



Grant Thornton

# Highland Council

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## External Audit Plan for the financial year ending 31 March 2018

Audit and Scrutiny Committee 28 March 2018

Joanne Brown  
Engagement Leader

John Boyd  
External Audit  
Senior Manager



# Our audit at a glance



We fulfil our responsibilities per International Standards of Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice throughout our work.



Materiality is set at 1.2% of gross expenditure, based on 2016/17 audited information (£8.989 million). Previous year it was 1% of gross expenditure reflecting the first year of our audit appointment.



Significant audit risks are: management override of controls and revenue recognition as set out in International Auditing Standards (ISAs UK), and expenditure recognition as set out in Practice Note 10.

An audit underpinned by quality and adding value to you



Performance materiality is set at 65% of materiality and trivial is set at £250,000, in accordance with the Code of Audit Practice..



At the planning stage we have identified other areas of audit focus around: accounting for the defined benefit pension scheme and valuation of property, plant and equipment..



Our audit is undertaken in accordance with the Code of Audit Practice and reflects the wider scope nature of public audit. Our wider scope risks identified are: Financial management, Financial sustainability over the medium term and governance and transparency.

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# Overarching principles of our audit

Our audit is risk based and undertaken in accordance with the relevant International Auditing Standards (ISAs) (UK and Ireland) and the Audit Scotland Code of Audit Practice 2016.

Our overall objective is a robust, quality-focused external audit which adds value through wider insights and challenge. Our audit foundations are:

- professional scepticism
- a focus on audit risks and key areas of management judgement
- sharing our wider insights relevant to local authorities (Scotland and UK)
- use of specialists to support our work where relevant including pensions and PPE experts
- using IDEA our data analytical software to effectively and efficiently test your balances
- clear and upfront communications, with regular updates during the year
- clear reporting with focused actions which will support you in improving your controls/operations
- we will liaise with Internal Audit during the year to identify any risks which potentially impact on our audit opinion.

## Adding value

Specific areas we will look to add value to the Council 2017/18, identified as part of our planning work and reflection on prior year include:

- We will act on the 'learning the lessons' sessions we held after the first year audit and focus on taking forward the agreed actions to ensure an effective audit process.
- We will actively share relevant Audit Scotland and Grant Thornton publications with Senior Management and the Audit and Scrutiny Committee, identifying particular areas for consideration.
- Should any new accounting changes or governance updates emerge during the year we will providing a briefing for the Council. We will also pro-actively work with management during the year to discuss any emerging matters and seek to reach agreement on the treatment of these in advance of year-end.
- We will share our Audit Scotland Transparency report we produced for Audit Scotland in December as part of our commitment to Audit quality.



## External Audit deliverables for 2017/18 – Audit and Scrutiny Committee

- External Audit Plan (this document)
- Audit progress report (June 2018)
- Annual Report to those Charged with Governance and the Controller of Audit (September 2018)
- Audit opinion (September 2018)
- Management letter of representation (August 2018)



## 2017/18 Deliverables as set out in the Audit Scotland planning guidance (October 2017)

- Confirmation of agreed fee by end of March 2018 and submission of final plan
- Current issues return for the Council to Audit Scotland (19 January 2018, 23 March 2018, 20 July 2018 and 19 October 2018)
- Submission of fraud returns to Audit Scotland – 27 April 2018
- Indicative 5 year Best Value plan, linked to or wider scope work



## Planned Audit Scotland publications which may be relevant to Highland Council

- Digital developments and projects – risks and issues
- Supporting Scotland's economic growth (Spring 2018)
- Changing models of health and social care (Autumn 2018)

