

The Audit Findings for Tewkesbury Borough Council

Year ended 31 March 2017

21 September 2017

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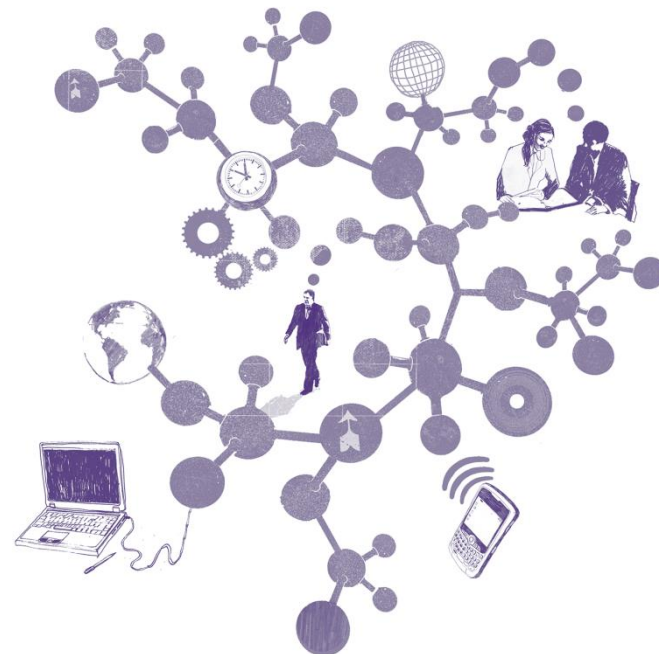
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21 September 2017

Dear Members of the Audit Committee

Audit Findings for Tewkesbury Borough Council for the year ending 31 March 2017

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of Tewkesbury Borough Council, the Audit Committee), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with officers.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), 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.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and giving a value for money conclusion. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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

Yours sincerely

Julie Masci
Engagement Lead

Chartered Accountants

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Section 1: Executive summary

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Purpose of this report

This report highlights the key issues affecting the results of Tewkesbury Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.

We are also required to consider other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report, whether it is consistent with the financial statements, apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Council acquired in the course of performing our audit; or otherwise misleading.

We are required to carry out sufficient work to satisfy ourselves on whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion'). Auditor Guidance Note 7 (AGN07) clarifies our reporting requirements in the Code and the Act. We are required to provide a conclusion whether in all significant respects, the Council has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year.

The Act also details the following additional powers and duties for local government auditors, which we are required to report to you if applied:

- a public interest report if we identify any matter that comes to our attention in the course of the audit that in our opinion should be considered by the Council or brought to the public's attention (section 24 of the Act);
- written recommendations which should be considered by the Council and responded to publicly (section 24 of the Act);
- application to the court for a declaration that an item of account is contrary to law (section 28 of the Act);
- issue of an advisory notice (section 29 of the Act); and
- application for judicial review (section 31 of the Act).

We are also required to give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts under sections 26 and 27 of the Act.

Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated 13 March 2017.

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

- Receipt of independent confirmation of investment balances with 4 institutions
- review of the final version of the financial statements
- obtaining and reviewing the management letter of representation
- review of revised version of the Annual Governance Statement and
- updating our post balance sheet events review, to the date of signing the opinion.

We received draft financial statements and accompanying working papers at the commencement of our work, in accordance with the agreed timetable.

Key audit and financial reporting issues

Financial statements opinion

We have not identified any adjustments affecting the Council's reported financial position (details are recorded in section two of this report). The audited financial statements for the year ended 31 March 2017 recorded net expenditure of £9,263k, which is unchanged from the draft version submitted for audit.

We have recommended a number of adjustments to improve the presentation of the financial statements.

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

- the draft statements were presented for audit on 31 May 2017. The Council has achieved the revised statutory deadline a year early and it is, therefore, well placed to meet the requirement under the regulations for approval by 31 May in the 2017/18 financial year;
- the draft financial statements were free from material error and supported by good quality working papers;
- issues identified in prior years had been fully addressed and no further issues in these areas were noted; and
- we received timely responses to our queries.

