

The Audit Findings for Tewkesbury Borough Council

Year ended 31 March 2019

15 July 2019



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

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

Financial Statements	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:</p> <ul style="list-style-type: none">• give a true and fair view of the financial position of the Council and its income and expenditure for the year; and• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed on site during June & July. Our findings are summarised on pages 3 to 14. Based on our work to date, we have identified one adjustment to the financial statements that have resulted in a £Nil adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion [Appendix E] or material changes to the financial statements, subject to the following outstanding matters;</p> <ul style="list-style-type: none">- Further audit work on specific areas; (see page 14)- File completion steps including final review processes;- receipt of management representation letter; and- review of the final set of financial statements. <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.</p> <p>Our anticipated audit report opinion will be unmodified.</p>
Value for Money arrangements	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').</p>	<p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that Tewkesbury Borough Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix E. Our findings are summarised on pages 15 to 18.</p>
Statutory duties	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none">• report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and• To certify the closure of the audit.	<p>We have not exercised any of our additional statutory powers or duties.</p> <p>We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.</p>

Acknowledgements

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.

Summary

Overview of the scope of our audit

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

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

Audit approach

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

- An evaluation of the Council's internal controls environment, including its IT systems and controls;

- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter or change our audit plan, as communicated to you in March 2019.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion, as detailed in Appendix E. These outstanding items are detailed further on page 14.

Our approach to materiality

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

Materiality calculations remain the same as reported in our audit plan We detail in the table below our determination of materiality for Tewkesbury Borough Council.

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	750,000	<ul style="list-style-type: none"> • The council is operating at a surplus on provision of services and the internal control system is deemed to be sound.
Performance materiality	562,000	<ul style="list-style-type: none"> • Staffing of the finance team has remained consistent and there were not significant issues identified in the previous reporting period.
Trivial matters	37,500	<ul style="list-style-type: none"> • Amounts relevant both to our materiality and the council's own concept have been considered.

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

1

The revenue cycle included fraudulent transactions

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Auditor commentary

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- 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

Therefore we do not consider this to be a significant risk for Tewkesbury Borough Council.

There have been no changes to our assessment as reported in our Audit Plan.

2

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance. Management over-ride of controls is a risk requiring special audit consideration.

Auditor commentary

We have:

- gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness;
- obtained a full listing of journal entries and identified and subsequently tested any unusual journal entries for appropriateness; and
- evaluated the rationale for any changes in accounting policies and any significant unusual transactions or estimates.
- Reviewed significant related party transactions outside the normal course of business.

Our audit work has not identified any issues in respect of management override of controls.

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

3

Valuation of Property, Plant and Equipment

The Council revalues its land and buildings each year to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements. We identified the valuation of land and buildings revaluations as a risk requiring special audit consideration.

Auditor commentary

We performed the following work:

- reviewed management's processes and assumptions for the calculation of the estimate.
- reviewed the competence, expertise and objectivity of any management experts used.
- reviewed the instructions issued to valuation experts and the scope of their work
- held discussions with the valuer about the valuation basis, challenging the key assumptions.
- reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.
- tested revaluations made during the year to ensure they were input correctly into the Council's asset register
- evaluated the assumptions made by management for any assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.
- Confirmed that the prior period adjustment to two of the council's assets was appropriate and tested the revalued amounts were appropriately accounted for.

Our audit work to date has not identified any issues in respect of property, plant and equipment valuations. Our audit work is still ongoing in respect of some of our enquiries of the valuer in relation to understanding the movement in value of a number of the Council's properties.

4

Valuation of pension fund net liability

The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements. We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.

Auditor commentary

We:

- identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement;
- evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuations and gained an understanding of the basis on which the valuations were carried out;
- undertook procedures to confirm the reasonableness of the actuarial assumptions made;
- checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial reports; and
- gained assurances over the data provided to the actuary to ensure it was robust and consistent with our understanding.

Our audit work in this area is still ongoing as we await the outcome and potential impact of the McCloud judgement and the receipt and review of the Pension Fund auditor assurances.