# Audit approach and materiality

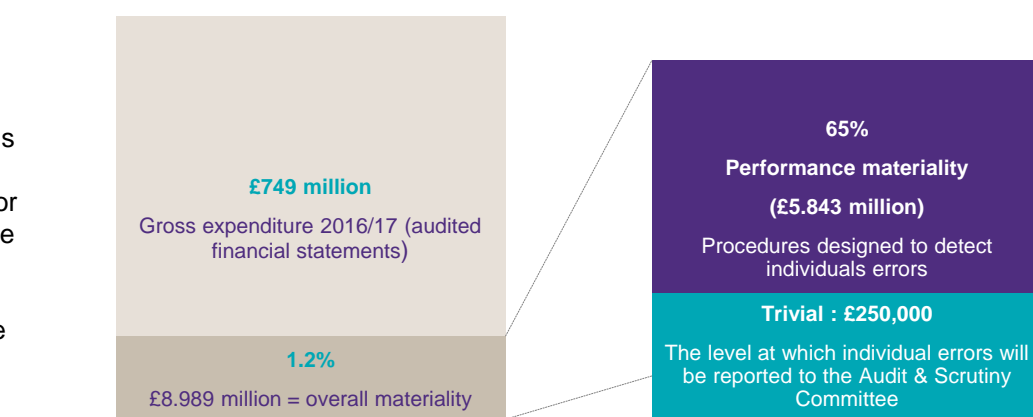


We undertake your audit in accordance with International Standards in Auditing (UK) (ISAs) and the Audit Scotland Code of Audit Practice (May 2016). On an annual basis we are required to give an opinion as to whether the Financial Statements:

- give a true and fair view
- have been properly prepared in accordance with relevant legislation and standards
- the wider information contained in the annual report and accounts e.g. the Governance Compliance Statement, the Annual Governance Statement and the management commentary, are consistent with the disclosures in the financial statements

## Materiality

In performing our audit we apply International Standards on Auditing (UK) 320: *Materiality*. Our materiality for 2017/18 is shown below. We will revise this on receipt of the unaudited financial statements for 2017/18 once received.



### Overall materiality

We have calculated overall materiality in line with gross expenditure, as is recognised as a common measure in the public sector. This is in line with prior year. As this is our second year of the audit, and taking into account the level of errors and adjustments in prior year, and the context of your activities we feel it is appropriate to increase our materiality benchmark to 1.2% (1% in 2016/17). Under our audit methodology we typically set materiality within the benchmark range of 0.5% up to 2%.

### Performance materiality

Performance materiality represents the amount set for the financial statements as a whole to reduce the probability that the aggregate of uncorrected and undetected misstatements exceed materiality. Based on our audit experience in 2016/17 we have retained this for 2017/18 at 65%. This does not impact on the financial statement balances we undertake substantive testing on, as all balances are in scope per prior year, but will impact on sample sizes.

### Trivial

Under ISA 540 we are required to set an amount below which we consider misstatements would be clearly trivial, and therefore when accumulated we would not expect that they would have a material impact on the financial statements. In accordance with the Audit Scotland Code of Audit Practice, we report on any misstatements above £250,000. Misstatements above trivial (corrected and uncorrected) will be reported to the Audit and Scrutiny Committee in our Annual Report to those charged with governance.

### Going concern

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

# A risk based audit methodology

This is the second year as external auditors of the Council appointed under the Audit Scotland framework. Highland Council's Programme: Local Voices Highland Choices' 2017-2022, sets out the Council's strategic goals and priorities over the next five years. The programme aims to provide the opportunity for all councillors, local committees and communities to translate these into reality at a local level. Through the programme, the Council is looking to enable real choices to be made about the way in which Council resources are utilised and allocated. The programme recognises the financial challenges which the council faces in the coming years. This is reflected in the nature of the plan being flexible to respond to levels of demand, change and resources. Below we outline some of the wider areas relevant to our audit.

