



Audit Plan

London Borough of Barnet

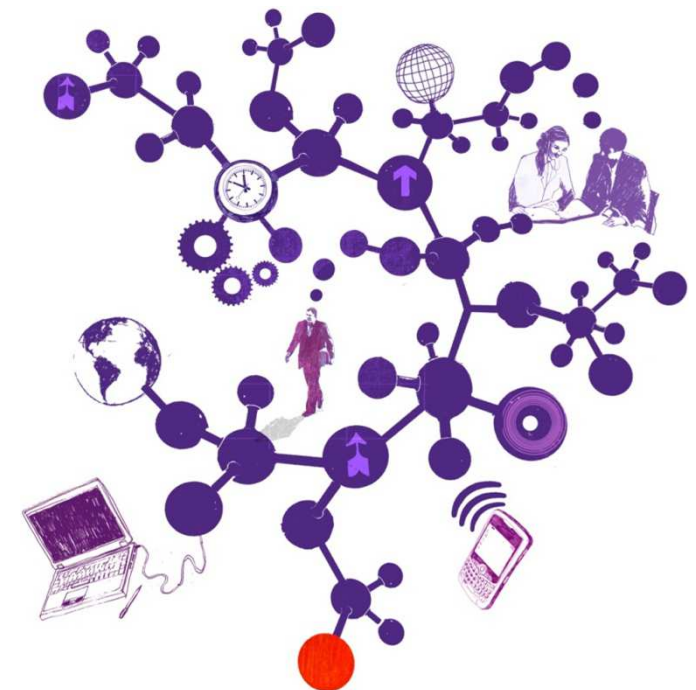
Year ended 31 March 2013

8 April 2013

Paul Hughes
Engagement Lead
T 0207 728 2256
E paul.hughes@uk.gt.com

Tom Edgell
Manager
T 0207 728 3188
E thomas.edgell@uk.gt.com

Nick Taylor
Manager
T 01223 225514
E nick.taylor@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

Purpose

This Audit Plan highlights the key elements of our 2012/13 external audit strategy for London Borough of Barnet. We have compiled it based on our audit risk assessment and discussion of key risks with management. We report it to the Audit Committee as those charged with governance for consideration in accordance with International Standard on Auditing (UK & Ireland) 260.

Our responsibilities

As external auditors we are responsible for performing the audit in accordance with ISAs (UK and Ireland) and to give an opinion on the Council's 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 Audit Commission Act 1998 also requires us to assess annually the adequacy of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources, known as the value for money conclusion.

Communicating the results of audit work

We will communicate progress and findings from our audit work to you at key points during the year. Page 16 of this Plan includes the timescale for the audit and audit reporting which sets this out in more detail.

We look forward to working with officers of the Council during this year's audit.

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

Challenges/opportunities

1. Managing the Council's finances

- The Council's financial performance is good but is subject to continuing financial pressure with the delivery of new savings of £13.3m needed during 2012/13.
- Financial pressure will continue over the medium-term, with the Council required to make savings of £54.5m over the next three years to enable a balanced budget to be set
- The Council must continue to align its finances closely with agreed priorities if it is to meet the financial challenges ahead while maintaining the quality of services.

2. One Barnet transformation programme

- The Council's ambitious One Barnet transformation programme continues to make progress with key contracts including the Support, Customer, Development and Regulatory Services scheduled to mobilise in 2013/14.
- One Barnet provides an opportunity for the Council to work in collaboration with its partners to improve services and productivity and harness external expertise.
- The Council must continue to manage the key risks to transformation effectively to ensure contractors continue to deliver cost-effective, high-quality, responsive services.

3. Investment in schools

- The Council is investing in schools to deliver over three thousand additional school places to meet the needs of its growing population.
- Alongside this the Council has set itself the target of maintaining the number of its schools rated by Ofsted as Good or Outstanding at over 90%
- The Council will need to prioritise available resources carefully if it is to deliver lasting improvement that meets the demands and expectations of Barnet's growing young population.

4. Public health transition

- The transfer of public health responsibilities from 1 April 2013 gives the Council the opportunity to lead and shape public health strategy for Barnet and oversee its delivery by key local partners.
- It also places additional funding pressures on the Council to manage and resource the delivery of the new responsibilities effectively.