Significant findings - other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

Issue	Commentary	Auditor view
<p>1 Fees & Charges testing</p> <p>As part of our testing of the Council's key revenue streams, we selected a sample of fees and charges to test.</p>	<ul style="list-style-type: none"> • Within our sample, we identified that one item, caravan club fees for 2019 had been included in the 2018-19 revenue balances in full (£45,000), when the majority of the balance (£33,986) related to 2019/20 and therefore should have been allocated as a receipt in advance. When extrapolated this gave a projected material error. • We undertook an extended sample of Fees and charges in order to reduce the extrapolated error. We tested a further 16 items at a value of £2.68m and did not identify any further errors in our testing. Our projected error was then reduced to an amount below performance materiality. 	<p>We recommend that a review is undertaken over the process for apportioning invoices close to year end, in order that they are appropriately allocated to the correct period. See Appendix A for associated action plan.</p>
<p>2 Cash flow statement</p> <p>On review of the Cash Flow statement and the Movement in reserves statement, we identified a few errors, which led to management reviewing their cashflow statement. On review, they realised that the cashflow statement was not correct, and therefore have restated their cashflow.</p>	<ul style="list-style-type: none"> • We have reviewed the updated cashflow statement and there is one £25,000 item that cannot be verified to supporting evidence. We have raised a control point in relation to this in Appendix A. 	<p>Auditor view</p> <p>We recommend that a retrospective review of this year's cash flow is undertaken in order to ensure that all items are able to be verified in future periods.</p>
<p>3 Potential impact of the McCloud judgement</p> <p>The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.</p> <p>The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits.</p>	<p>Discussion is ongoing in the sector regarding the potential impact of the ruling on the financial statements of Local Government bodies.</p> <p>Based on an assessment of the Gloucestershire Pension Fund, management's view is that the impact of the ruling is not material for the Council, and will be considered for future years' actuarial valuations.</p> <p>The Council has requested a more detailed estimate from its actuary of the potential impact of the McCloud ruling for Tewkesbury Council. At the time of writing, we are awaiting this assessment from the actuary.</p>	<p>Auditor view</p> <p>We will undertake a review of the actuary's calculations once this impact assessment has been provided to the Council. In addition, out internal actuaries are undertaken direct enquiries with the actuary to understand the methodology used to derive its best estimate of the impact to the Council.</p> <p>These enquiries are ongoing and we will provide the Audit & Governance committee an update at the time of the committee.</p>

Significant findings – key judgements and estimates

Accounting area	Summary of management's policy	Audit Comments	Assessment
Provisions for NNDR appeals - £6.368m	The Council are responsible for repaying a proportion of successful rateable value appeals. Management calculates the level of provision required. Tewkesbury's calculation is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates. Due to an increase in outstanding appeals, the provision has increased by £2.405m in 2018/19.	<ul style="list-style-type: none"> • We have assessed the appropriateness of the underlying information used to determine the estimate; • We have reviewed the impact of any changes to valuation method; • Reviewed the reasonableness of increase in estimate; and • Confirmed the adequacy of disclosure of the estimate in the financial statements. 	
Our work in this area is still ongoing at the time of writing.			

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Land and Buildings – Other - £22.883m	<p>Other land and buildings comprises £12.688m of specialised assets such as the Roses theatre and the Tewkesbury leisure centre, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Wilkes Head and Eve to complete the valuation of properties as at 31 March 2019. 100% of total assets were revalued during 2018/19. The valuation of properties valued by the valuer has resulted in a net increase of £1.678m.</p> <p>The total year end valuation of Other land and buildings was £22.883m, a net increase of £1.6m from 2017/18 (£22.273m).</p>	<ul style="list-style-type: none"> We have undertaken a review of the work of management's expert (Wilkes Head and Eve). This assessment includes a review of their experience, capabilities and independence to the council. We have not identified any issues in these areas. Our review also considers the assumptions adopted by the expert. This includes a review of the consistency of the estimates with those provided to by Gerald Eve. Our work in this area is ongoing at the time of writing. We are awaiting responses from the valuer in relation to inquiries about the movement in valuation of a number of council properties. We have confirmed the completeness of the data provided to the actuary by agreeing the amounts submitted for valuation back to the fixed asset register. No issues have been identified in this work. We have tested individual asset revaluations to confirm that the treatment of these assets within the financial statements has been correct. We have reviewed amounts to ensure the asset register and the valuation reports agree as well as reviewing the treatment in the council's reserves. Our work is substantially complete in this area and we have not identified any issues. We have reviewed the adequacy of fair value disclosures in the statement of account. 	
Our work in this area is still ongoing at the time of writing.			