Area of understanding	Our response
<p><b>Financial position of the Council</b></p> <p>2018/19 budget was approved in February 2018. The budget includes a number of savings to be delivered through service redesign (£2.25 million) and planned reductions in planned expenditure of £5.1 million. The budget also include planned increases in revenue including increased service income of £3.059 million and increase in council tax of 3% to generate an estimated increase in revenue of £3.448 million.</p> <p>The Council's five year financial strategy 2018 to 2023 was presented to the Council for initial discussion and identified a funding gap of between £129 million and £186 million over the period. The Council recognises that it faces significant financial pressures in the coming years including pressures on pay inflation, and inflationary assumptions.</p>	<ul style="list-style-type: none"><li>• We will consider whether your financial position leads to uncertainty about the going concern assumption and will review related disclosures in the accounts</li><li>• Consider the Council's latest financial projections and performance.</li></ul>
<p><b>Financial Reporting</b></p> <p><b>Changes to the CIPFA 2017/18 Accounting Code</b></p> <p>CIPFA have introduced other minor changes to the 2017/18 Code which confirm the going concern basis for local authorities, and updates for Leases, Service Concession arrangements and financial instruments.</p> <p><b>Local Government financial overview</b></p> <p>Audit Scotland published its annual Local Government Overview Report 2017, in November 2017. It highlighted that councils' are increasingly facing significant financial challenges. The report recommends example questions that councillors may wish to consider to understand the local financial position.</p>	<ul style="list-style-type: none"><li>• We will review the financial statements disclosure to ensure in line with 2017/18 Code.</li></ul>
<p><b>Legislative changes</b></p> <p>The impact and implications of the UK withdrawal from the EU (Brexit) remains uncertainty and therefore creates a significant degree of risk to local authorities. While the full implications are not yet known, it is critical the organisations are taking appropriate measures to identify and assess the potential implications on them and, where appropriate, put arrangements in place to address these. Broad areas of risk include: the impact on funding; future regulatory requirements; and workforce implications.</p> <p><b>New financial powers</b></p> <p>The new financial powers devolved to the Scottish Government in the Fiscal Framework agreement has lead to significant changes to Scottish public finances. New tax raising powers, borrowing and social security provides the Scottish Parliament with greater mechanisms to support policy delivery. The impact of these changes will both directly and indirectly have an impact on public bodies finances.</p>	<ul style="list-style-type: none"><li>• We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions and annual audit report.</li><li>• We will consider the impact of any changing or emerging legislation on your financial reporting arrangements and disclosure within the accounts.</li></ul>

# A risk based audit methodology

Area of understanding	Our response
<p><b>Health and social care integration</b></p> <p>NHS Highland operate the Lead Agency model for health and social care in partnership with the council. The council retains statutory responsibilities in relation to social care. With the model facing significant financial challenges there are potentially operational and reputational risks to the Council.</p>	<p>We will continue to monitor the operational arrangements in relation to health and social care integration and how the council delivers its statutory obligations in relation to social care.</p>
<p><b>Statutory trading operations (STO's)</b></p> <p>Highland Council has one significant trading operation (STO); Fishery, Piers and Harbours. In accordance with the Local Government (Scotland) Act (2003), the STO is required to break even over a rolling three year period.</p>	<p>We will review managements evaluation of the STO to ensure that it continues to meet the requirements to be classified as an STO.</p> <p>We will review the STO's financial performance to determine it continues to meets its statutory financial targets.</p>
<p><b>Highland Charities Trust and Highland Council's Charitable Trusts</b></p> <p>We are registered as appointed auditors to provide an audit opinion on charitable trusts registered with the Office of the Scottish Charities Regulator (OSCR) where the council, or some members of the council, act as sole Trustee. As part of our audit work in the current year we will provide an opinion over the Council's registered charities Highland Charities Trust and the Highland Council's Charitable Trusts.</p> <p>As part of our audit planning we have not identified an further audit risks in relation to these audits.</p>	<p>We will provide you with an independent audit opinion on the financial statements of the Highland Charities Trust and the Highland Council's Charitable Trusts for the year ended 31 March 2018.</p>
<p><b>Changes to Service delivery</b></p> <p>GDPR comes into effect in May 2018 and replaces the Data Protection Act 1998. It introduces new obligations on data controllers. The Council is both a data controller and a data processor and needs to ensure that it has appropriate processes in place to comply with the changes being introduced.</p> <p>Commercialisation - Local authorities need to ensure that their commercial activities are presented appropriately, in compliance with the CIPFA Code of Practice and statutory framework, such as the Capital Finance Regulations. Where borrowing to finance these activities, local authorities need to comply with CIPFA's Prudential Code. A new version is due to be published in December 2017.</p>	<p>We will consider the impact of these wider areas as part of our annual audit process and the arrangements being put in place by management in response to these.</p>

# A risk based audit methodology

As part of our audit planning procedures, we identify risks that represent a significant risk of material misstatement to the financial statements. These risk are detailed below.