Our response

- We have maintained a watching brief on the Council's financial performance during 2012/13 and understood the key risks to achieving a balanced budget through discussions with key officers and attendance at the most recent Assistant Director Challenge meeting.
- We will monitor the Council's progress in developing a balanced budget for 2013/14 and in responding to key new financial challenges including council tax, business rates and welfare reform as part of our 2012/13 VfM Conclusion.

- We will maintain a watching brief on the Council's risk register and performance data to understand how the Council is managing the strategic risks to the One Barnet programme.
- We will carry out risk-based reviews of the Council's Code of Conduct and the proposed Development and Regulatory Services contract as part of our 2012/13 VfM Conclusion.
- We will provide feedback to and share good practice with key officers where we identify it.

- We will monitor the Council's capital programme to understand how the Council is using this to invest in its schools.
- We will consider how the Council is working with its academy schools to support the improvement and growth in schools needed.
- We will discuss the accounting implications of any further schools transferring to academy status with finance officers as appropriate.
- We will consider any work completed by Internal Audit in this area

- We will monitor the Council's progress in managing the financial implications of taking on the new public health responsibilities as part of our 2012/13 VfM Conclusion and will share good practice where we identify it.
- The transfer of public health is due to take place on 1 April 2013 so we do not anticipate any impact on the 2012/13 financial statements.
- We will consider any work completed by Internal Audit in this area

Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

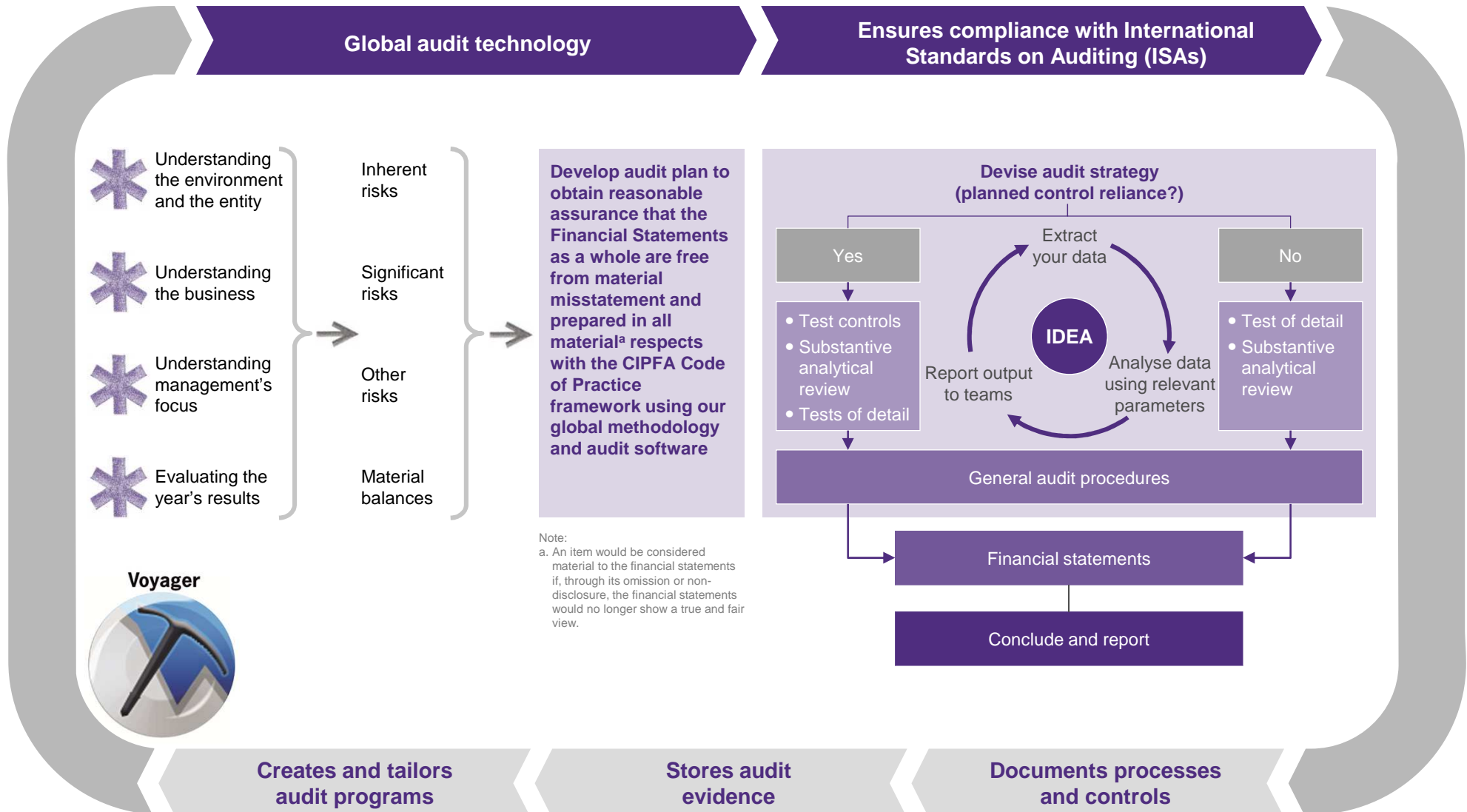
Developments and other requirements

1. Financial reporting	2. Legislation	3. Corporate governance	4. Pensions	5. Potential insurance liability	6. Other requirements
<ul style="list-style-type: none"> • Changes to the CIPFA Code of Practice • Transfer of assets to academies • Recognition of grant conditions and income • Self financing Housing Revenue Account (HRA) • Accounting for property, plant & equipment 	<ul style="list-style-type: none"> • Local Government Finance Settlement 2012/13 • Welfare Reform Act 2012 	<ul style="list-style-type: none"> • Annual Governance Statement (AGS) • Explanatory foreword 	<ul style="list-style-type: none"> • Planning for the impact of 2013/14 changes to the Local Government pension Scheme (LGPS) 	<ul style="list-style-type: none"> • A court case in March 2012 ruled there is a liability for additional claims for infections by asbestos based on the date of exposure rather than the date of the onset of illness. If a Scheme of Arrangement that is in place is triggered, the Council will have a potential liability under this 	<ul style="list-style-type: none"> • The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion • The Council completes grant claims and returns on which audit certification is required

Our response

<p>We will ensure that</p> <ul style="list-style-type: none"> • the Council complies with the requirements of the CIPFA Code of Practice through our substantive testing • schools are accounted for correctly and in line with the latest guidance • grant income is recognised in line with the correct accounting standard • valuations have been completed in accordance with relevant IFRS, based on appropriate methods and assumptions using suitable data and assumptions 	<ul style="list-style-type: none"> • We will discuss the impact of the legislative changes with the Council through our regular meetings with senior management and those charged with governance, providing a view where appropriate 	<ul style="list-style-type: none"> • We will review the arrangements the Council has in place for the production of the AGS • We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge • We have previously acknowledged the Councils innovation in its AGS. We will explore suggestions around how the Council may wish to continue to develop these documents in line with further emerging best practice 	<ul style="list-style-type: none"> • We will discuss how the Council is planning to deal with the impact of the 2013/14 changes through our meetings with senior management 	<ul style="list-style-type: none"> • The Council has a provision in place to cover the costs of any payments that may become due • We will review the estimates and judgements made by management and the adequacy of the provision in light of the most recent information available at the time of the accounts audit 	<ul style="list-style-type: none"> • We will carry out work on the WGA pack in accordance with requirements • We will certify grant claims and returns in accordance with Audit Commission requirements
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Our audit approach



An audit focused on risks

We undertake a risk based audit whereby we focus audit effort on those areas where we have identified a risk of material misstatement in the accounts. The table below shows how our audit approach focuses on the risks we have identified through our planning and review of the national risks affecting the sector. Definitions of the level of risk and associated work are given below:

Significant – Significant risks are typically non-routine transactions, areas of material judgement or those areas where there is a high underlying (inherent) risk of misstatement. We will undertake an assessment of controls (if applicable) around the risks and carry out detailed substantive testing.

Other – Other risks of material misstatement are typically those transaction cycles and balances where there are high values, large numbers of transactions and risks arising from, for example, system changes and issues identified from previous years audits. We will assess controls and undertake substantive testing, the level of which will be reduced where we can rely on controls.