Assessment

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

Summary of management’s policy	Audit Comments	Assessment																								
<p>Net pension liability – £34.148m</p> <p>The Council’s net pension liability at 31 March 2019 is £34.148m (PY £28.896m) comprising the Gloucestershire Pension Fund Local Government unfunded defined benefit pension scheme obligations. The Council uses Hymans Robertson to provide actuarial valuations of the Council’s assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £4.923m net actuarial loss during 2018/19.</p>	<ul style="list-style-type: none"> We have reviewed the estimate, undertaking tests on the asset and liability elements of the net liability. Using analytical procedures we have compared actual results with expectations and have concluded that the results are reasonable. We have reviewed the work of Hymans Robertson, through the use of an auditor’s expert, Pricewaterhousecoopers. We have undertaken an assessment of actuary’s roll forward approach, including completing detail work to confirm reasonableness of approach. <table border="1" data-bbox="869 564 1955 1050"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.4%</td> <td>2.4-2.5%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.5%</td> <td>2.5–2.4%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>2.8%</td> <td>Less than 0.5% movement</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>22.4 / 24.0</td> <td>21.5-22.8 / 23.7-24.4</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>24.6 / 26.4</td> <td>24.1-25.1 / 26.2-26.9</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> We have undertaken checks on the completeness and accuracy of the underlying information used to determine the estimate in order to determine the reasonableness of increase in the estimate. We have also ensured adequacy of the disclosure of the estimate in the financial statements. <p>Our audit work in this area is still ongoing as we await the outcome and potential impact of the McCloud judgement and the receipt and review of the Pension Fund auditor assurances.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.4%	2.4-2.5%	●	Pension increase rate	2.5%	2.5–2.4%	●	Salary growth	2.8%	Less than 0.5% movement	●	Life expectancy – Males currently aged 45 / 65	22.4 / 24.0	21.5-22.8 / 23.7-24.4	●	Life expectancy – Females currently aged 45 / 65	24.6 / 26.4	24.1-25.1 / 26.2-26.9	●	
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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Going concern

Our responsibility

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

Going concern commentary

Management's assessment process

The Head of Finance and Asset Management as s151 officer has a reasonable expectation that the services provided by the Council will continue for the foreseeable future. For this reason, the Council continue to adopt the going concern basis in preparing the financial statements.

Auditor commentary

Management have determined that there is no evidence of an intention to cease the provision of services, and have therefore adopted the going concern assumption. We have not identified any issues through our review and enquiries that suggest that this is not appropriate.

We are satisfied that the going concern assumption is appropriate for the council and is in line with accounting standards and the CIPFA Code.

Work performed

Auditor commentary

We have reviewed management's assessment and confirm that the assumptions underpinning this is reasonable. Based on our review of management's assessment, no material uncertainties have been identified.

As highlighted in our work under the VFM conclusion, the Council's Medium Term Financial Plan does identify a current shortfall in income against expected costs over the MTF period. Current levels of Council reserves confirm that the Council has sufficient useable reserves to call upon, should this be required to manage the financial position within the foreseeable future.

Concluding comments

Auditor commentary

Based on our work undertaken, we are satisfied with the Council's assessment that the going concern basis is appropriate for the 2018-19 financial statements.

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 and Governance Committee. 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"> We are not aware of any related parties or 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 letter of representation has been requested from the Council, which is included in the Audit and Governance Committee papers.
⑤ Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to entities with whom borrowing and investment balance are held. This permission was granted and the requests were sent. At the time of writing almost all of these requests have been returned with positive confirmation.
⑥ Disclosures	<ul style="list-style-type: none"> Our review of the accounts have identified a number of disclosure amendments including a number of presentational changes including spelling, grammar and syntax. The disclosure amendments are included in further detail in Appendix C.
⑦ Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> All information and explanations requested from management were provided.

