

# The Audit Plan for Sevenoaks District Council

**Year ending 31 March 2016**

June 2016

**Sarah Ironmonger**

Engagement Lead

T 01293 554 130

E [sarah.l.ironmonger@uk.gt.com](mailto:sarah.l.ironmonger@uk.gt.com)

**Geoffrey Bannister**

Audit Manager

T 020 7728 3023

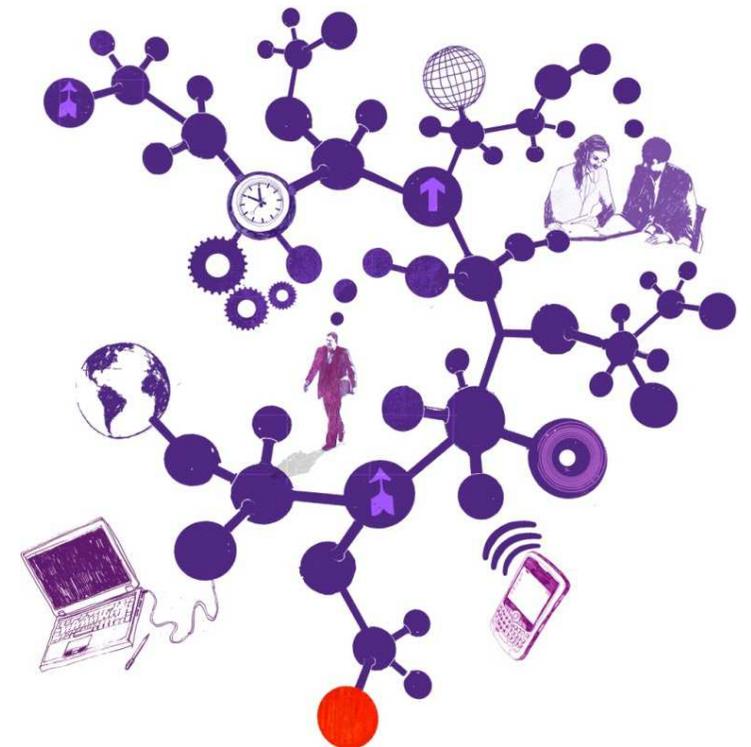
E [geoffrey.c.banister@uk.gt.com](mailto:geoffrey.c.banister@uk.gt.com)

**Andy Ayre**

Audit Executive

T 020 7728 2328

E [andy.j.ayre@uk.gt.com](mailto:andy.j.ayre@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.

Sevenoaks District Council  
Council Offices  
Argyle Road  
Sevenoaks  
Kent  
TN13 1HG

Grant Thornton UK LLP  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP  
T +44 (0) 20 7383 5100  
[www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)

June 2016

Dear Members of the Audit Committee

### **Audit Plan for Sevenoaks District Council for the year ending 31 March 2016**

This Audit Plan sets out for the benefit of those charged with governance (in the case of Sevenoaks Council, the Audit Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015.

Our responsibilities under the Code are to:

- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), 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.

Yours sincerely

Sarah Ironmonger  
Engagement Lead

#### **Chartered Accountants**

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.  
Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see [grant-thornton.co.uk](http://grant-thornton.co.uk) for further details.

---

# Contents

## **Section**

Understanding your business	5
Developments and other requirements relevant to the audit	6
Our audit approach	7
Significant risks identified	9
Other risks identified	10
Value for Money	13
Results of interim audit work	15
Key dates	17
Fees and independence	18
Communication of audit matters with those charged with governance	19

## **Appendices**

A. Action plan	21
----------------	----

# 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. Autumn Statement 2015 and financial health

- The Chancellor proposed that local government would have greater control over its finances, although this was accompanied by a 24% reduction in central government funding to local government over 5 years.
- Despite the increased ownership, the financial health of the sector is likely to become increasingly challenging.
- The Council has set a budget for the coming financial year which will see the authority become financially self-sufficient amid further reductions in its funding from Government



### 2. Devolution

- The Autumn Statement 2015 also included proposals to devolve further powers to localities.
- Other councils in Kent are in talks to work closer together or merge.



### 3. Earlier closedown of accounts

- The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 May and 31 July respectively by the 2017/18 financial year.



## Our response

- We will consider your plans for addressing your financial position as part of our work to reach our VFM conclusion.

- We will consider your plans as part of the local devolution agenda as part of our work in reaching our VFM conclusion.
- We are able to provide support and challenge to your plans based on our knowledge of devolution elsewhere in the country.

- We will work with you to identify areas of your accounts production where you can learn from good practice in other authorities.