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

We anticipate providing a unqualified audit opinion in respect of the financial statements (see Appendix B).

Other financial statement responsibilities

As well as an opinion on the financial statements, we are required to give an opinion on whether other information published together with the audited financial statements is consistent with the financial statements. This includes if the

Annual Governance Statement and Narrative Report are misleading or inconsistent with the information of which we are aware from our audit.

Based on our review of the Council's Narrative Report and AGS we are satisfied that they are consistent with the audited financial statements. We are also satisfied that the AGS meets the requirements set out in the CIPFA/SOLACE guidance and that the disclosures included in the Narrative Report are in line with the requirements of the CIPFA Code of Practice.

Controls

Roles and responsibilities

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

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

Findings

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

Value for Money

Based on our review, we are satisfied that, in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. We have made a small number of recommendations where the Council could further enhance its financial and governance arrangements.

Further details of our work on Value for Money are set out in section three of this report.

Other statutory powers and duties

We have not identified any issues that have required us to apply our statutory powers and duties under the Act.

Grant certification

In addition to our responsibilities under the Code, we are required to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. At present our work on this claim is in progress and is not due to be finalised until 30 November 2017. We will report the outcome of this certification work through a separate report to Audit Committee in early 2018.

The way forward

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

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

Acknowledgement

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

Grant Thornton UK LLP
September 2017

Section 2: Audit findings

01. Executive summary

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Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £707k (being 2% of gross revenue expenditure). We have considered whether this level remained appropriate during the course of the audit and have made no changes to our overall materiality.

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £35k. This remains the same as reported in our audit plan.

As we reported in our audit plan, we identified the following items where we decided that separate materiality levels were appropriate. These remain the same as reported in our audit plan.

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in notes to the statements.	Due to public interest in these disclosures and the statutory requirement for them to be made.	£5,000
Disclosures of auditor's remuneration in notes to the financial statements.	Due to public interest in these disclosures and the statutory requirement for them to be made.	£5,000

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

Audit findings against significant risks

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

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams 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 Tewkesbury Borough Council, we have determined that the risk of fraud arising from revenue recognition 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 Tewkesbury Borough Council, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for Tewkesbury Borough Council.</p>	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
<p>Management over-ride of controls</p> <p>Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>Work performed:</p> <ul style="list-style-type: none">• review of entity controls• testing of journal entries• review of accounting estimates, judgements and decisions made by management• review of unusual significant transactions.	<p>Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any issues. We set out later in this section of the report our work and findings on key accounting estimates and judgements.</p>

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)

Audit findings against significant risks continued

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to address these risks.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice Note 10 requires us to consider the risk of material misstatement due to fraudulent financial reporting that may arise from manipulation of expenditure recognition, especially where the body is required to meet targets. For your Council, we have concluded that the greatest risk of material misstatement relates to the completeness of operating expenses and creditor balances.</p>	<p>We have considered this risk and have concluded that there is no significant risk of fraud because:</p> <ul style="list-style-type: none"> • there is careful monitoring of spend; and • there is no incentive for management to manipulate the financial position. <p>In addition, of your 2016/17 budgeted expenditure:</p> <ul style="list-style-type: none"> • 15% relates to employee remuneration, which is addressed by our procedure in response to the identified risk in this area; and • 85% relates to other expenditure which is addressed by our procedures in response to the identified risks in all material areas. <p>We do not consider this to be a risk to the audit as our experience is that expenditure is well controlled and monitored.</p>	<p>The expenditure percentages have not changed significantly since 2015/16 and our audit work has not identified any issues in respect of expenditure recognition.</p>
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p>	<p>Documentation of the key controls that were put in place by management to ensure that the pension fund liability was not materially misstated.</p> <ul style="list-style-type: none"> • Walkthrough of the key controls to assess whether they were implemented as expected and mitigate the risk of material misstatement in the financial statements. • Review of the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation. • Gaining an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made. • Review of the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary. 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