Other responsibilities under the Code

Issue	Commentary
① Other information	<ul style="list-style-type: none"> We are required to give an opinion on whether the other information published together with the audited financial statements, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix E</p>
② Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>
③ 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> <ul style="list-style-type: none"> Note that detailed work is not required as the Council does not exceed the threshold.
④ Certification of the closure of the audit	<p>We intend to certify the closure of the 2018/19 audit of Tewkesbury Borough Council in the audit opinion, as detailed in Appendix E.</p>

Audit work outstanding at the time of writing

	Accounts Area	Commentary
1	Welfare Expenditure	<ul style="list-style-type: none"> • Completion of the review of uplifted parameters within Northgate • Completion of an analytical review over welfare expenditure • Reperformance of the reconciliation between the ledger and Northgate
2	PPE Revaluations	<ul style="list-style-type: none"> • Our review of the appropriateness of the indices used by the valuer is still in progress – we are awaiting responses from the valuer in relation to some specific queries on a few of the assets whose value has moved significantly since the prior period. • Our testing of individual revaluations is still to be finalised.
3	Contingent Liabilities	<ul style="list-style-type: none"> • Our review of contingent liabilities is to be completed
4	Debtors	<ul style="list-style-type: none"> • Our review of collection fund debtors is still to be finalised
5	Pension Liability	<ul style="list-style-type: none"> • We await the outcome and potential impact of the McCloud judgement from the Council's actuary and the receipt and review of the Pension Fund auditor assurances.
6	Accounting Policies and Contingent liabilities	<ul style="list-style-type: none"> • We are finalising our review of accounting policies and contingent liabilities
7	MRP	<ul style="list-style-type: none"> • Review of MRP policy to confirm it is compliant with the CIPFA code • Reperformance of the MRP calculation to ensure it is correctly calculated.
8	Leases	<ul style="list-style-type: none"> • Our review of the leases disclosure is in progress
9	Subsequent events	<ul style="list-style-type: none"> • Our review of subsequent events up to the date of signing is in progress and will be finalised prior to completion
10	File completion and clearance of review points	<ul style="list-style-type: none"> • Once all audit work is complete, we will undertake all necessary levels of review and quality checks prior to completion.

Value for Money

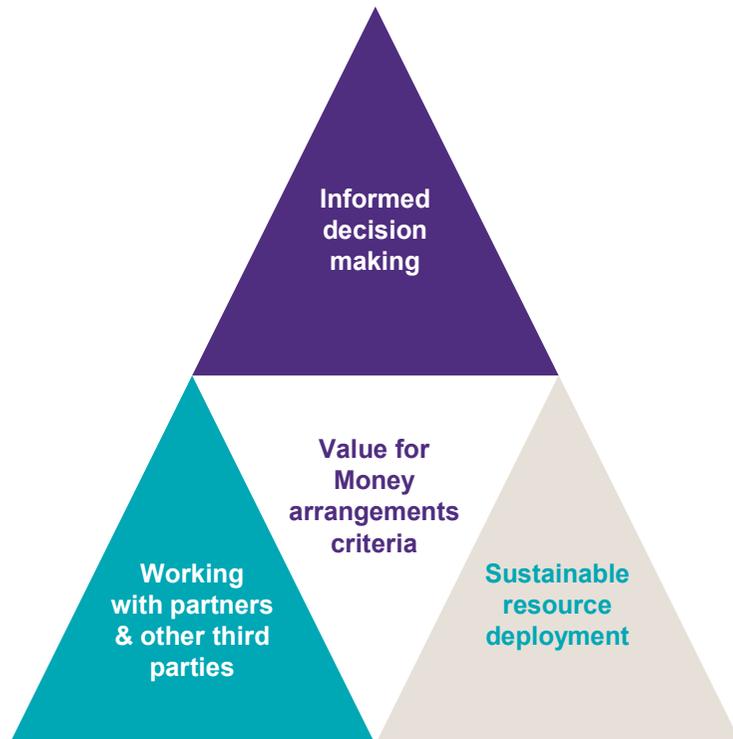
Background to our VFM approach

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

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

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

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



Risk assessment

We carried out an initial risk assessment in February 2019 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 March 2019.

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.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The Council delivered a revenue budget surplus in 2018/19 which was used to fund known commitments and allowed a transfer to reserves;
- Budget Monitoring reports taken to Executive Committee regularly and provide sufficient detail to allow members to effectively scrutinise budgets, and take remedial action should this be required;
- The latest version of the MTFS was presented to members in January 2019 and identifies a £3.526m revenue budget deficit by the end of 2023-24.
- The assumptions employed in the MTFS appear reasonable
- There continues to be a high reliance on the use of uncertain future income streams such as the New Homes Bonus, which makes up almost 30% of the income forecasts.
- A savings plan is detailed and was approved as part of the MTFS. Due to the limited opportunity to gain savings without impacting on services the focus of the Council has been the growth agenda and looking for further commercialisation opportunities
- The continued engagement of members and planned future increases to council tax income over the medium term is vital to ensuring the Council has a sound financial position.