## Overview of our audit risks identified at planning and our proposed approach

	Risk of fraud in revenue	Operating expenditure is understated or not treated in the correct period	Management override of controls
The Risk	<p>As set out in ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. For annual grant funding we consider this to be well forecast and agreed directly to grant allocation letters. Likewise, for council tax and non-domestic rate income streams, we consider these revenue streams to be well forecast and not inherently at risk of manipulation. For these revenue streams, we therefore rebut the presumed risk of fraud in revenue recognition. We consider the risk to be prevalent in other service income with a focus around the year end transactions and balances where financial performance is monitored. Therefore we focus our testing on cut-off of service income.</p>	<p>Operating expenditure is understated or not treated in the correct period (risk of fraud in expenditure). As set out in Practice note 10 (revised) which applies to public sector entities. We consider the risk to be prevalent around the year end and therefore focus our testing on cut-off of expenditure.</p>	<p>As set out in ISA 240 there is a presumed risk that management override of controls is present in all entities</p>
Our planned response	<ul style="list-style-type: none"> <li>• Walkthroughs of the controls and procedures around material income streams and validation of key controls where appropriate</li> <li>• Consider income cut off procedures and substantive testing over pre and post year end balances</li> <li>• A focus on recoverability of balances at the year end</li> </ul>	<ul style="list-style-type: none"> <li>• Perform cut off at year end on pre and post year end transactions and recording</li> <li>• Walkthrough of the key expenditure controls in place</li> <li>• Consideration of the completeness of year end creditor balances</li> </ul>	<ul style="list-style-type: none"> <li>• A focus on understanding how/where management override of controls may occur</li> <li>• Review of the controls over journal entries</li> <li>• Understanding key areas of judgement within the Financial statements and the basis for these judgements and the application of accounting policies</li> <li>• Reviewing unusual and/or significant transactions</li> </ul>



## Other areas of audit focus

Through our audit planning process we identify areas and accounts that due to the nature of a transaction, disclosure or account balance in the financial statements that are inherently more at risk of material misstatement within the financial statements. These are areas where the potential risk of material misstatement cannot be reduced to remote. While we do not consider these to represent significant risk we highlight them as areas of specific audit focus.

### Overview of our audit risks identified at planning and our proposed approach

#### Valuation of land and buildings

#### Pension benefits payable

The Risk

In accordance with the Local Government Code of Practice, the council holds property, plant and equipment and fair value. Valuations of land and buildings are reassessed by professional valuers under a five-year programme, with adjustments in intervening years to reflect valuation movements since the last full valuation.

The Council operates the Highland Council defined benefit pension scheme. The Council recognises its share of the net assets and liabilities of the pension scheme within the Council's accounts.

While we have no underlying concerns around the basis of valuation, given the value of assets held and level of estimation in the valuation applied, this is considered a inherently higher risk area.

Given the level of judgement and subjectivity in the assumptions used in the actuarial valuation, there is therefore a risk that the pension scheme net liability measurements are not materially correct.

Our planned response

- We will review the valuations undertaken in year by the independent valuer including the basis of the valuation
- We will review managements assessment of impairment risk
- We will review the classification of property, plant and equipment to ensure this is appropriate, depreciated in line with Council policies and complies with the Code.

- Reviewing the Council's accounting treatment and disclosures within the financial statements to ensure in accordance with IAS 19.
- Reviewing the reasonableness of the actuarial assumptions made in the valuation of the Council's share of the scheme's assets and liabilities as at 31 March 2018; and
- gain an understanding of the Council's system for accounting for pension benefits expenditure and evaluate the design of the associated controls

## Specific areas of focus

During the course of our audit we may apply a lower level of materiality to specific balances or transactions in the financial statements. This reflects areas where there is a greater degree of interest or sensitivity on the amounts reported in the financial statements. Examples include the Remuneration Report where due to the nature of the amounts reported we will apply a lower level of materiality.