Audit findings against other risks

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

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Employee remuneration	<p>Payroll expenditure represents a significant percentage of the Council's gross expenditure.</p> <p>We identified the completeness of payroll expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> Employee remuneration accruals understated (Remuneration expenses not correct). 	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding trend analysis of payroll expenditure by month to review significant variances. testing of employee remuneration for the financial year. 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>
Operating expenses	<p>Non-pay expenditure represents a significant percentage of the Council's gross expenditure. Management uses judgement to estimate accruals of un-invoiced non-pay costs.</p> <p>We identified the completeness of non-pay expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> Creditors understated or not recorded in the correct period (Operating expenses understated). 	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding testing of operating expenses for the financial year review of unrecorded liabilities and post year end payments to ensure all liabilities identified. review of accruals determine whether liabilities have been recorded in the correct period. 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>



"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK&I) 315)

Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Changes to the presentation of local authority financial statements	<p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 CIPFA Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented and evaluated the process for the recording the required financial reporting changes to the 2016/17 financial statements reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Council's internal reporting structure reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS) tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger tested the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements reviewed the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice. 	<p>Testing of the restated 2015-16 CIES and the relevant Expenditure and Funding Analysis (EFA) identified a number of issues. These were:</p> <ul style="list-style-type: none"> An adjustment made to the CIES required a matching entry in the EFA which was not completed accurately and required further updating Figures in the expenditure and funding analysis statement did not agree to supporting documentation There was no prior year comparator for the note to the Expenditure and Funding Analysis. The Council had not disclosed that the 2015-16 CIES disclosure is restated on the face of the accounts as per the requirements of the code <p>There was no overall material misstatement and the Council have made the necessary adjustments to the final accounts for signing.</p>

Accounting policies, estimates and judgements

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

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<p>Activity is accounted for in the year that it takes place, not simply when cash payments are received. In particular:</p> <ul style="list-style-type: none"> Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than cash flows fixed or determined by the contract Where revenue has been recognised but cash has not been received a debtor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. 	<p>Review of the revenue recognition policies adopted by the Council as part of our audit work identified that:</p> <ul style="list-style-type: none"> Appropriate policies had been used Accounting policies had been adequately disclosed Revenue had been appropriately recognised The policies are in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice. 	 Green
Judgements and estimates	<ul style="list-style-type: none"> Key estimates and judgements: <ul style="list-style-type: none"> Useful life of PPE Revaluations Impairments Accruals Provision for NNDR appeals Other provisions. 	<p>We have reviewed the accounting areas where the Council has exercised judgement and used estimates. We found that:</p> <ul style="list-style-type: none"> Appropriate policies had been used Accounting policies had been adequately disclosed Areas where judgement had been used were supported by the work of an expert or third party. 	 Green



Assessment

● Marginal accounting policy which could potentially attract attention from regulators
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● Accounting policy appropriate but scope for improved disclosure

● Accounting policy appropriate and disclosures sufficient

Accounting policies, estimates and judgements continued

Accounting area	Summary of policy	Comments	Assessment
Going concern	The Head of Finance and Asset Management, s151 officer has a reasonable expectation that the services provided by the Council will continue for the foreseeable future. Members concur with this view. For this reason, the Council continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the Council's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.	 Green
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code of Practice. The Council's accounting policies are appropriate and consistent with previous years	We have reviewed the Council's policies against the requirements of the CIPFA Code of Practice. The Council's accounting policies are appropriate and consistent with previous years. A small number of minor amendments were made to the presentation of the accounting policies and notes.	 Green

Assessment

● Marginal accounting policy which could potentially attract attention from regulators
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● Accounting policy appropriate but scope for improved disclosure

