Annual Audit Letter

Year ending 31 March 2018

Shropshire Council

August 2018

Contents

Your key Grant Thornton team members are:

Mark Stocks
Partner
T: 07584 591488
E: mark.c.stocks@uk.gt.com

Emily Mayne
Senior Manager
T: 07880 456112
E: emily.j.mayne@uk.gt.com

David Rowley
Executive
T: 07798 561062
E: david.m.rowley@uk.gt.com

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Shropshire Council (the Council) and its subsidiaries (the group) for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to the group and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 24 July 2018.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work

Materiality	We determined materiality for the audit of the group's financial statements to be £11,648,000, which is 2% of the group's gross revenue expenditure. We determined materiality for the audit of the Council's financial statements to be £11,390,000, which is also 2% of the Council's gross revenue expenditure. We determined materiality for the audit of the pension fund accounts administered by the Council to be £18,650,000, which is 1% of the pension fund's net assets.
Financial Statements opinion	We gave an unqualified opinion on the Council and group's financial statements on 30 July 2018. We gave an unqualified opinion on the pension fund accounts of Shropshire County Pension Fund on 30 July 2018.
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.
Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 30 July 2018.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2018. We will report the results of this work to the Audit Committee in our Annual Certification Letter.
Certificate	We certify that we have completed the audit of the accounts of Shropshire Council in accordance with the requirements of the Code of Audit Practice.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
August 2018

Audit of the Accounts

Our audit approach

Council Materiality

In our audit of the group's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group accounts to be £11,648,000, which is 2% of the group's gross revenue expenditure. We undertook an evaluation of the components of the group based on a measure of materiality, considering each as a percentage of total group assets and revenues, to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that a comprehensive audit response was required for Shropshire Towns and Rural Housing (STaRH) and a targeted approach was required for the remaining components.

We determined materiality for the audit of the Council's accounts to be £11,390,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

We did not set a lower level of specific materiality for any individual balances.

We set a lower threshold of £582,400 for the group and £569,500 for the Council, above which we reported errors to the Audit Committee in our Audit Findings Report.

Pension Fund Materiality

For the audit of the Shropshire County Pension Fund accounts, we determined materiality to be £18,650,000, which is 1% of the Fund's net assets. We used this benchmark, as in our view, users of the Pension Fund accounts are most interested in the value of assets available to fund pension benefits. A separate materiality of 5% of headline materiality was set for investment management fees due to the public interest in these.

We set a threshold of £491,908 above which we reported errors to the Pension Fund's Pensions Committee.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts and the narrative report and annual governance statement published within the Statement of Accounts to check they are consistent with our understanding of the group and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach is based on a thorough understanding of the group's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Accounts

Audit opinion

Preparation of the accounts
The group presented us with draft accounts in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Council accounts
We gave an unqualified opinion on the group's financial statements on 30 July 2018, in advance of the national deadline.

Issues arising from the audit of the Council's accounts
We reported the key issues from our audit to the Council's Audit Committee on 24 July 2018.

The Council purchased a Jersey Property Unit Trust which holds the three Shopping Centres in the centre of Shrewsbury. This was a significant transaction for the Council and arose in year and so was not included within our initial audit plan. This purchase supports the Council's economic regeneration objective as well as potentially bringing in an additional income stream.

The purchase was made following considerable scrutiny from Members. The Council has sought independent advice from a local firm of Chartered Accountants and Tax Advisors and have used their proposed accounting treatment. We have reviewed the accounting treatments and consider that in the main they are appropriate. We have challenged some areas of the accounting treatment where we consider there is uncertainty and have identified parts of the accounting treatment where we consider that a non material error exists.

In summary, we consider that the unquoted equity investment disclosed at £52.2 million on the Council's balance sheet is currently overstated by £2.9 million (deferred income by £2.4 million and provisions by £0.5 million). The Council has not adjusted for these items and we consider that they are errors on the financial statements.