None – Our risk assessment has not identified a specific risk of misstatement. However, where the balance is material we will undertake substantive testing. Where an item in the accounts is not material we do not carry out detailed substantive testing.

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Cost of services - operating expenses	Yes	Operating expenses	Low	None	Material balance so testing required but no specific risk.	✓
Cost of services – employee remuneration	Yes	Employee remuneration	Medium	Other	Employee remuneration accruals understated	✓
Costs of services – Housing & council tax benefit	Yes	Welfare expenditure	Medium	Other	Welfare benefits improperly computed	✓
Cost of services – Housing revenue	Yes	HRA	Medium	Other	Housing revenue transactions not recorded	✓
Cost of services – other revenues (fees & charges)	Yes	Other revenues	Low	None	Material balance so testing required but no specific risk.	✓
(Gains)/ Loss on disposal of non current assets	Yes	Property, Plant and Equipment	Low	None	Material balance so testing required but no specific risk.	✓
Payments to Housing Capital Receipts Pool	No	Property, Plant & Equipment	Low	None		×
Precepts and Levies	No	Council Tax	Low	None		×

An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Interest payable and similar charges	Yes	Borrowings	Low	None	Material balance so testing required but no specific risk.	✓
Pension Interest cost	Yes	Employee remuneration	Low	None	Material balance so testing required but no specific risk.	✓
Interest & investment income	No	Investments	Low	None		×
Return on Pension assets	Yes	Employee remuneration	Low	None	Material balance so testing required but no specific risk.	✓
Impairment of investments	No	Investments	Low	None		×
Investment properties: Income expenditure, valuation, changes & gain on disposal	Yes	Property, Plant & Equipment	Low	None	Material balance so testing required but no specific risk.	✓
Income from council tax	Yes	Council Tax	Low	None	Material balance so testing required but no specific risk.	✓
NNDR Distribution	Yes	NNDR	Low	None	Material balance so testing required but no specific risk.	✓
PFI revenue support grant & other Government grants	Yes	Grant Income ⁹	Low	None	Material balance so testing required but no specific risk.	✓
Capital grants & Contributions (including those received in advance)	Yes	Property, Plant & Equipment	Low	None	Material balance so testing required but no specific risk.	✓

An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
(Surplus)/ Deficit on revaluation of non current assets	Yes	Property, Plant & Equipment	Low	None	Material balance so testing required but no specific risk.	✓
Actuarial (gains)/ Losses on pension fund assets & liabilities	Yes	Employee remuneration	Low	None	Material balance so testing required but no specific risk.	✓
Other comprehensive (gains)/ Losses	No	Revenue/ Operating expenses	Low	None		×
Property, Plant & Equipment	Yes	Property, Plant & Equipment	Medium	Other	PPE activity not valid	✓
Heritage assets & Investment property	Yes	Property, Plant & Equipment	Low	None	Material balance so testing required but no specific risk.	✓
Intangible assets	No	Intangible assets	Low	None		×
Investments (long & short term)	No	Investments	Low	None	Material balance so testing required but no specific risk.	✓
Debtors (long & short term)	Yes	Revenue	Low	None	Material balance so testing required but no specific risk.	✓
Assets held for sale	Yes	Property, Plant & Equipment	Low	None	Material balance so testing required but no specific risk.	✓
Inventories	No	Inventories	Low	None		×
Cash & cash Equivalents	Yes	Bank & Cash	Low	None	Material balance so testing required but no specific risk.	✓

An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Borrowing (long & short term)	Yes	Debt	Low	None	Material balance so testing required but no specific risk.	✓
Creditors (long & Short term)	Yes	Operating Expenses	Medium	Other	Creditors understated or not recorded in the correct period	✓
Provisions (long & short term)	Yes	Provision	Low	None	Material balance so testing required but no specific risk.	✓
Pension liability	Yes	Employee remuneration	Low	None	Material balance so testing required but no specific risk.	✓
Reserves	Yes	Equity	Low	None	Material balance so testing required but no specific risk.	✓

Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to 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 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks not specific to Barnet but which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below. These do not feature in the table above as they relate to more than one area of the Council's accounts.

