

Audit Committee Update for Shropshire Council

Progress Report and Update Year ended 31 March 2017

November 2016

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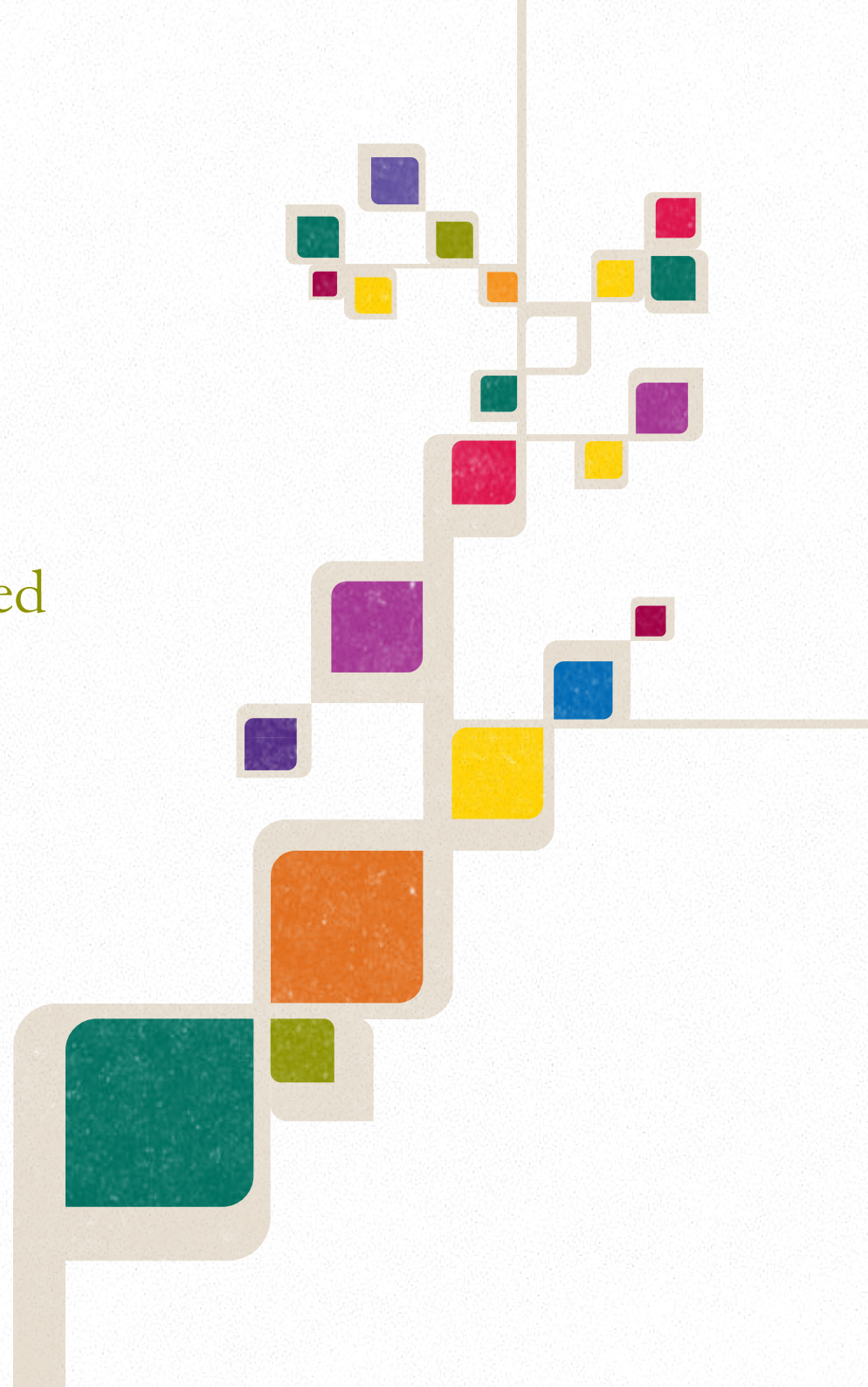
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Introduction

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

Members of the Audit Committee can find further useful material on our website www.grantthornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

