% were complete with a further 32% in progress. By January 2019, 91% of the recommendations were shown as complete, and at the July 2019 Audit Committee it was reported that 100% of the recommendations had been closed as they were now complete. This provides assurance that the learning and actions from the 2016/17 financial deficit have now been fully embedded within the Council.
	For recommendations raised through the 2016/17 AGS, by January 2019 73% of the actions had been fully completed, with the remaining 6 actions shown as in progress and all had been closed as at July 2019. At July 2019, 8 of the 11 actions from the 2017/18 AGS had been completed with the remaining 3 shown in progress. All actions and changes from the previous report are clearly identified, and commentary is provided against each action which allows the reader to understand the progress made and current position against the recommendation. This ensures that the Council can evidence to members and other stakeholders that the actions arising from the AGS continued to be monitored and implemented with a view to continually improving governance processes.
	<p>Governance of the Council's companies</p> <p>2017/18 was first full financial year of the shareholder oversight group, and the group has continued to review the governance of the Council's fully-owned subsidiaries along with the overarching governance arrangements at the Council. The Council's Audit Committee received a report from the Shareholder Liaison Director in July 2018 which set out the relationship between the Council's Audit Committee and the audit functions in place at the companies. This paper confirmed that the Council's Audit Committee should consider:</p> <ol style="list-style-type: none"> 1. The Annual Accounts of the companies (within the context of the overall Council audit); 2. The Council Annual Governance Statement (incorporating the governance of the companies as the group); 3. A consolidated version of the Company's Annual Audit Programme; and 4. A six month update on progress with the Annual Audit Programme. <p>In addition to the above, the Shareholder Group, chaired by Councillor Cheney, would consider:</p> <ol style="list-style-type: none"> 5. Board Effectiveness Reviews; 6. Audit Committee Effectiveness Reviews; 7. Companies Annual Financial Audit and process reviews; 8. Annual Business Planning cycle; and 9. Performance Reports. <p>The Council's Audit Committee received an update on the progress of audit arrangements at the companies in January 2019, and at the July 2019 Audit Committee both Bristol Energy and Bristol Waste provided their first Annual Review and Letters of Assurance from the Chairs of the respective Audit Committees. These provided the Council's Audit Committee with assurance over the governance arrangements and reviews undertaken at the companies prior to the Council's Audit Committee approving the 2018/19 Council AGS. This provides evidence that governance arrangements over the companies continue to evolve and embed, and it is clear that members and the Council's audit committee are provided with sufficient opportunity to input into the governance arrangements.</p>

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings
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Governance arrangements at the Council	<p>Internal Audit</p> <p>In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Council's Internal Audit function were externally assessed in February 2018 which found that the service "Generally Conforms" with the requirements of the Standards. The review, reported to Audit Committee in March 2018, identified 28 recommendations which if implemented would further increase the level of conformity with the PSIAS and enhance the service.</p> <p>Internal Audit play a vital role as the 'third line of defence' in the Council's governance structure, and reports were regularly taken to Audit Committee throughout the year detailing the progress against the recommendations. At March 2019, 18 actions were complete and 9 were in progress. The one action not yet started can only be completed once all other actions have been completed. Again, this provides assurance that recommendations for improvement to the Council's overall governance structure are actioned in a timely manner and are actively monitored.</p> <p>Taking the above information into account, we concluded that the risk was sufficiently mitigated and the Council has proper arrangements for informed decision making.</p>
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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. The firm, its partners, senior managers and managers have complied with the Financial Reporting Council's Ethical Standards and confirm that we are independent and are able to express an objective opinion on the financial statements.

We have received confirmation that PricewaterhouseCoopers LLP is independent. PricewaterhouseCoopers undertake the audits of Bristol Holdings Limited, Bristol Waste Company Limited and Bristol Energy Limited.

We have received confirmation that our auditor's expert Wilkes Head & Eve LLP are independent.

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 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C.

Non-audit services

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

	Fees	Threats identified	Safeguards
Audit related			
Certification of Housing capital receipts return (2015-16 to 2017-18)	£12,000	Self-Interest (because this is a recurring fee) Self Review Management	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 Housing capital receipts return 2018-19	£4,000 (TBC)	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 expected fee for this work of £4,000 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 Benefits Subsidy return 2018-19	£17,000 (TBC)	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 expected fee for this work of £17,000 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 2018-19	£8,000 (TBC)	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 expected fee for this work of £8,000 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 and ethics

	Fees	Threats identified	Safeguards
Certification of SSIF grant for Department for Education	£5,000	Self-Interest (because this is potentially 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 £5,000 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.
Non-audit related			
Brexit Room	£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.
Bristol Energy Limited – SMICoP audit	£3,128	Self-Interest (because this is potentially 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 £3,128 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.