The Council did not obtain a formal 'market value' valuation of the Riverside Shopping Centre. Without this, we have no surety over the current fair value of the asset. The Council should revalue properties that have a market based valuation annually to inform the disclosures in their group financial statements. Therefore, there is uncertainty around the full £3.5 million value on the balance sheet.

Pension fund accounts
We gave an unqualified opinion on the pension fund accounts of Shropshire County Pension Fund on 30 July 2018.

We also reported the key issues from our audit of the pension fund accounts to the Pension Fund's Pension Committee on 27 July 2018.

Annual Governance Statement and Narrative Report
We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)
We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO . We issued an assurance statement which did not identify any issues for the group auditor to consider on 30 July 2018.

Other statutory powers

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

Certificate of closure of the audit

We are also required to certify that we have completed the audit of the accounts of Shropshire Council in accordance with the requirements of the Code of Audit Practice. Our certificate was issued on 30 July 2018.

Audit of the Accounts

Council Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Valuation of property, plant and equipment The Council revalues its land and buildings on a triennial basis to ensure that carrying value is not materially different from current value. This represents a significant estimate by management in the financial statements. We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.	**Auditor commentary** The following work was performed in this area; • Review of management's processes and assumptions for the calculation of the estimate. • Review of the competence, expertise and objectivity of any management experts used. • Review of the instructions issued to valuation experts and the scope of their work • Discussions with the Council's valuer about the basis on which the valuation was carried out, challenging the key assumptions. • Review and challenge of the information used by the valuer to ensure it was robust and consistent with our understanding. • Testing of revaluations made during the year to ensure they were input correctly into the Council's asset register • Evaluation of the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.	Our audit has not identified any material issues which we wish to bring to your attention.
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** • The following work was performed in this area; • Identified the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessed whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement. • Review of the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation. • Gaining an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made. • Review of the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary.	Our audit has not identified any issues which we wish to bring to your attention in this area.

Audit of the Accounts

Council Significant Audit Risks – continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Improper revenue recognition Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	**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 Shropshire Council, mean that all forms of fraud are seen as unacceptable	Therefore we do not consider this to be a significant risk for Shropshire Council.
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.	**Auditor commentary** • We have performed the following work in this area: – review of accounting estimates, judgements and decisions made by management – testing of journal entries – review of accounting estimates, judgements and decisions made by management – review of unusual significant transactions – review of significant related party transactions outside the normal course of business	We have not noted any issues in this area which we wish to draw your attention to.

Audit of the Accounts

Pension Fund Significant Audit Risks

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Valuation of level 3 investments Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end. We identified the valuation of level 3 investments as a risk requiring special audit consideration.	As part of our audit work we have: • gained an understanding of the Fund's process for valuing level 3 investments and evaluated the design of the associated controls • reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments. • consideration of the competence, expertise and objectivity of management experts used. • for a sample of investments, tested the valuation by obtaining and reviewing the audited accounts, at the latest date for individual investments and agreeing these to the fund manager reports at that date. We reconciled those values to the values at 31 March 2018 with reference to known movements in the intervening period.	During the course of this work, we noted that the fund's holdings managed by Harbour Vest were understated by £3.411 million. We believe that this has come about as a result of earlier reporting deadlines meaning that management now utilise capital statements from September 2017 (adjusted for known capital movements) as opposed to utilising those available at a date closer to year end. We feel that this is a reasonable course of action, given that the investment managers report in arrears and management have been required to produce accounts and begin the audit earlier than in previous years. Ultimately, asset values are understated which suggests that the fund's reported position has a higher level of prudence than if overstated. However, the variance is above trivial and therefore we are required to report this to the Committee as those charged with governance.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the 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.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out overleaf.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.