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Performance of some testing on material revenue streams (Months 1-9) <p>Further work planned:</p> <ul style="list-style-type: none"> • Review and testing of revenue recognition policies • Performance of further testing on material revenue streams (Months 10-12)
Management override of controls	Under ISA 240 there is a presumed risk that the risk of management override of controls is present in all entities.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Testing of journal entries (Months 1-9) • Review of unusual significant transactions (Months 1-9) <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries (Months 10-12) • Review of unusual significant transactions (Months 10-12)

Other risks

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

Other reasonably possible risks	Description	Work completed to date	Further work planned
Operating expenses / Trade & Other Payables	Creditors understated or not recorded in the correct period	<ul style="list-style-type: none"> We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding Through the use of attribute testing for months 1-9 we have tested a sample of invoices to gain assurance that expenditure has occurred and has been correctly classified 	<ul style="list-style-type: none"> Through the use of attribute testing for months 10-12 we will test a further sample of invoices to gain assurance that expenditure has occurred and has been correctly classified We will review large and unusual items and test a sample of these
Employee remuneration	Employee remuneration accruals understated	<ul style="list-style-type: none"> We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding Through the use of attribute testing for months 1-9 (involving sample testing pay run data against individual payslips and contracts of employment) we have gained assurance that employees have been remunerated at correct rates during 2012/13 	<ul style="list-style-type: none"> Through the use of attribute testing for months 10-12 we will test a further sample of payroll payments to gain assurance that employees have been remunerated at correct rates during 2012/13 Review of senior management remuneration Review of exit packages
Welfare Expenditure	Welfare benefits improperly computed	<ul style="list-style-type: none"> We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding 	<ul style="list-style-type: none"> We will complete initial DWP certification testing of Housing and Council Tax Benefits, including analytical review and verification of benefits awarded on a sample basis
Housing Rent Revenue Account	Revenue transactions not recorded.	<ul style="list-style-type: none"> We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding 	<ul style="list-style-type: none"> We will perform detailed analytical review procedures in order to gain assurance over the completeness of rental income
Property, Plant & Equipment	PPE activity not valid	<ul style="list-style-type: none"> We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding 	<ul style="list-style-type: none"> Review of additions and disposals in the year Review of the work carried out by the valuer including ensuring that any valuations have been undertaken in accordance with the requirements of the appropriate accounting and professional standards

Group audit scope and risk assessment

ISA 600 requires that as group auditors we obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Significant?	Level of response required under ISA 600	Risks identified	Planned audit approach
Barnet Homes	Yes	Analytical	We have not identified any specific risks in relation to the transaction cycles, however, we have been liaising with the Council to ensure that the audit report of the component is signed off in a timely manner to prevent any delay to the group audit	<ul style="list-style-type: none"> We have contacted the auditors of the component to identify their view on current risks. We will consider these as part of our audit planning We will carry out a desktop review of the financial statements and review findings from the audit of the component
Barnet Group	Yes (TBC)	Analytical	We have not identified any specific risks in relation to the transaction cycles, however, we have been liaising with the Council to ensure that the audit report of the component is signed off in a timely manner to prevent any delay to the group audit	<ul style="list-style-type: none"> We have contacted the auditors of the component to identify their view on current risks. We will consider these as part of our audit planning We will carry out a desktop review of the financial statements and review findings from the audit of the component
Your Choice	Yes (TBC)	Analytical	We have not identified any specific risks in relation to the transaction cycles, however, we have been liaising with the Council to ensure that the audit report of the component is signed off in a timely manner to prevent any delay to the group audit	<ul style="list-style-type: none"> We have contacted the auditors of the component to identify their view on current risks. We will consider these as part of our audit planning We will carry out a desktop review of the financial statements and review findings from the audit of the component

Results of interim audit work

Scope

As part of the interim audit work and in advance of our final accounts audit fieldwork, we have:

- reviewed the effectiveness of the internal audit function
- reviewed internal audit's work on the Council's key financial systems
- performed walkthrough testing to confirm whether controls are implemented as per our understanding in areas where we have identified a risk of material misstatement
- reviewed Information Technology (IT) controls
- undertaken some early substantive work to help reduce the testing burden at the final accounts stage