- Better Together: Building a successful joint venture company; <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>
- CFO Insights - Local government budget 2016-2017 review; <http://www.grantthornton.co.uk/en/insights/cfo-insights-budget-2016-17-insights-review/>

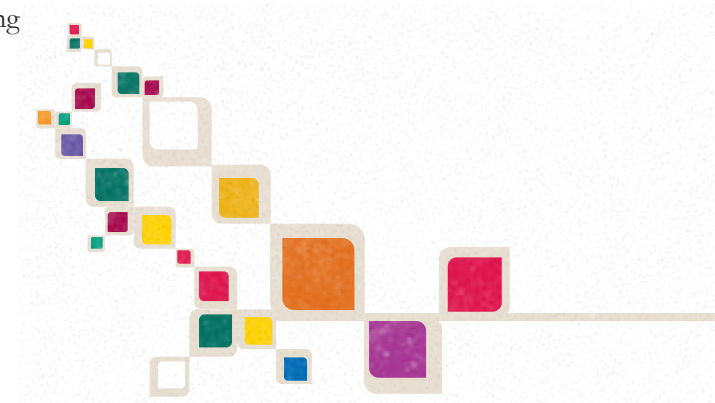
If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Members and officers may also be interested in our recent webinars:

Alternative delivery models: Interview with Helen Randall of Trowers and Hamlins, discussing LATCs and JVs in local government. <http://www.grantthornton.co.uk/en/insights/qa-on-local-authority-alternative-delivery-models/>

Cyber security in the public sector: Our short video outlines questions for public sector organisations to ask in defending against cyber crime <http://www.grantthornton.co.uk/en/insights/cyber-security-in-the-public-sector/>

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.