● Accounting policy appropriate and disclosures sufficient

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
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit Committee and have not been made aware of any frauds that would have a material impact on the financial statements. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	Matters in relation to related parties	<ul style="list-style-type: none"> From the work we carried out, we have not identified any related party transactions which have not been disclosed.
3.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> 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.
4.	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Council.
5.	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to the Council's bankers and institutions where the Council has funds invested. This permission was granted and the requests were sent. We have yet to receive confirmation from all third parties confirming balances and alternative procedures have been undertaken.
6.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements. A small number of minor amendments to disclosures were made during the course of the audit.
7.	Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas. We have not identified any issues we would be required to report by exception in the following 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 information of which we are aware from our audit. The information in the Narrative Report is materially inconsistent with the information in the audited financial statements or our knowledge of the Group/Council acquired in the course of performing our audit, or otherwise misleading.
8.	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>Work is not required as the Council does not exceed the threshold.</p>

Internal controls – review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.	✓	<p>It was identified that journals over £10,000 are normally reviewed by the finance manager. However, a report is not being produced for Suspense (GLSUSP) journals so these have not been subject to review in line with the Council's requirements.</p> <p>Also, each report for review is produced based on the 'posted to' date rather than 'posted on' date. This means that if a journal was backdated it is not included within this report and therefore not subject to review. We will undertake further work on journals processed at the year end in order to ensure that all journals over £10k are being reviewed.</p>	<p>Extended monthly reporting criteria have been implemented as part of the Monthly Balancing Routines to ensure that all Journals raised each month over £10,000 are reviewed.</p> <p>Year-end procedures are in place that all Journals raised in year over £10,000 are reviewed again by the Finance Manager.</p> <p>Testing of journals undertaken in 2016-17 did not identify any further issues and confirmed that arrangements in place are appropriate.</p>
2.	✓	<p>Receipts in advance are made for the subscriptions (as expected) but these are generated based on the payment dates. Substantive testing of a sample of transactions in relation to fees and charges identified that revenue has been incorrectly recognised within the financial year. Revenue has been recognised at the point of payment and not for the period to which it relates. The total value of garden waste as at month 10 is approximately £550k. The recognition at point of payment can cause both an over and understatement and further work will be needed by officers to identify the value of these variances</p>	<p>The calculation of Receipts in Advance in relation to garden waste is an estimation technique based on information available from the financial ledger. The information held in the ledger is not sufficient to identify the renewal date that the payment relates to.</p> <p>To fully allocate receipts to the renewal date would require a significant investment of resources to investigate approximately 15,000 annual payments. To fully allocate all payments would move some of receipts in advance by 1 month and, as it would impact on all periods, the year-end figure would therefore not be significantly different from the current Receipt in Advance figure.</p> <p>The Council is satisfied that the estimation technique used is sufficient to produce materially accurate financial statements, whilst making best use of resources available. To ensure that the reader of the statements is aware of this a disclosure about the estimation technique used in the notes has been made, and states that it is not considered to have a material impact on the financial statements.</p>

Assessment

- ✓ Action completed
- ✗ Not yet addressed

Adjusted and Unadjusted misstatements

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

We did not identify and adjusted or unadjusted misstatements in your financial statements.

Misclassifications 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.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure	-	CIES	The Council has not disclosed that the 2015-16 CIES disclosure is restated on the face of the accounts as per requirements of the code.
2 Disclosure	-	Note to Expenditure and Funding Analysis	The Council have not included a 2015-16 comparator for the note to the expenditure and funding analysis in line with requirement of the code.
3 Misstatement	136	Financial Instruments	The figure for "Financial assets carried at contract amounts" as disclosed in the draft accounts is incorrect. This is due to a late adjustment which wasn't taken into account within the Financial Instruments disclosure although it is appropriately disclosed elsewhere in the accounts. The variance is £136,435.
4 Disclosure	-	Property, Plant and Equipment	Fair Value movements range for the Golf Club as per disclosure notes is 9-13%. As per the valuer report the range is 10-14%.
5 Disclosure	-	Expenditure and Funding Analysis	The expenditure and funding analysis (EFA) for 2016-17 did not agree to the CIES as there was a change to the disclosure and the order of the services which has not been reflected in the EFA.
6 Disclosure	-	Expenditure and Funding Analysis	2015-16 adjustments between the funding and accounting basis has been incorrectly disclosed and therefore some net expenditure figures are incorrectly disclosed. This has been adjusted within the Expenditure and Funding Analysis.
7 Disclosure	-	General	General amendments including spelling, grammar & syntax and other minor disclosures not disclosed separately.
8 Disclosure	-	Property, Plant and Equipment	A significant number of assets were identified that had £0 balances at the beginning and end of the year – 42 in total. It is not clear what the Council's policy is for identifying which of these assets are still in use.