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

# Wider scope audit – what this means for the 2017/18 audit

## Financial sustainability

The Council continues to face significant financial and operational challenges. The financial strategy identified that savings of between £129 and £186 million are required over the next five years. This reflects operational demand pressures as well as rising cost pressures including staff and inflationary pressures. Furthermore, the uncertainty around the potential impact of Brexit on future finances and workforce creates additional challenges. Operating with one of the lowest general fund reserves and relatively high levels of borrowing\* within Scotland creates additional pressures on the Council's ability for future investment.

Management recognise that significant transformational change is critical to the financial sustainability of the council.

**Our Response:** We will continue to discuss financial sustainability with the Council. We will review the financial plans in place, including the scenarios set out, the governance of the plans and regular reporting. We will consider the extent to which the Council has considered potential scenarios and how transparently the risk of these are reported to members.

## Financial management

The Council achieved its financial targets in 2016/17, delivering a small surplus of £1.8 million. The Council requires savings of over £20 million in 2017/18 representing a challenging financial target. With the level of savings required in 2017/18 being even more challenging than previous years, it is essential that robust financial management arrangements are in place to ensure that it can continue to meet patients needs.

**Our Response:** We will review the Council's financial management arrangements including the Council's financial capacity, sound budgetary processes and whether the control environment and internal controls operate effectively.



Best value

## Governance and transparency

In May 2017, the Council approved a new strategic committee structure reflecting changes originating from the work of the Redesign Board. The committees are each supported through policy development groups with representations from trade unions, officers and members to develop policy proposals for consideration. The Audit and Scrutiny Committee continues to be a large Committee as we flagged in the prior year. However, it is well attended and the Committee members have been provided with training during 2017/18.

**Our Response:** As part of our overall assessment of governance, we will consider how effectively the revised strategic committee structure is operating and supporting policy development.

We will also consider the performance of the Audit and Scrutiny Committee during the year, including the results of the Committee's self evaluation and any future actions to be taken forward.

## Value for money

Local Voices Highland Choices was developed in 2017 and is the Council's framework outlining its key strategic vision and goals. A fundamental element of the programme is engaging with local communities, local committee and members to allow them to shape how the strategy is delivered locally.

The Council recognise that financial and demand pressures puts significant challenge on the delivery of performance targets. Furthermore, the Council faces some unique challenges given the expanse and rural area covered. We will consider the Council's performance management framework and how they capture and measure performance and outcomes. We will also consider progress against the key strategic objectives.

**Our planned work, like our financial statements work, is risk based and proportionate. We will continue to develop our understanding over the four dimensions and conclude on these in our final report, based on the work we have undertaken during the year.**

\* As at 31 March 2017, the Council's borrowing was in the upper quartile for all Scottish Councils.