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 17 and 18.

Overall conclusion

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

The text of our report, which confirms this can be found at Appendix E.

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.

Key findings

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

Significant risk	Findings	Conclusion
<p>1 Sustainable Resource Deployment - Medium Term Financial Strategy</p> <p>Our 2017-18 VFM conclusion highlighted that the Council must ensure it develops a robust savings plan in order to deliver its annual budgets with sufficient capacity to manage its emerging cost pressures over the duration of its Medium Term Financial Strategy (MTFS). The ongoing challenge of increasing service costs, as well as the reliance on the continuation of the New Homes Bonus and anticipated use of reserves enforces the need to identify additional sources of income in order to secure its financial sustainability for the future. We reviewed:</p> <ul style="list-style-type: none"> the Council 's arrangements to establish how it is identifying, managing and monitoring these financial risks. the robustness of the Council's financial plans and its key assumptions supporting the development of its MTFP and savings plans. 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>The Council's 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. The MTFS contains important strategic planning in a number of areas and its latest version was reported to members at a meeting of Council on 29 January 2019 which identified a £3.526m funding gap over the 5 year period of the MTFS.</p> <p>Over recent years, the Council has put in place a number of service reconfigurations, shared service arrangements and have already exhausted a number of commercialisation opportunities to reduce costs and generate new income streams.</p> <p>There remains a high reliance on the use of uncertain income such as the New Homes Bonus, which makes up almost 30% of the income forecasts. Where the Council is unable to identify and deliver further savings or additional income streams to bridge the current MTFS funding gap, use of the council's general reserves would be required in order to manage its financial position. This is not sustainable in the medium to long term.</p> <p>A savings plan is detailed and was approved as part of the MTFS. Due to the limited opportunity to gain savings without impacting on services the focus of the Council has been the growth agenda and looking for further commercialisation opportunities through investment property diversification, commercial opportunities through the UBICO contract and the use of council buildings for encouraging business growth through new business growth incubator units on site at the Council's offices in Tewkesbury.</p> <p>The Council have continued to engage members through the Transform Work Group. The group of members consider budgetary matters and comment on new opportunities and schemes that are available to the Council prior to the approval process through Executive Committee and Council. This engagement is vital to the progression of officers' plans to bridge the current forecasted deficit and has seen pay off in the financial year (see overleaf)</p>	<p>Auditor view</p> <p>Positive steps have been taken by the Council to review the assumptions in the MTFS and work to bridge the anticipated funding gap by formalising proposals to further generate income through pilot schemes and commercialisation. Therefore, on the work we performed to address the significant risks, we are satisfied that the Council has made sufficient progress in improving its arrangements during the course of the year. We therefore propose to conclude that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p> <p>Management response</p> <p>The Council continues to operate in a challenging financial environment with huge uncertainty around local government finance and continued increases to the cost base of service provision. The MTFS highlights the significant financial challenges facing the authority on an annual basis as we enter the next decade and also outlines some of the actions that must be taken, however difficult or unpalatable, to ensure the Council balances its budget requirement each year. Officers will continue to work in partnership with members to ensure robust plans are in place to deliver the increased income or savings required over the medium term.</p>