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
1	**Financial resilience over the medium to long term** • Despite opting to increase Council Tax by the maximum rate, the Council has identified a £59 million funding gap between 2018/19 to 2022/23. It has agreed a savings target of £43 million over the same period. The Council is satisfied that it will remain in financial balance in 2018/19 and 2019/20. Achieving the required savings will be extremely challenging. • We will review the Council's Financial Strategy and financial reports to Cabinet, assessing the assumptions used. We will also consider the Council's delivery and any reported key variances from the Financial Strategy.	The Council's revenue position for 2017/18 delivered a net underspend of £0.655 million. Within this position only one service line overspent, Children's Services by £4.569 million. The overspend was offset by savings elsewhere, the majority of which came from savings from the corporate centre (£3.7 million). As part of its budget, the Council set a savings target of £15.026 million. It delivered £12.479 million of these savings across a number of services. Reserves as at 31 March 2018 remain at an appropriate level. The General Fund balance moved from £14.698 million at 1 April 2017 to £15.436 million at 31 March 2018. Earmarked reserves have also increased from £63.859 million to £69.839 million. This includes £24.5 million in Financial Strategy Reserve which is used to fund one off savings proposals. The Outturn for the Housing Revenue Account for 2017/18 is an underspend of £0.007m and the level of the Housing Revenue Account reserve stands at £8.225m (2016/17 £9.031m). The outturn capital expenditure for 2017/18 is £49.608m, representing 83% of the re-profiled budget of £59.748m. All £10.140 million of this underspend has been carried forward to the 2018/19 programme. For 2018/19 the Council has set a net revenue budget of £582 million. It has increased Council Tax by 5.99% and has programmed savings of £15.54 million to enable it to contain expenditure at this level. However we note that £8.34 million of savings remain amber or 'red-rated' and the Council is developing plans to deliver these. We also note that the Council plans to use reserves of £7.133 million to fund its expenditure. We remain concerned that the Council is using non-recurrent funding from reserves to balance its budget and fund recurrent expenditure. The Council has predicted the following levels of gross expenditure in 2019/20: £576 million, 2020/21: £575 million, 2021/22: £589 million, and 2022/23: £601 million. Whether or not the Council needs to use reserves during this period is dependent upon the assumptions that are included within the forecast. However, if it is assumed that Government 'one off' funding continues then the use of reserves during this period is forecast to be low. Similarly, if the Highways savings are continued and Council Tax is raised by 2.99% per annum over the period there is a net contribution to reserves in excess of £5 million. Other significant assumptions over the period include • £10.7 million of income from commercial activity of which around £2.7m has already been delivered from Shrewsbury Shopping Centre • £9 million of savings from Digital Transformation. The Council has chosen to invest in a Shopping Centre as part of its income generation and economic regeneration strategy. The investment is approximately £52 million and it is anticipated that it, and other commercial activities, will generate approximately £10.7 million of income over the next 4-5 years. The Council has been supported with a range of detailed due diligence work from Montagu Evans and Browne Jacobson. The purchase has been funded in the short to medium term from available cash investment balances. At the time of the purchase the Council held external cash investments to the value of approximately £150 million.	**Auditor view** The Council's financial stability going forward is highly dependent on the factors set out in our findings. The Council will need to monitor decisions from the Government with regard to funding and respond accordingly. As well as responding to any Government decisions it also needs to ensure that it makes appropriate decisions with regard to Council Tax and ensures that its own income generation schemes and savings plans are delivered in full. It should further consider whether it needs to maintain the highways savings or to reverse them depending on the funding available. Risks remain to the Council from the Shopping Centre investment, in that the property may devalue and the asset may not deliver the returns that the Council anticipated. However, we are satisfied that this would not undermine the Council's financial stability in the short term as it has sufficient reserves to make up any shortfall in income generation.

