Grant Thornton

The Audit Plan for Tameside Metropolitan Borough Council

Year ending 31 March 2017

8 March 2017

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March 2017

Dear Members of the Overview (Audit) Panel

Audit Plan for Tameside Metropolitan Borough Council for the year ending 31 March 2017

This Audit Plan sets out for the benefit of those charged with governance (in the case of Tameside Metropolitan Borough Council, the Overview (Audit) Panel), 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 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; and
- 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 which give a true and fair view.

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 planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change. In particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit. 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.

We look forward to working with you during the course of the audit.

Yours sincerely

Mike Thomas

Engagement Lead

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Understanding your business and key developments

Developments

Highways network asset (HNA)

On the 14 November 2016 CIPFA/LASAAC announced a deferral of measuring the Highways Network Asset at Depreciated Replacement Cost in local authority financial statements for 2016/17. This deferral is due to delays in obtaining updated central rates for valuations.

CIPFA/LASAAC will review this position at its meeting in March 2017 with a view to implementation in 2017/18. It currently anticipates that the 2017/18 Code will be on the same basis as planned for 2016/17, i.e. not requiring restatement of preceding year information.

Integrated care with health sector

A single commissioning function between the Council and Tameside and Glossop CCG became operational in shadow form on 1 April 2016 under the banner of "Care Together". It is proposed that the Integrated Care Organisation (ICO) will become fully operational for 2017/18. Care Together is a partnership between the CCG, Tameside Foundation Trust and the Council, and works closely with GPs and the third sector to deliver better health outcomes for the people of Tameside and Glossop.

The financial commitment to the ICO is significant and includes the entire CCG commissioning budget together with Adult Services, Children's Services and Public Health within the Council. A total of £454m is committed for 2016/17 between the CCG and the Council within a Integrated Commissioning Fund (ICF). It is critical that strong governance arrangements are in place to ensure positive outcomes are achieved. Leading this is the Council's Chief Executive who is now also CCG Accountable Officer.

Key challenges

Financial settlement

The government has eased back on the pace by which public expenditure must come into balance, however spending constraints remain. Tameside has an agreed four year efficiency plan for the period 2016/17 to 2019/20. This provides some financial certainty but sees a funding reduction of £8.3m (8.1%) in 2017/18 over the current year. Overall there is a cumulative reduction of £17.7m (17.1%) across the four year period which the Council must fund through savings and efficiencies.

Ofsted inspection of children's services

Ofsted issued a report on aspects of the Council's Children's services in December 2016 which rated these as inadequate. The Council is currently developing its response to this inspection ahead of on-going review visits from Ofsted and a follow up inspection is scheduled for 2018.

The Council has developed an Improvement Plan and set up an Improvement Board with an external independent Chair to coordinate actions and monitor actions.

Key performance indicators

Measure	2016/17 budget	2016/17 forecast
Expenditure	£162.3m	£157.5m
The Council is forecasting an underspend on the expenditure budget of £4.8m as at Q3. People Directorate is overspent by £3.3m which is offset by savings elsewhere across the Council.		

Financial reporting

CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced. The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

Earlier closedown

The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year. We are working with the finance team to deliver a July 2017 audit opinion in preparation for the statutory change. The finance team in turn plan to deliver draft accounts on 31 May 2017, one month ahead of the statutory deadline.

Vision Tameside

The Council is mid way through its ambitious Vision Tameside capital programme to revitalise the borough as a preferred place to invest. This brings together a number of partners including Tameside College to raise skill levels across the borough.

Vision Tameside includes a major rebuilding project in Ashton town centre combined with a new transport interchange.

Our response

- We aim to complete all our substantive audit work of your financial statements so that the financial statements can be approved at the Overview (Audit) Panel on 31 July 2017.
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code.
- We will review the arrangements in place to address the concerns raised by Ofsted as part of our VFM conclusion.
- We will keep you informed of changes to the financial reporting requirements for 2016/17 through on-going discussions and invitations to our technical update workshops.
- We will discuss with you your progress in implementing the HNA requirements, highlighting any areas of good practice or concern which we have identified.

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 concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Council. In line with previous years, we have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £9,830k (being 2% of 2015/16 gross revenue expenditure). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

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 £250k.

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
Related party transactions	Due to public interest in these disclosures and the statutory requirement for them to be made. (misstatements will also be evaluated by reference to how material they are to the other party).	£100,000 however errors will be assessed individually, with due regard given to the nature of the error and its potential impact on the materiality of the other party.
Disclosures of officers' remuneration, salary bandings and exit packages in the notes to the financial statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£20,000 (however errors will be assessed individually, with due regard given to the nature of the error and its potential impact on the materiality of the other party).