Progress to date



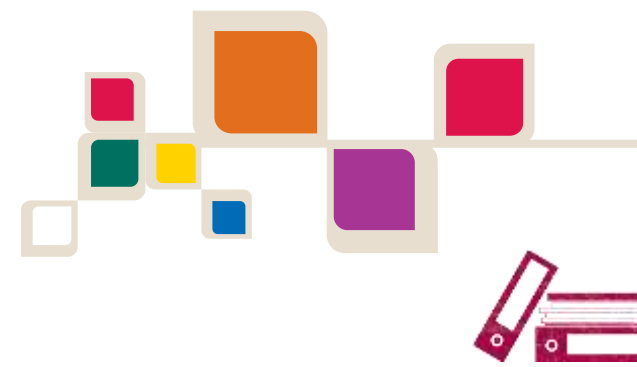
Progress against plan

On track



Opinion and VfM conclusion

Plan to give before deadline of 30 September 2017

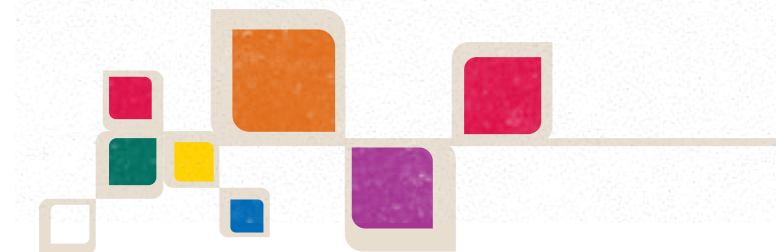


Outputs delivered

Fee letter, Progress Reports, and interim audit delivered to plan

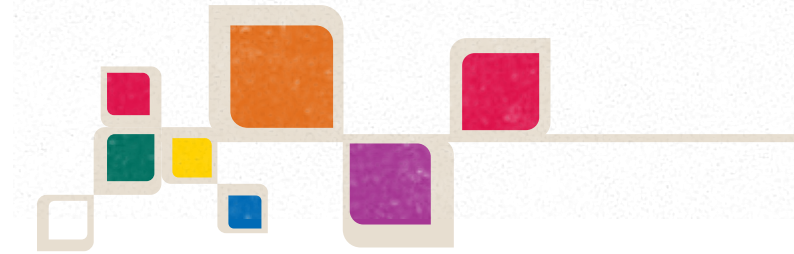
2016/17 work	Planned Date	Complete?	Comments
<p>Fee Letter</p> <p>We are required to issue a 'Planned fee letter' for 2016/17 to the Council by the end of April 2016.</p>	April 2016	Yes	The 2016/17 fee letter was issued in April 2016
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan covering the audit for the Council setting out our proposed approach in order to give an opinion on the financial statements, including the group consolidations in 2016/17.</p>	February 2017	In progress	<p>We continue to assess the risks facing you and meet with Senior Officers to ensure that these risks are fully understood and our audit work is appropriate.</p> <p>If there are any changes to our plan once issued we will discuss this with the appropriate Senior Officers and agree with the Head of Finance, Governance and Assurance.</p>
<p>Interim accounts audit</p> <p>Our interim fieldwork visits covers work on the Council's arrangements, including:</p> <ul style="list-style-type: none"> • updating our review of the control environments • 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 work. 	January – April 2017	Not started	<p>We will:</p> <ul style="list-style-type: none"> • engage with the finance team to further streamline and improve the audit approach for 2016/17 where possible. • discuss emerging technical issues early. • Follow up progress on recommendations made in 2015/16. • undertake as much early testing as possible. <p>We continue to work closely with Internal Audit in relation to risk, work on the financial statements and fraud.</p>

Progress to date



2016/17 work	Planned Date	Complete?	Comments
Final accounts audit			
Covering the Council's group financial statements, we will:	June – September 2017	Not started	
<ul style="list-style-type: none"> • audit the 2016/17 financial statements • proposed opinion on the 2016/17 financial statements 			
Value for Money (VfM) conclusion			
The scope of our work to inform the 2016/17 VfM Conclusion requires conclusions on whether:	February – August 2017	Not started	
<p><i>"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</i></p> <p>This change of guidance was issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 			
Annual Audit Letter			
We will summarise all the work completed as part of our 2016/17 audit within one letter which will be issued after the opinion.	October 2017	Not started	

Progress to date



2016/17 work	Planned Date	Complete?	Comments
Grant work (PSAA regime)			
We plan to certify the Housing Benefits Subsidy Claim 2016/17 (BEN01)	February – November 2017	Not started	
Engagement with you since the last Audit Committee meeting			
	On-going	On-going	<ul style="list-style-type: none"> • Training provided for Members of the Audit Committee. • Update with the Chief Executive and Head of Finance, Governance and Assurance on your business. • Update with the Head of Internal Audit to ensure we are aware of progress on key issues. • Circulation of our latest collateral to Senior officers.

Grant Thornton Publications



Advancing closure: the benefits to local authorities

With new regulation bringing forward the required publishing date for accounts local authorities must consider the areas needed to accelerate financial reporting.

In February 2015, regulations were laid before parliament confirming proposals to bring forward the date by which local authority accounts must be published in England. From 2017-18, authorities will need to publish their audited financial statements by 31 July, with Wales seeking to follow a similar approach over the next few years.

Many local government bodies are already experiencing the benefits of advancing their financial reporting processes and preparing their accounts early, including:

- raising the profile of the finance function within the organisation and transforming its role from a back office function to a key enabler of change and improvement across the organisation;
 - high quality financial statements as a result of improved quality assurance arrangements;
 - greater certainty over in-year monitoring arrangements and financial outturn position for the year, supporting members to make more informed financial decisions for the future;
 - improved financial controls and accounting systems, resulting from more efficient and refined financial processes; and
 - allowing finance officers more time to focus on forward looking medium term financial planning and transformational projects, to address future financial challenges.
- While there is no standard set of actions to achieve faster close there are a number of consistent key factors across the organisations successfully delivering accelerated closedown of their accounts, which our report explores in further details:
- Enabling sustainable change requires committed leadership underpinned by a culture for success
 - Efficient and effective systems and processes are essential
 - Auditors and other external parties need to be on board and kept informed throughout