# Developments and other requirements relevant to your 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. Fair value accounting

- A new accounting standard on fair value (IFRS 13) has been adopted and applies for the first time in 2015/16.
- This will have a particular impact on the valuation of surplus assets within property, plant and equipment which are now required to be valued at fair value in line with IFRS 13 rather than the existing use value of the asset.
- Investment property assets are required to be carried at fair value as in previous years.
- There are a number of additional disclosure requirements of IFRS 13.



### 2. Corporate governance

- The Accounts and Audit Regulations 2015 require local authorities to produce a Narrative Statement, which reports on your financial performance and use of resources in the year, and replaces the explanatory foreword.
- You are required to produce an Annual Governance Statement (AGS) as part of your financial statements.



### 3. Joint arrangements

- Local authorities are increasingly involved in a number of pooled budgets and alternative delivery models which they need to account for in their financial statements.
- Sevenoaks has created a Local Authority Trading Company, Quercus 7 Ltd.



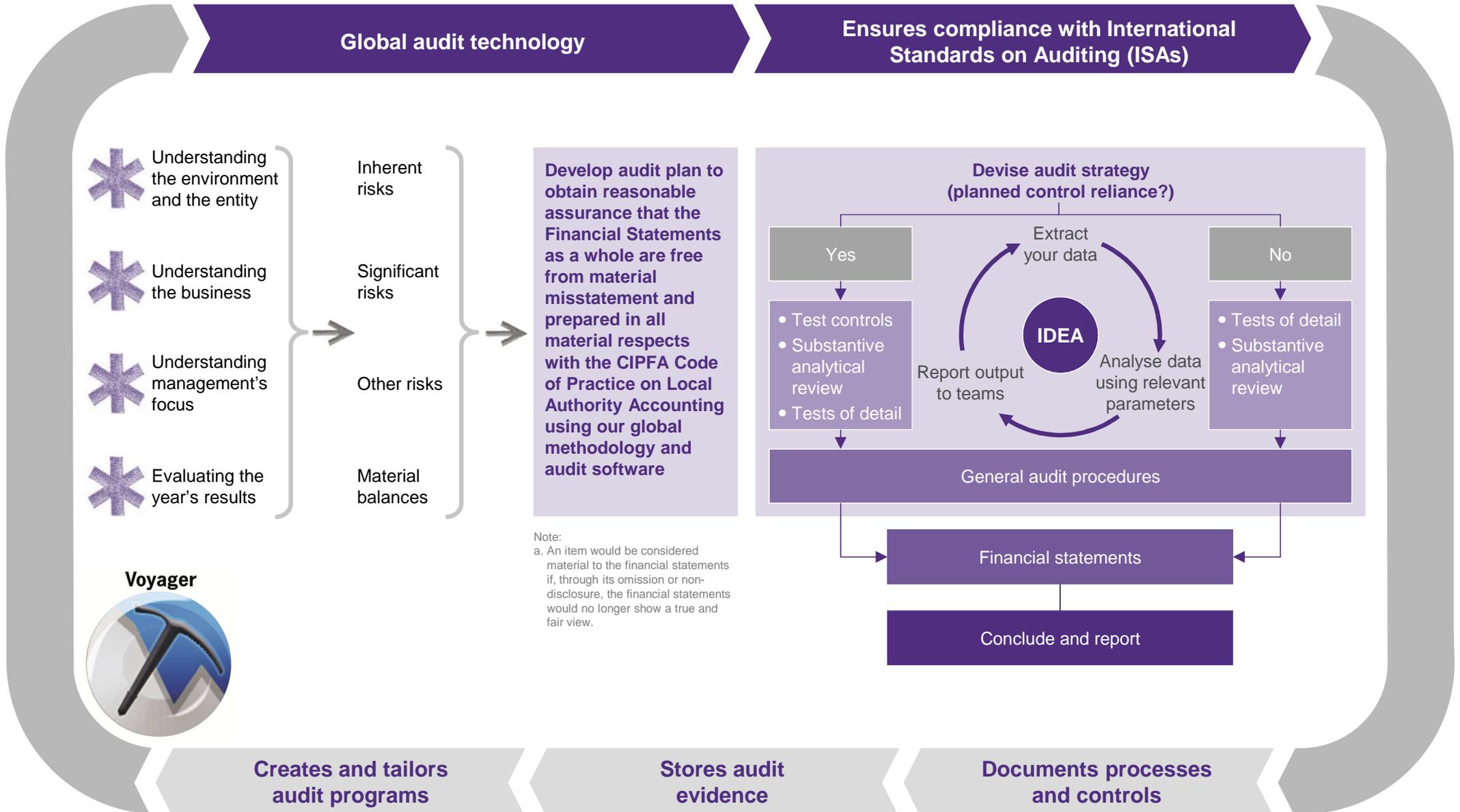
## Our response

- We will keep you informed of changes to the financial reporting requirements for 2015/16 through ongoing discussions and invitations to our technical update workshops.
- We will discuss this with you at an early stage, including reviewing the basis of valuation of your surplus assets and investment property assets to ensure they are valued on the correct basis.
- We will review your draft financial statements to ensure you have complied with the disclosure requirements of IFRS 13.