These services are consistent with the group's policy on the allotment of non-audit work to your auditors. None of the services provided are subject to contingent fees.

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	End date of service	£	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	The job was completed and the Council were notified that we could not provide any further advice once we were notified of our audit appointment by PSAA.




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

Action plan

We have identified 6 recommendations for the group as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. 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.

Assessment	Issue and risk	Recommendations
<p> Red</p>	<p>There are two main methods for posting journals to the Council's ledger, system input and spreadsheet. Our testing of journal entries identified that spreadsheet journals do not require a second user to authorise the journal prior to it being posted to the ledger.</p> <p>There is a risk that fraudulent or erroneous journals could be posted to the Council's ledger.</p>	<p>Management should consider the current journals authorisation policy and consider implementing compensation controls in respect of spreadsheet journals.</p>
<p> Medium</p>	<p>The valuation of the Council's unquoted equity investment in the port and the valuation of Bristol Energy Limited are both significant estimates within the financial statements. The Council valued the port investment by developing their own point estimate using different potential valuation techniques including on a net assets basis and via a discounted cash flow calculation. In 2018/19 we engaged our own valuation experts to review these values. The Energy company is valued at fair value based on its customer numbers and an estimate price per customer should the company require to be sold. As part of our expert's findings, they recommended that management engage their own valuation experts in future years. In both cases, they felt the valuations adopted by the Council were at the bottom of their expected range.</p> <p>There is a risk that the valuations could be materially misstated in the financial statements.</p>	<p>Management should consider engaging their own valuation experts to value their complex investments.</p>
<p> Medium</p>	<p>Our review of the reconciliation of the fixed asset register to the financial ledger identified that the opening gross cost and gross accumulated depreciation per the asset register were £9.7m higher in the asset register than in the financial statements.</p>	<p>The Council should review the fixed asset register and financial ledger and ensure that these reconcile and should ensure that all asset related transactions are recorded in the fixed asset register appropriately.</p>

Controls

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

Action plan

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p>As part of our review of Housing Revenue Account (HRA) depreciation we were unable to review supporting information for the cost of one of our sampled components. The selected component had not been replaced in 9 years and therefore no records were still held for the item. We experienced difficulty in obtaining evidence to support the cost data used for other components in our sample.</p> <p>There is a risk that the component costs used in the calculation of the depreciation estimate are not representative of the cost and that the depreciation charge is subsequently misstated, though we are comfortable that the depreciation charged in 2018-19 is reasonable.</p>	<p>The Council should ensure that the cost of components used in the calculation of the HRA depreciation charge can be evidenced to supporting documentation and can be seen to be up to date and representative of the cost of replacement.</p>
<p>● Medium</p>	<p>The Council's bank reconciliation is produced using the bank reconciliation module within the Council's finance system. Due to limitations this reconciles from 1 April 2013, the date of system implementation, rather than taking the closing bank balance per the ledger and reconciling this to the closing bank balance per the bank statement. This results in opening balance reconciling items being included in the year end bank reconciliation.</p> <p>There is a risk using the current methodology that closing reconciling items are not clearly identified.</p>	<p>The Council should consider the current bank reconciliation methodology and should produce year end bank reconciliations based on the closing ledger balance and the closing bank balance.</p>
<p>● Medium</p>	<p>The CIPFA Code requires that all surplus and investment properties are valued at Fair Value annually and that all other land and buildings held at valuation must be valued at a minimum every five years. Our audit identified some assets that had not been valued in accordance with these requirements.</p> <p>There is a risk that the Council does not meet the accounting requirements of the CIPFA Code and that property, plant and equipment could be materially misstated.</p>	<p>The Council should ensure that land and properties and valued in accordance with the requirements of the CIPFA Code, with surplus assets and investment properties valued annually and all other land and buildings held at valuation valued at least every five years or sooner if their carrying valued could be materially different to current value.</p>

