

Audit Committee Update for Shropshire Council

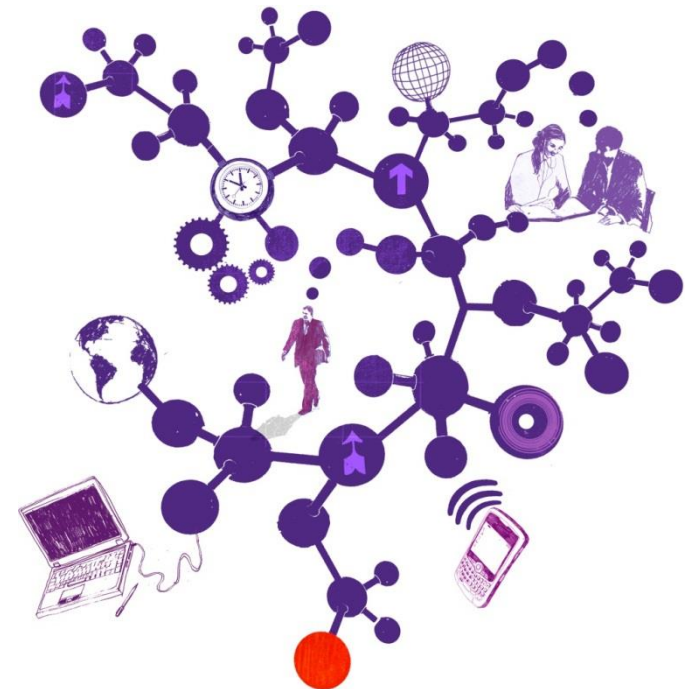
Year ended 31 March 2015

September 2015

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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 your business 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.

Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Progress to date

Work	Planned date	Complete?	Comments
<p>2013/14 Objection</p> <p>We received a formal objection to an element of expenditure within the 2013/14 financial statements relating to taxi licence fees. This did not impact on our ability to provide our opinion on the financial statements.</p>	November 2014 – March 2015	Yes	<p>We have provided a statement of reasons to the objector within the timescales set out by the Audit Commission. We have now been able to formally close the audit and issue the certificate for 2013/14. The fee for this work is £14,276 which has been submitted to PSAA for their approval.</p>
<p>2014/15 Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on Council's 2014/15 financial statements.</p>	February 2015	Yes	<p>We continued to assess the risks facing your Council and met with Senior Officers to ensure that these risks were fully understood and our proposed audit work was appropriate to support our final opinion and VfM conclusion.</p> <p>There were no revisions to the plan during the year.</p>
<p>Interim accounts audit</p> <p>Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	November 2014 – April 2015	Yes	<p>We have undertaken regular meetings with the finance team to streamline and improve the audit approach for 2014/15 and discuss technical issues early. This covered a range of topics covering particular technical areas for Shropshire and national issues arising in 2014/15.</p> <p>We continue to work closely with Internal Audit in relation to risk, work on the financial statements and fraud.</p> <p>Our approach for 2014/15 has been to undertake as much early testing as possible to reduce pressure on the finance and audit team over the summer months.</p>

Progress to date (continued)

Work	Planned date	Complete?	Comments
<p>2014/15 final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2014/15 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	June – September 2015	In progress	The onsite work is substantially complete and we are on target to deliver an opinion by the deadline of 30 September 2015.
<p>Value for Money (VfM) conclusion</p> <p>For 2014/15, auditors of Local Government bodies are required to give their statutory conclusion on arrangements to secure value for money based on the following two criteria specified by the Audit Commission:</p> <ul style="list-style-type: none"> • The organisation has proper arrangements in place for securing financial resilience. • The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness. 	December 2014 – July 2015	In progress	<p>We have conducted meetings with key Senior Officers to inform our overall understanding of the Council and capture evidence of how the Council is securing value for money in all areas of service delivery.</p> <p>There is a strong focus on financial resilience and how the Council is preparing itself for future years.</p> <p>This work is substantially complete and we are on target to deliver an opinion by the deadline of 30 September 2015.</p>
<p>Grant work (PSAA regime)</p> <p>We plan to certify the following claim:</p> <ul style="list-style-type: none"> • Housing Benefits Claim 2014/15 (BEN01) 	June – November 2015	Not started	<p>We do not propose to prepare a Certification Plan on the basis that there is only one claim now under the PSAA regime and the fee is communicated via the annual fee letter.</p> <p>We will update you on any grant work undertaken outside of the PSAA regime and report all grant related fees within the Audit Findings Report in September and the Annual Audit Letter in November.</p>

Progress to date (continued)

Work	Comments
Other areas of work The Council has not engaged us to complete any additional work at this time.	N/A
Engagement with the Council since the last Committee meeting	<ul style="list-style-type: none">• Discussions with Senior Leaders to inform our detailed understanding of the Council and the challenges it currently faces.• Meeting with the Head of Finance, Governance and Assurance to update on audit and client facing matters.• Invitation to and hosting the attendance of Council officers and ip&e Ltd Directors at our ADM seminar in the Birmingham Offices.• Invitation for the Chief Executive and Head of Finance, Governance and Assurance to attend our Birmingham offices and benefit from the CEO Room.



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