	Work performed	Conclusion/ Summary
Internal audit	<ul style="list-style-type: none"> • As part of the interim audit we have reviewed internal audit's overall arrangements. Where the arrangements are deemed to be adequate, we can gain assurance from the overall work undertaken by internal audit and can conclude that the service itself is contributing positively to the internal control environment and overall governance arrangements within the Council • We have reviewed all reports issued by Internal Audit up to the point of the interim audit visit. This review has not highlighted any instances of material control weaknesses that would impacted our assessment 	<ul style="list-style-type: none"> • Overall, we have concluded that the Internal Audit service continues to provide an independent and satisfactory service to the Council and that we can take assurance from their work in contributing to an effective internal control environment at the Council.
Walkthrough testing	<ul style="list-style-type: none"> • Walkthrough tests were completed in relation to the specific accounts assertion risks which we consider to present a risk of material misstatement to the financial statements. These areas were: <ul style="list-style-type: none"> - HRA rental revenue - Property, plant & equipment - Employee remuneration - Trade & other payables - Housing Benefits and Council Tax expenditure 	<ul style="list-style-type: none"> • No issues were noted and in-year internal controls were observed to have been implemented in accordance with our documented understanding. We will gain further assurance in this area through substantive audit testing of year end balances
Employee remuneration testing	<ul style="list-style-type: none"> • We have reviewed a sample of 38 payments to employees between April 2012 and December 2012. To date we have confirmed that payments are correct for all records tested. 	<ul style="list-style-type: none"> • No errors have been identified in the records tested to date. We will test 22 further records for months 10-12 when we complete our final audit procedures

Results of interim audit work (continued)

	Work performed	Conclusion/ Summary
Operating expenses testing	<ul style="list-style-type: none"> We have reviewed a sample of 45 invoice payments between April 2012 and December 2012. To date we have confirmed that payments are correct for all records tested. At the time of writing we await supporting detail for 10 of the sample items selected 	<ul style="list-style-type: none"> No errors have been identified in the records tested to date. We will test 15 further records for months 10-12 when we complete our final audit procedures
Income testing	<ul style="list-style-type: none"> We have reviewed the Council's income breakdown and identified individually significant income streams. From these streams we have selected 'large and/or unusual' items from months 1-9 for further review. 	<ul style="list-style-type: none"> No errors have been identified from the review performed to date. We will consider any further 'large and/or unusual' items for months 10-12 when we complete our final audit procedures
Review of information technology (IT) controls	<ul style="list-style-type: none"> Our information systems specialist is currently performing a high level review of the general IT control environment, as part of the overall review of the internal controls system. This will include a follow up of any issues that have been raised in the previous year. This review is in the early stages, but there are currently no significant issues to bring to your attention 	<ul style="list-style-type: none"> Work is on-going and any findings will be reported to the Audit Committee as part of our Audit Findings Report (annual report to those charged with governance)
Journal entry controls	<ul style="list-style-type: none"> We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements. To date we have undertaken detailed testing on journal transactions recorded for the first nine months of the financial year, by extracting 'large and/or unusual' entries for further review. No issues have been identified from the testing to date 	<ul style="list-style-type: none"> Our testing of journals at the interim audit has not identified any errors or inconsistencies. We have not identified any instances of fraud or potential fraud. No risk of material misstatement has been identified Our interim testing covered the period of months 1-9. As part of our accounts audit we will complete the testing by reviewing journals from months 10-12

Value for Money – our planned approach

Introduction

The Code of Audit Practice requires us to issue a conclusion on whether 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.

2012/13 VfM conclusion

Our Value for Money conclusion will be based on two reporting criteria specified by the Audit Commission.

We will tailor our VfM work to ensure that as well as addressing high risk areas it is, wherever possible, focused on the Council's priority areas and can be used as a source of assurance members. Where we plan to undertake specific reviews to support our VfM conclusion, we will issue a Terms of Reference for each review outlining the scope, methodology and timing of the review. These will be agreed in advance and presented to Audit Committee.

The results of all our local VfM audit work and key messages will be reported in our Audit Findings report and in the Annual Audit Letter. We will agree any additional reporting to the Council on a review-by-review basis.