Section 3: Value for Money

01. Executive summary

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Background

We are required by section 21 of the Local Audit and Accountability Act 2014 (the Act) and the NAO Code of Audit Practice (the Code) to satisfy ourselves that the Council has put in place 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. The Act and NAO guidance state that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2016. 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.

AGN03 provides examples of proper arrangements against three sub-criteria but specifically states that these are not separate criteria for assessment purposes and that auditors are not required to reach a distinct judgement against each of these.

Risk assessment

We carried out an initial risk assessment in January 2017 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 13 March 2017.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

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.

Significant qualitative aspects

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:

- The contract management arrangements in place were appropriate and robust and allowed management to make informed and appropriate decisions in the context of the overall governance framework.
- Reporting to those charged with governance is timely and provides sufficient detail to allow proper and rigorous challenge by properly informed members.
- Information collected and monitored is appropriate and is the most beneficial to the management of the contract to allow proper challenge of poor performance or failure to meet contractual obligations by the supplier.
- Management's willingness to accept Internal Audit findings and act in an appropriate and timely manner to address the key findings going forward.
- The implication of the costs and savings within the framework of the medium term financial strategy and the ongoing savings required as a result of financial pressures within the region.
- The Council posted a small deficit for 2016/17 and has set a balanced budget for 2017/18. The Medium Term Financial Strategy indicates that a balanced budget will be set for 2018/19.

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 25 to 29.

Overall conclusion

Based on the work we performed to address the significant risks, we concluded that:

- the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

The text of our proposed report can be found at Appendix B.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed the recommendation for improvement as follows.

- The Council should ensure that a robust process exists for management and monitoring of contracts with third parties and, that all financial information is provided on a timely basis to allow identification of potential overspends.

Management's response to these findings can be found in the Action Plan at Appendix A.

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	Work to address	Findings and conclusions
<p>Medium Term Financial Strategy</p> <p>The ongoing challenge of meeting the savings outlined by the Chancellor as part of the Autumn Statement continue to put pressures on Local Government finances. The delivery of the Financial Strategy, and associated savings, is currently reliant on the continuation of the New Homes Bonus, ongoing transformational change and increased income from its investment property portfolio through significant capital expenditure. The continued appeal by the Council's largest contribution of business rates further enforces the need to identify alternative methods of achieving its financial position for the future.</p>	<p>We will review the project management and risk assurance frameworks established by the Council to establish how it is identifying, managing and monitoring these financial risks.</p> <p>We will review the robustness of the Council's financial plans and the extent to which the Council is seeking to identify further income generation opportunities and alternative solutions to mitigate the risk of future cuts in resources and government funding.</p>	<p>The Medium Term Financial Strategy (MTFS) is a key element within the Council's overall strategic planning framework. The Strategy takes a five-year perspective and is reviewed, updated and rolled forward annually to set a framework for how budget pressures and priorities will be managed within the best estimates of available capital and revenue resources.</p> <p>The MTFS contains important strategic planning in a number of areas including the increase of Council Tax and the use of New Homes Bonus. The position of Local Government finance has been uncertain for long period of time and successive MTFS's have tried to outline a medium term plan against this uncertain backdrop.</p> <p>On 8th February 2016, the Secretary of State for Communities and Local Government announced the final local government settlement for 2016/17. The announcement included a number of significant proposals to be delivered over the life of the Spending Review Period. The settlement also included 'illustrative' core government grant settlements for each financial year up to 2019/20. This confirms the phasing out of RSG and the illustrative figures project a further reduction in government funding of £723,000 over the next three years before small increases at the latter end.</p> <p>As in previous years it is clear that the reduction in core funding will need to be covered by greater income generation although it should be noted that the agreed RSG funding is continuing a year further than previous iterations. From conversation with management it is clear that there is a tendency towards being prudent and that some forecasts are deliberately pessimistic in order to allow for the 'worst case' scenario.</p> <p>The spending review introduced a number of changes to the New Homes Bonus (NHB) policy and the amount of funding that reduced the payments for occupied new homes from the current six years to five for 2017/18 and then four from 2018/19 onwards. The payments only start once the Council exceeds growth of more than 0.4% of their baseline. The baseline has now been set and has resulted in a reduction of forecast income by approximately £160k. It is anticipated by management that this reduction will increase in future years and processes have been put in place to review this on an ongoing basis.</p>