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# Appendices

**Key audit deliverables and our team**

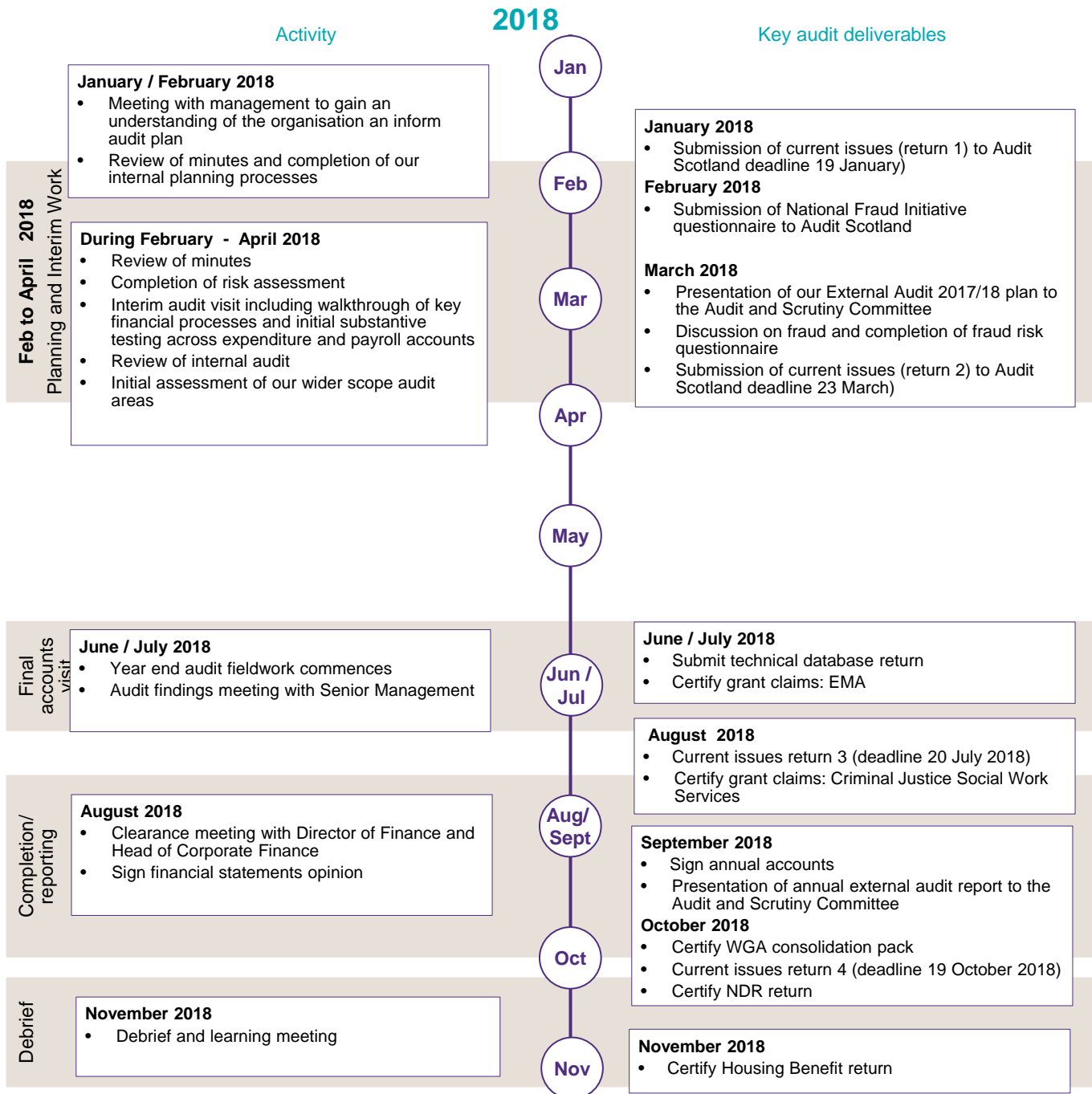
**Independence and fees**

**Fraud arrangements**

**Respective responsibilities**

**Communication of audit matters with those charged with governance**

# Key audit deliverables and our team



## Our team

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**In addition we will use our pensions team (assumptions) and our Accounting technical team as required**

# Fees and independence

## External Audit Fee

Service	Fees £
External Auditor Remuneration	236,930
Pooled Costs	21,050
Contribution to Audit Scotland costs	15,050
Contribution to Performance Audit and Best Value	131,670
<b>2017-18 Fee</b>	<b>404,700</b>

## Fees for other services

Service	Fees £
At planning stage we confirm there are no non-audit fees	Nil

The audit fee is calculated in accordance with guidance issued by Audit Scotland. In accordance with the Audit Scotland guidance we can increase the fee by up to 10% from the base fee set by Audit Scotland, depending on risk factors identified by us as your external auditors. We cannot reduce the fee from the baseline set out by Audit Scotland. The above proposed fee, set at the base fee, has been agreed with management. The fee is based on the following assumptions:

- supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- the scope of the audit, and the Council's activities will not change significantly from planned
- The Council will make available management and accounting staff to help us locate information and to provide explanations. We reserve the right to charge an additional fee for any additional work.
- We will only receive (and audit) 3 sets of accounts (1st draft; amended draft and final)
- Specific balances such valuations of assets are supported by an independent specialist

## Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

We have complied with the Auditing Practices Committee's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Annual Report to those charged with governance at the conclusion of the audit.