Grant Thornton reports



<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>

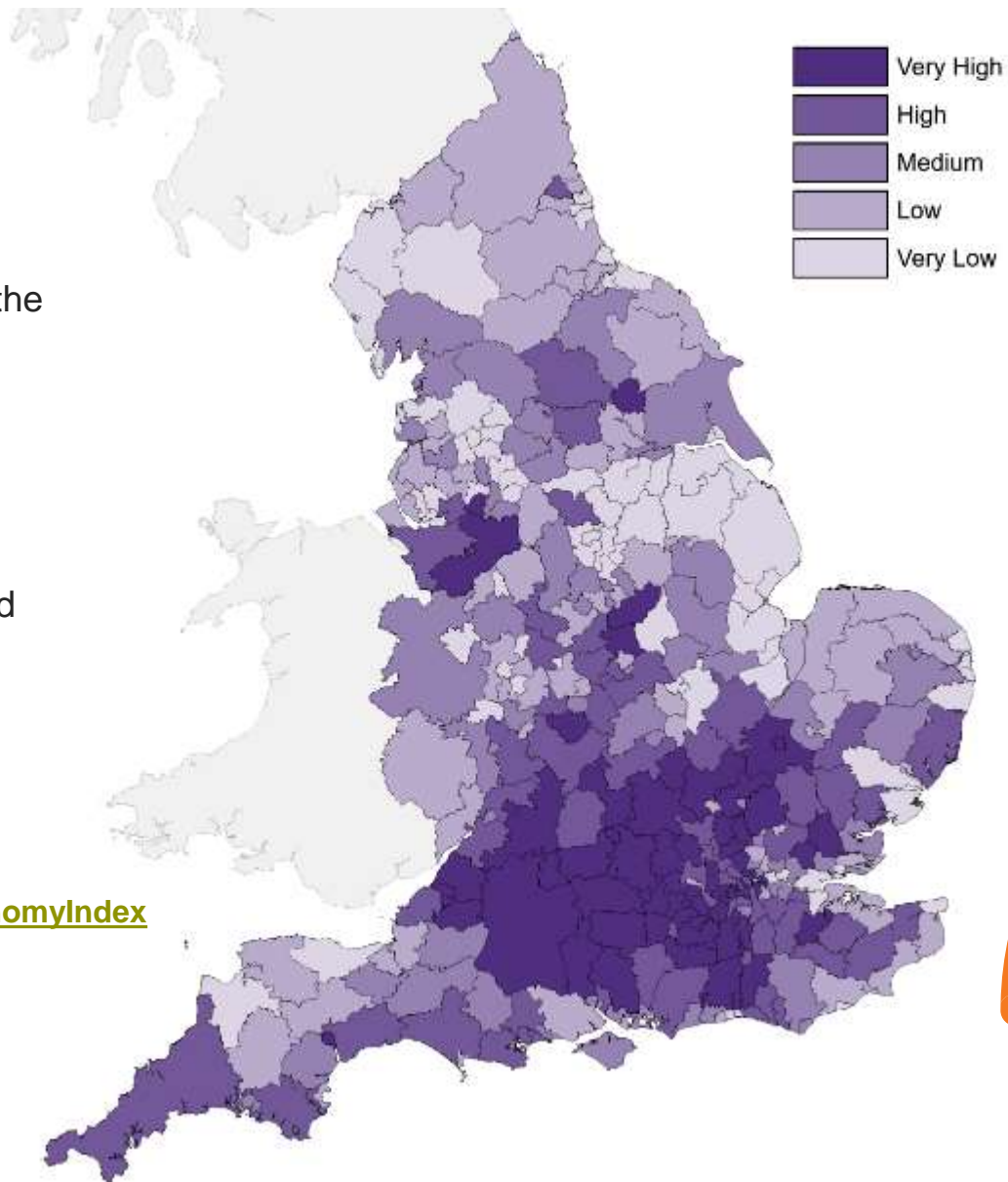
The Vibrant Economy Index

The Vibrant Economy Index Map

Our Vibrant Economy Index ranks the 324 English local authority areas according to their ability for businesses, communities and individuals to thrive.

It considers typical prosperity indicators alongside: dynamism and opportunity; inclusion and equality; health, wellbeing and happiness; resilience and sustainability; and community, trust and belonging.

www.grantthornton.co.uk/VibrantEconomyIndex





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