Key findings

Significant risk	Work to address	Findings and conclusions
Medium Term Financial Strategy Continued		<p>Funding for the Council shows a continual decline until 2020/21 when the funding increases again. The Council has previously agreed to cap the level of general support to the base budget at 65% of NHB receipts. Given the increasing pressure on the budget it has been recommended that this policy is relaxed and a strategy to increase base budget support by £200,000 per annum over the next five years would see an extra £1 million invested in protecting current service levels.</p> <p>The Medium Term Financial Strategy (MTFS) has been rolled forward and covers the period 2017/18 to 2021/22. A balanced budget has been set for 2017/18 and the Council has a good record of setting and achieving balanced budgets over the past number of years although this is caveated through the number of one off savings and revenue receipts that have been received although the opportunities for greater income generation is diminishing.</p> <p>There is a continued reliance on new homes bonus income which accounts for 8.7% of the total income, a reduction from previous years, and is used to fund programmes that otherwise would not be undertaken. The continued review of this funding stream, and potential changes to it, leaves the Council vulnerable to income shortfalls and failure to produce a break even or surplus position in future financial years.</p> <p>The Council has undertaken an extensive process for identifying savings and has looked at opportunities for further income generation. The exercise undertaken will require further review to ensure that potential savings are realised and there are concerns that savings for 2017/18 are predicated on an excessive use of reserves, as a result of £750k inputs into waste services. This is politically sensitive and will cause funding pressures further down through the process although pressures are not as significant in future years. It is noted, from reviews in prior years, that the Council has a track record of achieving savings targets.</p> <p>It is considered that the Council has robust processes in place for identifying and achieving short term savings, identified through the Medium Term Financial and that the requirements of savings programmes driven by central government will be met. On this basis we conclude that the risk has been sufficiently mitigated and that the Council has proper arrangements in place. We will continue to keep this under review.</p>