- We will review your Narrative Statement to ensure it reflects the requirements of the CIPFA Code of Practice when this is updated, and make recommendations for improvement.
- We will review your arrangements for producing the AGS and consider whether it is consistent with our knowledge of the Council and the requirements of CIPFA guidance.

- We will review your proposals for accounting for these arrangements against the requirements of the CIPFA Code of Practice.

# Our audit approach



# Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit.

The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As is usual in public sector entities, we have determined materiality for the statements as a whole as a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £1,117k (being 2% of gross revenue expenditure). We will consider whether this level is appropriate during the course of the audit and will advise you if we revise this.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £56k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'.

We have identified the following items where separate materiality levels are appropriate.

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£100k for Exit Packages and bandings of senior employee remuneration

# 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 which are applicable to all audits under auditing standards (International Standards on Auditing - ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Sevenoaks District Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including Sevenoaks District Council, mean that all forms of fraud are seen as unacceptable.</li> </ul>
Management over-ride of controls	<p>Under ISA 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>• Review of accounting estimates, judgments and decisions made by management</li> <li>• Assessment of internal controls in place relating to the posting of journal entries</li> <li>• Testing of journal entries for periods 1-9 (April – December 2015)</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>• Review of any subsequent accounting estimates, judgments and decisions made by management</li> <li>• Testing of journal entries for periods 10 onwards</li> <li>• Review of unusual significant transactions</li> </ul>

# Other risks identified

"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 (UK & Ireland) 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit approach
Operating expenses	Creditors understated or not recorded in the correct period (Operating expenses understated)	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>Walkthrough of the council's processes and controls over this area to gain an understanding of these.</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>Detailed substantive testing will be performed over the operating expenditure incurred by the Council, during the year, including payments made post-period end</li> <li>Trend analysis of the month-on-month spend on Operating Expenses will be performed to identify any months where amounts have been potentially omitted, and explanations will be obtained for these.</li> <li>Testing will also be performed on the Creditors included within the Accounts at year end to ensure that these amounts are valid</li> </ul>
Employee remuneration	Employee remuneration accruals understated (Remuneration expenses not correct)	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>Walkthrough of the council's processes and controls over this area to gain an understanding of these.</li> <li>Testing of a sample of employees for periods 1 to 9 to agree pay back to the relevant supporting records, such as their contracts/pay rise letters, to ensure the full costs have been included within the Accounts for the year.</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>Trend analysis on the Council's Monthly Payroll Figures to identify any months where there are outliers present which may indicate issues with the completeness of the figures included within the GL from the Payroll System.</li> <li>Testing of a sample of employees for periods 10 to 12 to agree pay back to the relevant supporting records, such as their contracts/pay rise letters, to ensure the full costs have been included within the Accounts for the year.</li> </ul>

# Other risks identified

"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 (UK & Ireland) 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit approach
Pension valuation (IAS 19)	Valuation of the pension fund assets and liabilities have been incorrectly valued	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>• Walkthrough of the Council's processes and controls over this area to gain an understanding of these.</li> <li>• Document our understanding of the qualifications, experience and expertise of the actuary in reaching the valuation of the pension fund's assets and liabilities.</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>• Test the completeness and appropriateness of the data sent to the pension fund by the Council.</li> <li>• Review the assumptions used by the actuary in arriving at their valuation for reasonableness.</li> <li>• Test the input of the valuation data from the actuary to the financial statements, and review disclosures of the IAS 19.</li> </ul>

---

# Other risks identified (continued)

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous section but will include:

- Investments (long term and short term)
- Cash and cash equivalents
- Provisions
- Usable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Property, plant and equipment
- Taxation and non-specific grants
- Segmental reporting note
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Collection Fund and associated notes

## Other audit responsibilities

- We will undertake work to satisfy ourselves that disclosures made in the Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read the Narrative Statement and check that it is consistent with the statements on which we give an opinion and disclosures are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We will give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts

# Value for Money

## Background

The Code requires us to consider 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.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance 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 in the table on the right:

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> <li>• Acting in the public interest, through demonstrating and applying the principles and values of good governance</li> <li>• Understanding and using appropriate cost and performance information to support informed decision making and performance management</li> <li>• Reliable and timely financial reporting that supports the delivery of strategic priorities</li> <li>• Managing risks effectively and maintaining a sound system of internal control</li> </ul>
Sustainable resource deployment	<ul style="list-style-type: none"> <li>• Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions</li> <li>• Managing assets effectively to support the delivery of strategic priorities</li> <li>• Planning, organising and developing the workforce effectively to deliver strategic priorities.</li> </ul>
Working with partners and other third parties	<ul style="list-style-type: none"> <li>• Working with third parties effectively to deliver strategic priorities</li> <li>• Commissioning services effectively to support the delivery of strategic priorities</li> <li>• Procuring supplies and services effectively to support the delivery of strategic priorities.</li> </ul>

# Value for Money (continued)

## Risk assessment

We have carried out an initial risk assessment based on the NAO's guidance. In our initial risk assessment, we have considered:

- our cumulative knowledge of the Foundation Trust, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies.
- any illustrative significant risks identified and communicated by the NAO.
- any other evidence which we consider necessary to conclude on your arrangements.

Following the completion of this risk assessment, we have identified one significant risks and this is summarised below. A significant risk is defined as an issue, decision or area of activity which relates to the overall VfM criterion, is important enough to be of clear interest to the public and other stakeholders and about which we do not already have sufficient information on which to base a conclusion on the relevant arrangements. Included below are details of the work we plan to carry out to address these risks in fulfilling our duties in respect of the 2015/16 VfM conclusion. We will also consider the Trust's other risks related to the NAO's VfM criteria and will report back any findings to the Audit Committee.

Significant risk identified	Sub-criterion	Planned response
The Council is continuing to push forward with its aim of becoming financially self-sufficient from direct Government support, having identified some time ago that with reducing government support and the need to keep council tax rises to a minimum, a new financial model was needed. As part of this the Council has invested £8m of savings to acquire a number of income earning properties, with further acquisitions are planned. This is a new strategy for the Council, significant amounts are being invested, with the need to build up experience and expertise.	Sustainable resource deployment	We propose to: <ul style="list-style-type: none"><li>• review the Council's Investment strategy and the reports to members</li><li>• review the Investment outturn position for 2015/16 and the Investment budget plans for 2016/17 and 2017/18</li><li>• meet with key officers to discuss key Investment strategic challenges and the Council's proposed response</li></ul>

## Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report. We will include our conclusion as part of our report on your financial statements which we will give by 30 September 2016.

# Results of interim audit work

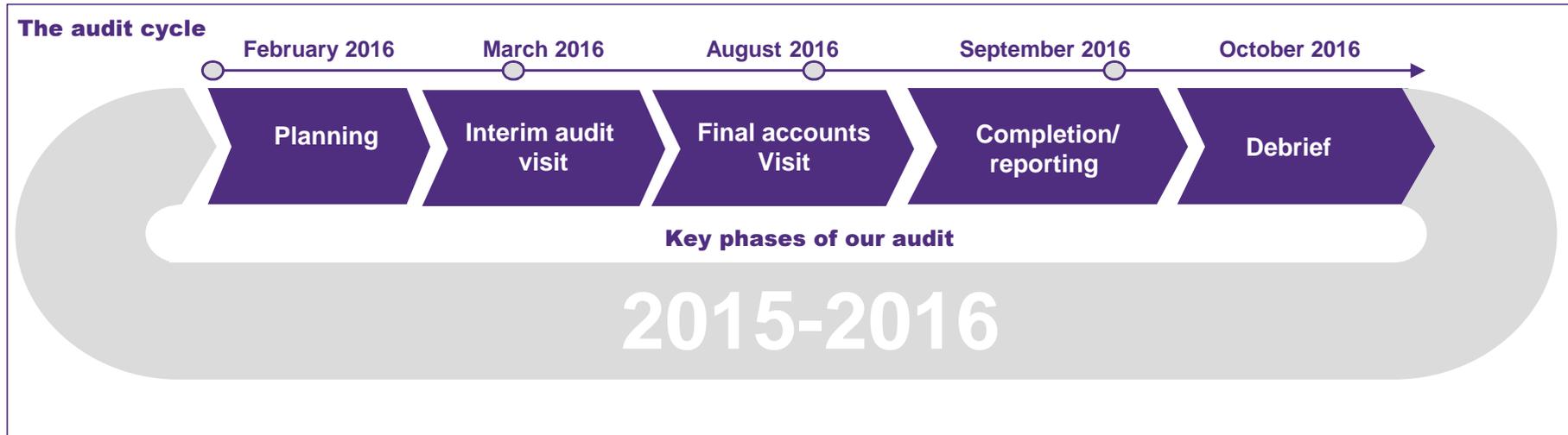
The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	<b>Work performed</b>	<b>Conclusion</b>
<b>Internal audit</b>	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Our review of internal audit work has not identified any material weaknesses which impact on our audit approach.</p>
<b>Entity level controls</b>	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> <li>• Communication and enforcement of integrity and ethical values</li> <li>• Commitment to competence</li> <li>• Participation by those charged with governance</li> <li>• Management's philosophy and operating style</li> <li>• Organisational structure</li> <li>• Assignment of authority and responsibility</li> <li>• Human resource policies and practices</li> </ul>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements</p>