Controls

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

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Detail	Comprehensive Income and Expenditure Statement	Statement of Financial Position
<p>As noted earlier in our report, the financial statements were updated to reflect the updated pension liability following the McCloud / Sargeant ruling. The pension liability in the financial statements increased by £32,697k following a recalculation by the Council's actuary. This increase was reversed through the Movement in Reserves Statement to the Pension Reserve. The increase was recorded in the Comprehensive Income and Expenditure Statement as a £13,854k past service cost charge and an increase on the return on assets of £18,843k.</p>	<p>Dr Corporate Funding & Expenditure £13,854k</p> <p>Dr Remeasurement of the net defined benefit liability \ asset £18,843k</p>	<p>Cr Other long-term liabilities £32,697k</p> <p>Cr Unusable Reserve £32,697k</p>
<p>The impact and adjusted totals in the main statements was also updated in the relevant notes to the financial statements. This impact was also reflected in the Group financial statements.</p>		
<p>The 2018/19 financial year was the first year of the implementation of IFRS 9. This new accounting standard removed the option to hold unquoted equity investments at cost, which the Council had previously used for the unquoted equity investment in the port at cost.</p>	<p>Dr Financing and investment income and Expenditure £22,500k</p>	<p>Nil impact</p>
<p>The CIPFA Code requires that the adjustment is made to opening balances, in this case increasing the investment value in the Balance Sheet with the opposite entry taken to the Capital Adjustment Account. Whilst the Council had made these opening adjustments, the £22,500k gain following the valuation of the investment at Fair Value had been shown in the Comprehensive Income and Expenditure Statement and reversed out of the General Fund to the Capital Adjustment Account in year. As the CIPFA Code prescribes that the adjustment should be made to opening balances, we would not expect any in-year transaction in respect of this restatement in the Comprehensive Income and Expenditure Statement. As such, the gain was removed from the 'Financing and investment income and Expenditure' line.</p>		
<p>The group financial statements were adjusted to reflect the signed audited accounts of the subsidiary companies. The non-trivial adjustments arising from these were as follows: Group CIES: Growth & Regeneration gross expenditure – Reduction of £1,344k Group Balance Sheet: Short Term Debtors – Reduction of £2,059k Group Balance Sheet: Cash and Cash Equivalents – Increase of £2,566k</p>	<p>Dr Growth & Regeneration £1,344k</p>	<p>Dr Cash and Cash Equivalents £2,566k</p> <p>Cr Short Term Debtors £2,059k</p>

Audit Adjustments

Misclassification and 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.

Detail	Adjusted?
Bristol Energy preference shares of £11.7m were reclassified in the Balance Sheet from equity to debt.	✓
The Council has invested £10,000k in a Homelessness Property Fund which is a pooled investment. The introduction of IFRS 9 has meant that financial instrument classifications have changed, and the Council had designated this Fund to be accounted for as Fair Value through Other Comprehensive Income (FVOCI). Upon review of the terms of the investment, we did not consider that the Fund met the criteria to be designated as FVOCI as the instrument does not meet the definition of equity from the issuer's perspective. As such, the Fund has been classified as Fair Value through Profit and Loss in the financial instruments note. Any gains or losses accounted for through the Comprehensive Income and Expenditure Statement (CIES) are reversed from the General Fund to the Capital Adjustment Account through the Movement in Reserves Statement as the investment was funded from capital. The reclassification resulted in a trivial classification adjustment in the CIES.	TBC
The disclosure of capital commitments within Note 19 of the financial statements was updated to ensure that it reflected the contractual commitments payable at year end. The total of £30.2m in the draft financial statements was increased to £31.2m.	✓
In reviewing the movement in reserves statement, we identified that there was a difference between the "Transfer of sale proceeds credited as part of the (loss) on disposal to the Comprehensive Income and Expenditure" line and the "Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets" line in Note 34 which supports the entry in the cash flow statement of £3.3m. We would expect the numbers to be consistent throughout the financial statements.	TBC
Included within long-term liabilities in the Balance Sheet is a deferred liability of £8.5m in respect of monies received for phase two of the Hengrove PFI development. Our review of the original agreement identified that if these monies were not utilised then they were repayable by 31 March 2020. As such, this balance should be disclosed as a short term liability in the Balance Sheet.	✓
All PFI and Service Concession liabilities have been disclosed as long-term liabilities in the Balance Sheet. Per Note 26 of the financial statements, the principal repayments due in one year amount to £6.4m and therefore this element should be disclosed within current liabilities.	TBC
Whilst the total number and cost of exit packages disclosed in Note 14 remains the same as reported in the draft financial statements, the allocation of numbers and cost between the bandings has been amended.	✓
The introduction of IFRS 15 resulted in more extensive revenue disclosure requirements, including a disaggregation of revenues under service contracts and also information on performance obligations. These disclosures were not included within the draft financial statements.	TBC
Accounting policy disclosures were updated to include the following items: Collection Fund - An accounting policy for the recognition of NNDR income in the Comprehensive Income and Expenditure Statement was added; Employee Benefits - Additional policy wording was added in respect of the accounting treatment for the up-front payment of the LGPS deficit contributions; Ex-Avon Debt – Accounting policy added.	✓
The accounting policies were also updated to reflect the transition to IFRS 9 and IFRS 15, including an explanation that comparators had been prepared under IAS 39 and IAS 18 respectively and setting out the differences to accounting treatment.	

Audit Adjustments

Misclassification and 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.