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
2	**Replacement of IT infrastructure / business continuity** • Previous reviews by external audit and other stakeholders have identified a requirement for the Council to design and implement a business continuity and disaster recovery strategy to mitigate the risk of a severe IT failure or damage to systems through a catastrophic event. • We will review the risk assurance frameworks established by the Council in respect of IT infrastructure to establish how the Council is identifying, managing and monitoring these risks.	There has been a significant weakness in IT infrastructure and business continuity arrangements within the Council for several years. The Head of Internal Audit Opinion has been qualified due to weaknesses in this area for the past five years. The Head of Internal Audit Annual Report for 2017/18 however, demonstrated improved assurance across IT infrastructure and in the Council's internal control environment and this has enabled the Head of Internal Audit to issue an unqualified opinion for 2017/18. The Council has had a significant turnover of Senior Leadership within the IT directorate resulting in a lack of clear vision being communicated and implemented. In October 2016, the Council allocated responsibility for IT to the Head of Human Resources and Development. Following this, the 'IT strategy 2016-19' was presented and approved by Cabinet in December 2016. This prioritised the overall vision, but also set out how the more pressing challenge of implementing adequate Business Continuity and Disaster Recovery Plans would be addressed. The Head of Human Resources and Development is the Senior Responsible Officer (SRO) for the overall Digital Transformation Programme, of which IT infrastructure and business continuity are a key part. By March 2017, the Council received assurance that the actions identified to address the IT infrastructure and business continuity risks had been implemented. However, the business continuity plans at that time remained untested with plans to undertake 'live' tests in the autumn of 2017. Since this time IT Systems recovery testing has been undertaken in some parts of the Council's business. Internal Audit have rated the recovery system as 'reasonable'. Guidance is now in place to recover all systems and has been tested in a test environment for most systems. However, 25 systems identified for disaster recovery testing are yet to be completed. Similarly, there has been no full disaster recovery testing undertaken replicating a complete hardware failure at Shirehall with fail-over to the Nuneaton recovery site. Plans for how services respond to systems dropping out need to be developed and implemented. The Council is planning to test the whole disaster recovery plan in July 2018. In September 2018 it will do a live exercise on the entire disaster recovery plan, and will use the backups at Nuneaton to recover the systems. Continued action is therefore needed in this area. <u>Digital transformation</u> Due to the scale of the risk, Digital Transformation is now reported to Audit Committee so that this Committee has oversight of the progress being made and holds the Head of Human Resources and Development to account. In addition the Performance Management Scrutiny Committee also receives a regular update on performance and wider implications of the Digital Transformation Project implementation.	**Auditor view** Progress has been made in relation to the IT infrastructure and business continuity arrangements. The Council has undertaken some IT Systems recovery testing, and plan to undertake a full disaster recovery exercise to test the embeddedness of arrangements. Until this has been fully tested it remains a risk for the Council. The Digital Transformation Project has overtaken the longer-term requirement for Business Continuity and Disaster Recovery arrangements. However, the current risk was sufficiently significant to warrant the immediate action taken and the testing of these arrangements will be key for providing the Council with greater ICT confidence in the short to medium term.