Significant risk	Findings	Conclusion
<p>1 Sustainable Resource Deployment - Medium Term Financial Strategy</p> <p>Our 2017-18 VFM conclusion highlighted that the Council must ensure it develops a robust savings plan in order to deliver its annual budgets with sufficient capacity to manage its emerging cost pressures over the duration of its Medium Term Financial Strategy (MTFS). The ongoing challenge of increasing service costs, as well as the reliance on the continuation of the New Homes Bonus and anticipated use of reserves enforces the need to identify additional sources of income in order to secure its financial sustainability for the future. We reviewed:</p> <ul style="list-style-type: none"> the Council 's arrangements to establish how it is identifying, managing and monitoring these financial risks. the robustness of the Council's financial plans and its key assumptions supporting the development of its MTFP and savings plans. 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>The final General Fund revenue outturn position for the full year was reported as a £2.68m surplus. This was a significant increase against the quarter three position and the outturn of previous years. The budgeted transfer to reserves was £777,720 with an actual outturn transfer totalling £3,463,217. Total useable reserves now stands at over £14m which puts the council in a great position moving forward.</p> <p>This surplus was aided by the increase of Council Tax by the maximum £5 in year, with an assumption in the MTFS that this will continue for the next 5 years. This is vital to the financial sustainability of the Council.</p> <p>During the year, several other opportunities and schemes have been utilised which have had a positive impact on the outturn position. This includes a positive position on the retained business rates scheme with a surplus against budget of £1,179,391 in year. In addition to this base position the Council were also able to take advantage of the 100% Business Rate Retention Pilot in Gloucestershire for 2018/19. resulting in additional income for Tewkesbury of £882,000.</p> <p>Other positive steps that have been taken include the success of the garden waste sticker system which performed above expectations and the launch of the carpool pilot to reduce mileage and other travel costs.</p> <p>The Council also had their Garden Town status bid approved which aims to help the Council deliver up to 10,000 houses over the period to 2041. Councils and groups from around the country submitted more than 100 ambitious proposals with the 5, including Tewkesbury's, taken forward resulting in an initial £750,000 investment to help develop plans for vibrant, thriving settlements where people can live, work and raise families.</p>	

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 Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Audit and Non-audit services

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

	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefit	7,795	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the baseline fee for this work is £7,795 in comparison to the total fee for the audit of £34,589 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee based on a prescribed level of testing and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
	7,795		

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit & Governance Committee. None of the services provided are subject to contingent fees.

Action plan

We have identified one recommendation for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Issue and risk	Recommendations
1	●	<ul style="list-style-type: none"> As noted above, we extended our sample of Fees and charges due to identifying an error within the sample population. We identified that a large proportion of one of the sample items related to 2019/20, but the whole balance was included as 2018/19 income. 	<ul style="list-style-type: none"> We recommend that management review their processes for identifying receipts in advanced in order to reduce the level of errors in future periods. <p>Management response</p> <ul style="list-style-type: none"> There is already a robust procedure in place to review all invoices raised in the year for receipts in advance. There are few non-invoiced income amounts that would require apportionment however we will review all such items and ensure these are all included in our receipts in advance process.
2	●	<ul style="list-style-type: none"> As noted above, we identified one £25,000 item within the cashflow statement that could not be verified to an external source. Without this item, the cash flow statement would not balance. 	<ul style="list-style-type: none"> We recommend that management undertake a retrospective review of the 2018/19 cash flow statement in order to identify the reasons behind the balancing item as well as to ensure this difference will not be brought forward into 2019/20. <p>Management response</p> <ul style="list-style-type: none"> This has been identified as an area for review and we have identified ways to automate this process more (so requiring less human analysis at the year end). We will endeavour to review the 2018-19 cash flow and implement improved procedure in future years.

Controls

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

Follow up of prior year recommendations

We identified the following issues in the audit of [insert client name] Council's 2017/18 financial statements, which resulted in [x] recommendations being reported in our 2017/18 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1	✓	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.	<ul style="list-style-type: none"> The updated Risk Management Strategy was considered and approved by the Executive Committee on 12 January 2019 and will be taken to the Audit and Governance Committee for consideration on a regular basis.

Assessment

- ✓ Action completed
- X Not yet addressed

Audit Adjustments

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

Impact of adjusted misstatements

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

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
1 Housing Benefit Debtors We identified that debtors had been overstated by £140k. The full amounts were provided for so there is £nil impact on the Balance sheet.	N/A	£nil	£nil
Overall impact	£Nil	£Nil	£Nil