Detail	Adjusted?
In Property, Plant Equipment (Note 19) the draft financial statements identified £36.1m of 'Impairment losses/reversals recognised in the Surplus/deficit on the Provision of Service'. Upon further investigation it was identified that this value related to the reversal of accumulated depreciation and impairment for this asset class revalued in the year and this was reclassified to the "Depreciation written out to Revaluation Reserve/Surplus/Deficit on the provision of Services" line of the note.	✓
The Council disclose long term investments of £51.8m and short term investments of £79m in their financial instruments disclosures (Note 22). There is no disclosure breaking these investments down further to explain the different types and nature of the investments.	TBC
The financial instruments disclosures for investment property and surplus assets did not break down the total values of £249m and £40m respectively into the different types as required by the Code.	TBC
There were no fair value disclosures (including the fair value hierarchy classification and valuation techniques) for financial assets and liabilities not measured at fair value in the Balance Sheet as required by the Code.	TBC
The disclosures in respect of Level 3 Fair Value hierarchy disclosures did not fully meet the Code requirements, for example there was no sensitivity analysis of the fair value measurement to changes in unobservable inputs	TBC
As part of our sample of Fees and Charges we identified a number of items that related to expenditure rather than income. On discussion with officers, we identified that a specific ledger code had been incorrectly mapped to the 'Fees and Charges' line within Note 7, rather than 'Other Service Expenditure'. As a result, the 'Fees and Charges' line and the 'Other Service Expenditure' line in Note 7 were both overstated by £11.5m. The gross income and expenditure reported in the Comprehensive Income and Expenditure Statement were both misstated by £11.5m also, though there was a net nil impact on the cost of services.	✓
A number of presentational, grammatical and numerical adjustments and additions were made to the financial statements to improve the readability and understandability of disclosures and to ensure that they are in line with the current International Financial Reporting Standards.	✓

Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit 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 Statement	Statement of Financial Position
Our testing of the Council Dwellings depreciation charge identified an error in the calculation formula which led to an overstatement of the depreciation charge of £0.9m.	Cr Housing Revenue Account £0.9m	Dr Property, Plant and Equipment £0.9m

Fees

We confirm below our fees charged for the audit and provision of non-audit services.

Audit Fees	Scale fee	Final fee	2017/18 previous auditors' Final
Council Audit	£156,839	£156,839	£203,687
Council Audit – additional fee*	N/A	TBC*	TBC
Total audit fees (excluding VAT)	£156,839	TBC	TBC

Note that the 2017/18 audit and non-audit fees were payable to the Council's previous auditor BDO LLP.

*We anticipate requiring additional audit fees for work to support the required the financial statements audit in a number of areas. This will be discussed with officers and presented to the Audit Committee as part of our Annual Audit Letter, for information, prior to submitting to PSAA for approval.

Non Audit Fees

Fees for other services	2018/19 Fees	2017/18 previous auditors' fees
Audit related services:		
Certification of the Council's Housing Benefit Subsidy Claim 2018-19	£19,000**	TBC
Certification of the Council's Teacher's Pension Return 2018-19	£8,000 (TBC)	£7,950
Certification of Housing Capital Receipts return (2015-16 to 2017-18)	£12,000	N/A
Certification of Housing Capital Receipts return 2018-19	£4,000 (TBC)	N/A
Certification of SSIF grant for Department for Education	£5,000	N/A
Non-audit services:		
Brexit Room	£10,000	N/A
Bristol Energy Limited – SMICoP audit	£3,128	N/A

**Our testing on the 2018-19 subsidy claim has yet to begin. The final cost is dependent upon the findings of the certification work, and the final fee will be reported to Audit Committee once the certification has been completed. The Council have accrued £19,000 in respect of this work as an estimate of the cost.

Fees

We have reconciled the fees on the previous page to the Council's financial statements (Note 14 – External Audit Costs) below.

Audit Fees per financial statements

	Fee	Comment
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor for the year	£156,839	Per the PSAA scale fee
Fees payable to the External Auditor for the certification of grant claims and returns for the year:		
Certification of the Council's Housing Benefit Subsidy Claim 2018-19	£19,000	Estimated fee
Certification of Housing Capital Receipts return (2015-16 to 2017-18)	£12,000	Per agreed fee
Fees payable in respect of other services provided by the External Auditor during the year:		
Brexit Room	£10,000	Per agreed fee

Fees for the following services have not been accrued in the 2018/19 financial statements as the fees have yet to be agreed and the work has not yet commenced:

Certification of the Council's Teacher's Pension Return 2018-19

Certification of Housing Capital Receipts return 2018-19

The fees for the Certification of SSIF grant for Department for Education were not accrued in the 2018/19 financial statements as the work was not agreed or completed until July 2019.

The fees for the SMICoP grant work undertaken for Bristol Energy Limited are not included in Note 14 of the Council's financial statements as the work related to a Group entity rather than the Council as a single entity.



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