Key findings

Significant risk	Work to address	Findings and conclusions
<p>UBICO Contract Monitoring</p> <p>The UBICO contract represents a significant source of expenditure for the Council and current contract monitoring arrangements are considered inadequate. A recent internal audit review has highlighted that, with the exception of the financial review undertaken by Financial Services, quarterly budget monitoring is not undertaken for significant part of the contract service and key performance indicators are neither monitored or enforced. There is a risk that the Council will fail to identify increasing costs or potentially fraudulent transactions and that the contract requirements are not being enforced.</p>	<p>We will review the contract monitoring processes in place to determine how the Council has established that all costs are appropriate and that services are being provided in line with the requirements of the contract.</p> <p>We will review communication with UBICO to ensure that the Council is working with the service provider to ensure all information is provided and that issues are being appropriately addressed in a timely manner.</p>	<p>As of 1 April 2015 Tewkesbury Borough Council joined the local authority owned company Ubico Ltd, as an equal partner with five other authorities being Cotswold District Council, West Oxfordshire District Council, Forest of Dean District Council, Cheltenham Borough Council and Stroud District Council. Alongside waste and recycling collections the contract also provides for street cleansing and grounds maintenance for the borough.</p> <p>Internal Audit undertook a review of the contract monitoring process in 2016, which we reviewed as part of our process. This identified a number of issues as set out below.</p> <p>Arrangements in place at time of Internal Audit Review</p> <p>The monitoring of the contract is undertaken at both a financial and performance level. Financial control is done through budget monitoring whilst performance is measured using a number of Key Performance Indicators (KPIs).</p> <p>Performance monitoring is based on six KPIs. These are monitored by the Head of Community Services and reported to the Overview and Scrutiny Committee (O&S). The last report to O&S was in April 2016 and the report noted:</p> <p>'At a meeting of the Overview and Scrutiny Committee in June 2015 it was agreed that a review of the performance of the recently transferred waste services contract be monitored by the Committee on a half yearly basis'</p> <p>A review of subsequent O&S meetings did not identified any further reporting although elements of the contract had been reported.</p> <p>Of the six KPIs outlined in the contract, all six related to Waste Services. This meant there was no meaningful monitoring in the following areas:</p> <ul style="list-style-type: none"> • Trade Waste • Garden Waste • Bring Sites • Bulky Waste • Grounds maintenance • Litter and dog waste bins.

Key findings

Significant risk	Work to address	Findings and conclusions
<p>UBICO Contract Monitoring</p> <p>Continued</p>		<p>Further, of the six as outlined in the contract three were not being properly monitored. At the review by O&S in April 2016 the following indicators were reported:</p> <ul style="list-style-type: none"> • Percentage of household collections completed on schedule • Residual household waste per household • Percentage household waste reused, recycled and composted. <p>The budget information received was considered to be at a high level and is split at service level. Therefore, the budget has been monitored across areas such as trade and waste, grounds maintenance, garden waste etc. However, there was no further analysis on other services and it was considered that adequate financial monitoring would not be possible. The contract states that; <i>'the provision of detailed financial information for budget monitoring'</i> is the responsibility of Ubico although it does not state what detailed implies.</p> <p>There were some issues with ad-hoc invoices and where the responsibility for those services that have been provided lay. The total of ad-hoc invoices for 2015-16 was £79k which offset the underspend of £92k achieved in the year. The lack of activity monitoring and detailed performance reporting did not provide sufficient evidence or support to these costs. The description within the invoice was not sufficient to ascertain whether the reasoning for the costs were appropriate. It was noted that a number of these invoices were approved by the interim head of service who is no longer at the Council and that no discussion was held with the finance team.</p> <p>Update of arrangements as at August 2017</p> <p>Overall monitoring of the contract is the responsibility of the Head of Community services which until the end of February was undertaken on an interim basis. Discussion with the Head of Corporate Services and the Head of Finance and Asset management identified that there is a fragmented monitoring process with limited effective communication and no real ownership of the process. This was partly due to knowledge and resource gaps and partly due to lack of permanent service lead.</p> <p>It is clear from review of performance management information and discussion by officers that contract monitoring of the Ubico contract is an issue. Discussion of the Ubico contract has been held once in 12 months by O&S who have overall responsibility for monitoring the contract and financial information provided is high level, limited and not adequately discussed.</p>