Code criteria

The Council has proper arrangements in place for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness in its use of resources

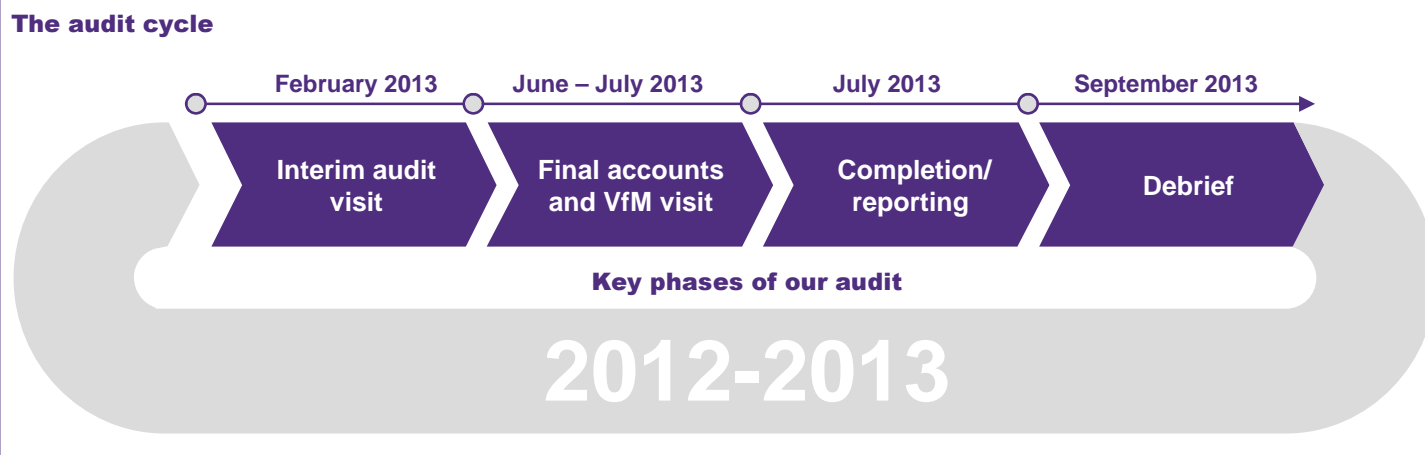
We will consider whether the Council is prioritising its resources with tighter budget

Work to be undertaken

We will undertake the following risk-based work focusing on the Council's financial governance, strategic financial planning and financial control:

- Follow up progress against the areas assessed as 'Amber' in our 2011/12 Financial resilience report: capital programme management, controls over letting contracts, and strengthening internal controls with the aim of minimising the number of 'limited assurance' reports from Internal Audit.
- Monitor how the Council is managing key financial risks relating to new functions and Government policy changes, specifically the adoption of public health powers and Council Tax, Business Rates and Council Tax benefit reform, alongside continuing cuts in funding.
- Review how the Council is using its Code of Conduct to identify and respond to potential conflicts of interest relating to the New Support and Customer Service Organisation contract, due to mobilise in April 2013.
- Review the Council's proposed Development and Regulatory Services contract to assess how this will provide the Council with sufficient oversight and control to direct the service and manage the strategic risks to the service over the life of the contract.

Logistics and our team



Date	Activity
December 2012	Planning meeting
February 2013	Interim site work
8 April 2013	The audit plan presented to Audit Committee
10 June 2013	Year end fieldwork commences
15 July 2013	Audit findings clearance meeting
By 26 July 2013	Audit Committee meeting to report our findings
By 26 July 2013	Sign financial statements and VfM conclusion
September 2013	Issue Annual Audit Letter
December 2013	Issue Certification Work report

Our team

<p>Paul Hughes Engagement Lead T 0207 728 2256 M 07860 282763 E paul.hughes@uk.gt.com</p>	
<p>Tom Edgell Manager T 0207 728 3188 M 07880 456180 E thomas.edgell@uk.gt.com</p>	<p>Nick Taylor Manager T 01223 225514 M 07500 815358 E nick.taylor@uk.gt.com</p>

Fees and independence

Fees

	£
Council audit (2012/13)	224,100
Grant certification (2012/13)	40,800
Total	264,900

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Our fees are exclusive of VAT

Fees for other services

Service	Fees £
None	Nil

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

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

Communication of audit matters with those charged with governance

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

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

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

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. 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 Audit Commission and includes nationally prescribed and locally determined work. 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 issue 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 the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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