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; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK & Ireland) 320)

Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs (UK & Ireland) as risks that, in the judgment of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Description	Audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK & Ireland) 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	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; and • The culture and ethical frameworks of local authorities, including Tameside Council, mean that all forms of fraud are seen as unacceptable. Therefore we do not consider this to be a significant risk for the Council.
Management over-ride of controls	Under ISA (UK & Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	**Work completed to date:** • Review of journal entry process **Further work planned:** • Review of accounting estimates, judgements and decisions made by management • Review of unusual journal entries for testing back to supporting documentation • Review of unusual significant transactions
The expenditure cycle includes fraudulent transactions	Practice Note 10 suggests that the risk of material misstatement due to fraudulent financial reporting that may arise from the manipulation of expenditure recognition needs to be considered.	**Work planned:** • Substantive testing of expenditure for the year • Testing of payables and accrued expenditure including reviewing post year end invoices and payments

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either 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 (UK & Ireland) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK & Ireland) 550)

Significant risks identified (continued)

Significant risk	Description	Audit procedures
Valuation of property, plant and equipment Valuation: Revaluation measurements not correct	The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.	**Work completed to date:** • Review of management's processes and assumptions for the calculation of the estimate • Review of the competence, expertise and objectivity of any management expert used **Further work planned:** • Review of the instructions issued to valuation experts and the scope of their work • Discussions with the valuer about the basis on which the valuation is carried out and challenge of the key assumptions • Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding • Testing of revaluations made during the year to ensure they are 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 has satisfied themselves that these are not materially different to current value
Valuation of pension fund net liability Valuation: Pension fund net liability not correct	The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.	**Work planned:** • We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement • We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out • We will undertake procedures to confirm the reasonableness of the actuarial assumptions made • We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary

Other risks identified – Reasonably possible risks

Reasonably possible risks (RPRs) are, in the auditor's judgement, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR or other risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day to day activities of the business.

Reasonably possible risks	Description of risk	Audit procedures
Operating expenses Completeness – Operating expenses are understated or not recorded in the correct period. Completeness – Creditors (payables) understated or not recorded in the correct period.	Year end creditors and accruals are understated or not recorded in the correct period.	**Work completed to date:** • Documentation of processes and controls • Evaluation and walkthrough of controls • Tested a sample of expenditure transactions for the first 10 months of the year **Further work planned:** • Test a sample of expenditure transactions for the remainder of the year • Review post year end payments to identify any unrecorded liabilities • Understand management's accruals process and test any significant accruals • Review in-year and post year-end payments to identify whether the transactions have been recorded in the correct financial period • Test a sample of year-end creditors to supporting evidence and post year-end payment

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK & Ireland) 315)

Other risks identified - Reasonably possible risks (continued)

Reasonably possible risks	Description of risk	Audit procedures
Employee remuneration Completeness: Employee remuneration and benefit obligations understated	Employee remuneration accruals are understated	**Work completed to date:** • Documentation of processes and controls • Evaluation and walkthrough of controls • Trend analysis for the first ten months of the year of net pay, employer's NI and employer's superannuation to identify any unusual fluctuations • Tested a sample of payroll transactions for the first 10 months of the year **Further work planned:** • Test a sample of payroll transactions for the remainder of the year • Review post year end payments to identify any unrecorded liabilities • Understand management's accruals process and test any significant accruals • Review in-year and post year-end payments to identify whether the transactions have been recorded in the correct financial period

Other risks identified (continued)

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK & Ireland) 570). We will review the management's assessment of the going concern assumption and the disclosures in the financial statements.

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 sections but will include:

- housing benefit expenditure;
- heritage assets;
- investment properties;
- debtors (long and short term);
- investments (long and short term);
- assets held for sale;
- cash and cash equivalents;
- trade and other receivables;
- borrowings and other liabilities (long and short term);
- provisions (including equal pay provision);
- usable and unusable reserves;
- Movement in Reserves Statement and associated notes;
- statement of cash flows and associated notes;
- financing and investment income and expenditure;
- taxation and non-specific grants;
- schools balances and transactions;
- officers' remuneration note;
- members' allowances note;
- leases note;
- related party transactions note;
- capital expenditure and capital financing note;
- financial instruments note;
- Collection Fund and associated notes;
- Greater Manchester Metropolitan Debt Administration Fund and associated notes; and
- Greater Manchester Pension Fund and associated notes – this has its own Audit Plan.

Changes to the 2016/17 Code of Practice – Presentation of the accounts

CIPFA has been working on the 'Telling the Story' project to streamline the financial statements and improve accessibility to the user. This has resulted in changes to the 2016/17 Code of Practice. The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required. To address the risk of disclosure error in the financial statements we will:

- document and evaluate the process for recording the required financial reporting changes to the 2016/17 financial statements;
- review the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure they are in line with the reporting structure;
- review the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS);
- test the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES;
- test the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements; and
- review the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the Code.