Key findings

Significant risk	Work to address	Findings and conclusions
UBICO Contract Monitoring Continued		<p>Assurance is too readily taken from monitoring against the total value of the contract and whether this has been achieved or not. This means that the Council are not considering value for money from the contract and whether they are receiving the service that they are paying. It is noted that the overall budget has been met and that the service has delivered a surplus for the past two years against a loss when provided in house.</p> <p>In response to the issues outlined the Council have put a number of processes in place to address the key risks. In discussion with the Head of Community Services and Head of Finance and Asset Management the following arrangements are in place or being reviewed:</p> <ul style="list-style-type: none"> • A permanent Head of Community Services has been appointed with overall service responsibility • a half yearly report will be provided to O&S. This is due to commence from September 2017 and will include review of the annual report. • A review of KPIs is currently being undertaken by the Joint Waste Team to identify those that will be of best use for contract monitoring purposes. • Controls have been put in place to closely monitor ad-hoc payments which are now approved by the Head of Community Services. This has also allowed for better horizon scanning of future costs and planning is in place for when fleet requires replacement • Discussions are being held with Ubico to identify costs associated with future house building in the area and these costs are being built into future cost projections. • The Ubico contract is standing item in Senior Management Team meetings. • Resources made available to recruit a dedicated Grounds Maintenance & Fleet Client Officer • Improved financial information • Senior appointments at Ubico including the Managing Director and Senior Operations Manager <p>The above alongside the progress against audit recommendations, and discussion with management, provide assurance that risks have been sufficiently mitigated. On this basis we conclude that the risk has been sufficiently mitigated and that the Council has proper arrangements in place. We will continue to keep this under review.</p>

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Section 4: Fees, non-audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

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

Fees

	Proposed fee £	Final fee £
Council audit	44,921	44,921
Grant certification	9,110	TBC
Total audit fees (excluding VAT)	54,031	TBC

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

Grant certification

Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited. Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'. We will report to you our final fees in relation to this work through our annual audit letter once this has been completed in November 2017.

Independence and ethics

- Ethical Standards and ISA (UK&I) 260 require us to give you timely disclosure of matters relating to our independence. In this context, we disclose the following to you:
- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and confirm that we are independent and are able to express an objective opinion on the financial statements.
- We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Communication to those charged with governance

ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment>).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

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

Appendices

- A. Action Plan
- B. Audit Opinion

A. Action plan

Priority

Rec no.	Recommendation	Priority	Management response	Implementation date and responsibility
1	The Council should ensure that a robust process exists for management and monitoring of the UBICO contract with third parties and, that all financial information is provided on a timely basis to allow identification of potential overspends.	Medium	The extent and timeliness of financial management information was discussed at a meeting between the Council's Chief Financial Officer and the Managing Director of Ubico in early January. Agreement was reached as to the detail required and the timescales for the quarterly provision of information and this will be implemented for the first quarter reporting of 2017/18. Financial Services will continue to support client officers in understanding and challenging the information and variance analysis provided.	July 2017 – Head of Community Services / Head of Finance & Asset Management
2	The Council should ensure that the Corporate Risk Register is reviewed on a regular and timely basis to ensure that all risks identified are relevant and appropriate to the Council.	Medium	A review of the council's overall risk management arrangements will be undertaken to ensure the Corporate risk register reflects current risks to the Council. Following this, quarterly reviews of the register will be undertaken by the Corporate Governance Group, Management Team and Audit Committee. This is a programmed action within the Corporate Services 2017/18 service plan.	September 2017 – Head of Corporate Services
3	Where restatements and adjustments to the accounts are required, as a result of code changes, the Council should ensure that sufficient time is allowed for final checks to ensure accuracy and, that any adjustments are considered within the notes to the accounts as well as within the primary statements.	Low	Management will ensure that time is allowed within the closedown timetable to enable a robust review of the Statements to ensure that they conform to all requirements and have been calculated accurately.	February 2018 – Financial Services Manager

Controls

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

B: Audit opinion

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEWKESBURY BOROUGH COUNCIL

We have audited the financial statements of Tewkesbury Borough Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise, the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Finance and Asset Management and auditor

As explained more fully in the Statement of Responsibilities, the Head of Finance and Asset Management is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have

been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance and Asset Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

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

Respective responsibilities of the Authority and auditor

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

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

[Signature]

Julie Masci
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Hartwell House, 55-61 Victoria Street, Bristol, BS1 6FT

21 September 2017



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