Audit Adjustments

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

Misclassification and disclosure changes

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

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Audit Fees	<ul style="list-style-type: none"> An additional charge for Housing Benefit subsidy work was not included in the prior period amount. This was not included in the Audit Fee disclosure for 2017/18 	<ul style="list-style-type: none"> That management include the additional fee in the prior period disclosure to reflect the additional charge. 	✓
Note 9 / Grants Note	<ul style="list-style-type: none"> The value of grants per Note 34 did not agree to the value of grants disclosed in Note 9 (Expenditure and Income analysed by Nature). The difference of £3.174m related to S106 grants. The net impact on the CIES is £nil. 	<ul style="list-style-type: none"> That management amend the disclosure, so that the amounts reconcile. 	✓
Cashflow	<ul style="list-style-type: none"> The full cashflow statement was reperformed due to the identification of errors. On review of the updated disclosure, we identified a £25k balancing figure that could not be verified to other sources. 	<ul style="list-style-type: none"> As noted in Appendix A, we recommend that management undertake a retrospective review of the 2018/19 cash flow statement in order to identify the reasons behind the balancing item as well as to ensure this difference will not be brought forward into 2019/20. 	✓
MiRS	<ul style="list-style-type: none"> In undertaking a review of the Movement in Reserves Statement, we identified that one of the assets disposed of, had not been accounted for through reserves. It led to a movement of £47k from unusable to useable reserves as the disposal proceeds were transferred to the Capital Receipts Reserve. 	<ul style="list-style-type: none"> We recommend that management account for the disposal through reserves in order to maximise useable capital receipts. 	✓
General presentational amendments	<ul style="list-style-type: none"> We have identified other general amendments including, spelling, grammar and syntax as well as presentational items such as missing page numbers. 	<ul style="list-style-type: none"> We requested of management that amendments were made in relation to these items for clarity within the accounts. 	✓

Audit Adjustments

Misclassification and disclosure changes (continued)

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Financial Instruments Disclosure Note	<ul style="list-style-type: none"> A number of items within Note 20 were stated incorrectly. There were disclosures where the 2017/18 and 2018/19 columns contained the figures for the incorrect financial year. There were also a number of values that excluded accrued interest. 	<ul style="list-style-type: none"> That management review the disclosures to ensure amounts are included in the correct year and that the values can be reconciled to other notes in the accounts. 	✓

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £	Statement of Financial Position £	Impact on total net expenditure £	Reason for not adjusting
1 Fees and charges	55,872	£55,872		Amount is a projected misstatement and not an actual error.
Overall impact	£55,872	£55,872		

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2017/18 financial statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
1 N/a	0	0	0	N/a

Fees

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

Planned Audit Fees

Our Audit Plan included a PSAA published scale fee for 2018/19 of £34,589. Our audit approach, including the risk assessment, is continually reviewed throughout the year and fees are reviewed and updated as necessary as our work progresses.

Update to our risk assessment – additional work in respect of the audit code

The table below sets out the additional work which we have undertaken to complete the audit, along with the impact on the audit fee where possible. Please note that these proposed additional fees are estimates based on our best projection of work and will be subject to approval by PSAA in line with the Terms of Appointment.

Additional Audit Fees

Area of work	Timing	Comment	£
Assessing the impact of the McCloud ruling	June-July 2019	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we considered the impact on the financial statements along with any audit reporting requirements. This included consultation with our own internal actuary in their capacity as an auditor expert.	1,500
Pensions – IAS 19	June-July 2019	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year.	1,500
PPE Valuation – work of experts	June-July 2019	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE Valuations across the sector. We have increased the volume and scope of our audit work to reflect this and made additional enquiries of the Council's external valuer to support this work.	1,500

Fees

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

Total Audit Fees

	Actual fee 2017-18	Proposed 2018-19 fee	Final 2018-19 fee
Council Audit	44,921	34,589	34,589
Additional Audit fees proposed (see analysis per page 26)			4,500
Total audit fees (excluding VAT)	44,921	34,589	39,089

Non Audit Fees

Fees for other services	Fees
Audit related services:	£7,795
• Certification of Housing Benefits	
	£7,795

Audit opinion

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

Independent auditor's report to the members of Tewkesbury Borough Council Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Tewkesbury Borough Council (the 'Authority') for the year ended 31 March 2019 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. 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 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Finance and Asset Management's use of the *going concern* basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance and Asset Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Head of Finance and Asset Management is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report and the Annual Governance Statement, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

Audit opinion

- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or,
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Authority, the Head of Finance and Asset Management and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance and Asset Management. 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 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Head of Finance and Asset Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance and Asset Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Governance Committee is 'Those Charged with Governance'. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's 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 criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Responsibilities of the Authority

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.

Audit opinion

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects 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 criterion 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 2019.

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 be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of Tewkesbury Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 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.

[Signature]

Julie Masci, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

[Date]