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
2	**Replacement of IT infrastructure / business continuity** • Previous reviews by external audit and other stakeholders have identified a requirement for the Council to design and implement a business continuity and disaster recovery strategy to mitigate the risk of a severe IT failure or damage to systems through a catastrophic event. • We will review the risk assurance frameworks established by the Council in respect of IT infrastructure to establish how the Council is identifying, managing and monitoring these risks.	The Digital Transformation Project is progressing well for CRM, and IT infrastructure. We understand that: • ERP system – The design has been signed off by the business. However, there are some issues specifically around payroll elements. Communications and training plans are in place and are being implemented. The ability to resource the project remains an issue and the planned go live date has been delayed until 31st October 2018. In the last 2 weeks a significant push to provide more resource into the project has resulted in an increasing number of agency and contract staff that will help delivery. • Social care system – The Adults work stream has had be re-planned and there are red risks around data testing and reporting. The Children's work stream continues at red overall due to the quantity of forms to be built and other configuration items outstanding. Further pressure has been put on this work stream as the Children's form designer has left the project at short notice. Additional resources are being brought in but overall the project has been delayed. The revised planned is that Adults will go live in December, and Children's in February 2019. As the Care First system is shut down in March 2019 the council needs to ensure that its revised plans are delivered • Customer experience system – The Enghouse Contact Centre Telephony solution has now gone live for Theatre Severn, ICT Service Desk and ICT Applications Teams and Revenues and Benefits. The contact centre software is now being used by a range of Council Services. The email response system is currently being configured and Web chat facility proof of concept is at final round of testing and will go live in September. The CRM complaints process and account manager functionality are in test and scheduled for go live in Oct. The work with Hitachi and the Portal software developer is on schedule for My Shropshire Portal to go live in November. <u>IT Infrastructure</u> Additional server capacity was purchased for both Shirehall and the Council's back-up / failover site in Nuneaton. The new WIFI system has also been installed at Shirehall providing wider and more resilient coverage. The Council also replaced the most at-risk desktop computers, mainly with laptops to facilitate agile working going forward, but with another desktop computer where a business case was made. The Council replaced c1200 computers as a result of this exercise. Internal Audit reviewed the PC and hardware replacement programme in January 2018 and July 2017 respectively. They concluded that reasonable assurance could be given that an appropriate IT Strategy exists which sets out PC and hardware requirements. A further round of computer replacements is planned but requires officer and member agreement.	**Auditor view** The Council consider that the Digital Transformation Programme will be key to delivering reform by driving more responsive, flexible and joined up systems. It is anticipated that this will remove duplication, increase productivity and change delivery models to the public. This will also allow greater flexibility for data sharing across the Council to support data interrogation. A challenge for the Council will be the transition from the old IT systems and hardware to the new. There will also be a requirement to keep existing systems and hardware operational until the new are fully procured and implemented. The Council will require a cultural change to support innovation and agile working from the new Digital solutions. The project teams are working hard to mitigate the risk that departments will redesign the system they already have and not focus on the required outputs and the outcomes for the customer.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Fees

	Planned £	Actual fees £	2016/17 fees £
Statutory group audit including the Council's financial statements	133,845	133,845	133,845
Proposed fee variation for Jersey Property Unit Trust	?	TBC	N/A
Statutory audit of the Pension Fund	23,427	23,427	23,427
Proposed fee variation for Pension Fund	1,979	1,979	1,979
Housing Benefit Grant Certification	13,445	TBC	11,505
Audit of subsidiary – Shropshire and Towns Rural Housing (STaRH)	15,880	15,880	15,880
Audit of subsidiary – West Mercia Energy (fee being equally split between Shropshire, Herefordshire and Worcestershire Councils)	4,333	4,333	4,333
Audit / limited assurance of subsidiary company – IP & E Ltd (not yet formally appointed for 2017/18)	TBC	TBC	8,500
Grant / Return certification outside the PSAA regime for 2017/18	7,800	**TBC**	7,800
Total audit fees (excluding VAT)	**TBC**	**TBC**	**207,269**

The planned fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA) Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited. Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

- There is a £2,000 difference in fees disclosed for grant certification and that set by PSAA.
- The Council has elected to not disclose audit fees for the other subsidiaries separately in a disclosure note within the group accounts due to their consideration of materiality.

Reports issued

Report	Date issued
Audit Plan	February 2018
Audit Findings Report	July 2018
Annual Audit Letter	August 2018

Fees for non-audit services

Service	Fees £
Non-audit services:	
Strategic Financial Development Programme	2,750
CFO Insights licence	10,000
	£12,750

Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. The table above summarises all non-audit services which were identified.

- We have considered whether non-audit services might be perceived as a threat to our independence as the group's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor. The Council has elected not to disclose fees for the Strategic Financial Development Programme and CFO insights licence.