## Results of interim audit work (continued)

	<b>Work performed</b>	<b>Conclusion</b>
<b>Walkthrough testing</b>	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding</p>	Our work has not identified any material weaknesses which impact on our audit approach.
<b>Journal entry controls</b>	<p>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.</p> <p>To date we have undertaken detailed testing on journal transactions recorded for the first nine months of the financial year, by extracting 'unusual' entries for further review. No issues have been identified that we wish to highlight for your attention.</p>	Controls over the authorisation and retrospective review of journals have improved, however journals with a value less than £10k are not reviewed before or after being posted.
<b>Early substantive testing</b>	We have tested payroll transactions for the first nine months.	We have not identified any material issues with the sample for period 1-9.

# Key dates



Date	Activity
February 2016	Planning
March 2016	Interim site visit
30 June 2016	Presentation of audit plan to Audit Committee
August / September 2016	Year end fieldwork
September 2016	Audit findings clearance meeting with Director of Finance
27/09/2016	Report audit findings to those charged with governance (Audit Committee)
By 30/09/2016	Sign financial statements opinion

# Fees and independence

## Fees

	£
Council audit	43,156
Grant certification (estimated)	14,250
<b>Total audit fees (excluding VAT)</b>	<b>57,406</b>

## 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.
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

## Grant certification

- 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'.

## Fees for other services

Service	Fees £
None	Nil

## Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter

## 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 requirements of the Auditing Practices Board's Ethical Standards.

# Communication of audit matters with those charged with governance

International Standards on Auditing (UK & Ireland) (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 Report 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 Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

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 at the time of our appointment. 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 NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). 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 issues 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		✓

---

# Appendices

# Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

## 2014/15 Recommendation

Re c No.	Recommendation	Priority	Management response	Implementation date & responsibility	Current position
1	Ensure all journals are approved electronically by an officer that has not been involved in the preparation process.	High	<p>The risk of mis-appropriation of funds within codes is small due to the following processes already in place.</p> <ol style="list-style-type: none"> <li>1. Journals requested by non-Finance staff are agreed by Finance.</li> <li>2. End of year accruals are authorised by the relevant Chief Officer before being agreed by Finance.</li> <li>3. The budget monitoring reports require comments for any variances over £10,000 and are analysed on a line-by-line basis by the Finance Team.</li> </ol> <p>Random checks will now be carried out to reduce the opportunity to misappropriate funds within codes. This will involve the Chief Finance Officer and Head of Finance completing monthly checks. This will ensure that journals completed by each member of the Finance Team are checked on a regular basis.</p>	<p>15/09/15</p> <p>Head of Finance</p>	<ol style="list-style-type: none"> <li>1. Control in place</li> <li>2. To confirm at year end audit</li> <li>3. Control in place</li> </ol>
2	Improve the timeliness of the financial statements preparation process. This will be particularly important given the Department for Communities and Local Government's proposals to move the sign off deadline to 31 July by 2018.	High	<p>It is intended to bring the 2015/16 annual accounts process forward by a further week as we move towards the earlier deadline.</p>	<p>31/01/16</p> <p>Head of Finance</p>	<p>To confirm at year end audit</p>

# Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility	Current position
3	As recommended for the last two years the Council should build into the financial statements preparation process a more thorough comprehensive quality assurance review to identify errors.	High	A review of the resources and skills required will be carried out to identify the current gaps to reduce the chances of issues arising in future years. Changes will be in place for the 2015/16 annual accounts.	31/12/15 Head of Finance	CIPFA to assist in June in the preparation and checking of the final accounts prior to publication.
4	Improve the accuracy, completeness and disclosures of the notes to the financial statements.	High	As 3 above.	31/12/15 Head of Finance	As 3 above.



© 2016 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

**[grant-thornton.co.uk](http://grant-thornton.co.uk)**