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

We are required by auditing and ethical standards to communicate any relationships that may affect the independence and objectivity of the audit team.

We can confirm no independence concerns have been identified.

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# Fraud arrangements

The term fraud refers to intentional acts of one or more individuals amongst management, those charged with governance, employees or third parties involving the use of deception that result in a material misstatement of the financial statements. In assessing risks, the audit team is alert to the possibility of fraud at the Council.

As part of our audit work we are responsible for:

- identifying and assessing the risks of material misstatement of the financial statements due to fraud in particular in relations to management override of controls.
- Leading a discussion with those charged of governance on their view of fraud. Typically we do this when presenting our audit plan and in the form of management and those charged with governance questionnaires.
- designing and implementing appropriate audit testing to gain assurance over our assessed risks of fraud
- responding appropriately to any fraud or suspected fraud identified during the audit.

As auditors we obtain reasonable but not absolute assurance the financial statements as a whole are free from material misstatement, whether due to fraud or error.

We will obtain annual representation from management regarding managements assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance including establishing and maintaining internal controls over the reliability of financial reporting effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is the Council's responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

Throughout the audit we work with the Council to review specific areas of fraud risk, including the operation of key financial controls. We also examine the policies in place, strategies, standing orders and financial instructions to ensure that they provide a strong framework of internal control.

In addition, as set out in the Audit Scotland Code of Audit Practice we have a role in reviewing the Council's arrangements in response to the national fraud initiative exercise.

All suspected frauds and/or irregularities over £5,000 are reported to Audit Scotland by us as your auditors on an annual basis (no later than end of April 2018)

# Respective responsibilities

As set out in the Code of Audit Practice (pages 10 to 16) there are a number of key responsibilities you as an organisation are responsible for, and others, as appointed auditors we are responsible for. These are summarised below:

Area	the Council's Responsibilities
Corporate governance	<ul style="list-style-type: none"> <li>Establishing arrangements for proper conduct of its affairs</li> <li>Legality of activities and transactions</li> <li>Monitoring adequacy and effectiveness of arrangements (inc role of those charged with governance)</li> </ul>
Financial statements	<ul style="list-style-type: none"> <li>Preparing financial statements which give a true and fair view of their financial position</li> <li>Maintaining accounting records and working papers</li> <li>Putting in place systems of Internal Control</li> <li>Maintaining proper accounting records</li> <li>Preparing and publishing an annual governance statement, governance compliance statement and management commentary</li> <li>Effective systems of internal control as well as financial, operational and compliance controls – supporting achievement of objectives and secure value for money</li> </ul>
Financial position	<ul style="list-style-type: none"> <li>Proper arrangements to ensure financial position is soundly based and responsibility to ensure arrangements secure best value</li> </ul>
Fraud and error	<ul style="list-style-type: none"> <li>Establishing appropriate arrangements for prevention and detection of fraud, error, irregularities, bribery and corruption and affairs are properly managed</li> </ul>

## Our responsibilities



- Undertake statutory duties and comply with professional engagement and ethical standards
- Provide an opinion on financial statements
- Review and report on, as appropriate, other information eg annual governance statements, governance compliance statement and management commentary,
- Notify the Auditor General when circumstances indicate a statutory report may be required
- Demonstrate compliance with wider public audit scope

## How do we do this in practice



- By reviewing and providing judgements and conclusions on the Council's arrangements including those across the wider scope of audit dimensions.
- Consideration of the effectiveness of performance management arrangements
- Suitability and effectiveness of corporate governance arrangements in year
- Financial position and arrangements for ensuring financial sustainability in the medium to longer term
- Review of other information in line with our knowledge and understanding of the Council
- Ongoing dialogue and engagement with Audit Scotland during the year

Weaknesses and risks identified by us as your auditors are only those which have come to our attention during our normal audit work in accordance with the Code, and may not be all that exist. Communication by us of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Views about the qualitative aspects of the Council's accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issues arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

International Standards on Auditing (UK) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table above.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while our Annual Report to those Charged with Governance will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council's Management and the Audit and Scrutiny Committee.





# Grant Thornton

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