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 National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The 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 opposite:

Sub-criteria	Detail
Informed decision making	• Acting in the public interest, through demonstrating and applying the principles and values of sound governance • Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management • Reliable and timely financial reporting that supports the delivery of strategic priorities • Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	• Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions • Managing and utilising assets effectively to support the delivery of strategic priorities • Planning, organising and developing the workforce effectively to deliver strategic priorities
Working with partners and other third parties	• Working with third parties effectively to deliver strategic priorities • Commissioning services effectively to support the delivery of strategic priorities • Procuring supplies and services effectively to support the delivery of strategic priorities

Value for Money (continued)

Risk assessment

We have carried out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we considered:

- our cumulative knowledge of the Council, 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, including the Care Quality Commission and Ofsted.
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We have identified one significant risk which we are required to communicate to you. This is set out below.

We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's report, and bring to your attention any further significant risks that we identify.

Significant risk	Link to sub-criteria	Work proposed to address
Ofsted inspection of children's services Ofsted issued a report on the Council's children's services in December 2016 which rated these as 'inadequate'. The Council is currently subject to follow up review. Until such time as Ofsted has confirmed that adequate arrangements are in place this remains a significant risk to the Council's arrangements regarding children's services.	This links to the Council's arrangements for managing risks effectively and maintaining a sound system of internal control, demonstrating and applying the principles and values of sound governance, and planning, organising and developing the workforce effectively to deliver strategic priorities.	We will review the arrangements the Council has in place to respond to the Ofsted concerns. This will include a review of progress made by the Improvement Board and monitoring of the Ofsted action plan. We will review update reports from Ofsted as they become available and take these into account in forming our conclusion.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion in our auditor's report on your financial statements which we aim to give by 31 July 2017.

Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

- we will undertake work to satisfy ourselves that the disclosures made in your Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council;
- we will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice;
- we will carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors;
- we consider our other duties under the Act and the Code, as and when required, including:
    - we will give electors the opportunity to raise questions about your financial statements and consider and decide upon any objections received in relation to the financial statements;
    - issue of a report in the public interest; and
    - making a written recommendation to the Council, copied to the Secretary of State; and
- we certify completion of our audit.

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:

	Work performed	Conclusion
Internal audit	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. We will continue to liaise with Internal Audit and consider the outcome of their work on the Council's key financial systems and any impact it has on our responsibilities. We have not identified any significant weaknesses impacting on our responsibilities.	Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment. Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
Entity level controls	We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including: • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements
Review of information technology controls	Our information systems specialist are performing a high level review of the general IT control environment, as part of the overall review of the internal controls system. This is to provide assurance that IT controls have been observed to have been implemented in accordance with our documented understanding.	Our work is on-going but to date has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.

Results of interim audit work (continued)

	Work performed	Conclusion
Walkthrough testing	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. These are: • employee remuneration (payroll); • operating expenses (payables / creditor payments); and • Property Plant and Equipment (PPE) valuation (revaluation of PPE). 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.	Our work has not identified any weaknesses which impact on our audit approach.
Journal entry controls	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.	Our work has not identified any weaknesses which impact on our audit approach.
Early substantive testing	We have undertaken substantive testing on a sample basis for the first ten months of the financial year for employee remuneration and operating expenses. Our work has not identified any issues we wish to bring to your attention.	Our work has not identified any material weaknesses which are likely to adversely impact on the Council's financial statements.
Minutes review	We have reviewed the agenda papers and minutes from a variety of meetings throughout the year to identify potential audit risks, including: • Full Council and Executive Cabinet; • Overview (Audit) Panel and Audit Panel; and • Scrutiny Panels and other committees relevant to our audit.	No additional audit risks further to those reported in this Audit Plan have ben identified. We will update our minutes review up to the date of our audit opinion during our final accounts audit.
Assurance letters from those charged with governance and management	As part of our planning work to understand the Council's governance arrangements, we have raised a number of routine questions to both those charged with governance (TCWG) and management. The questions deal with a variety of issues such as internal control, risk management, fraud and litigation and the potential impact of these areas on the Council's financial statements.	We have proposed to the Council that the responses from both TCWG and management are included on the agenda for the Overview (Audit) Panel in July 2017.

The audit cycle

The audit timeline

Key dates:

- Year end: 31 MAR 2017
- Close out: 24 JUL 2017
- Overview (Audit) Panel: 31 JUL 2017
- Sign off: 31 JUL 2017 (external deadline 30 SEPT 2017)

Audit phases:

- Planning JAN 2017
- Interim FEB 2017
- Final Accounts Audit JUNE/JULY 2017
- Completion JULY 2017 (external deadline 30 Sept 2017)
- Debrief SEPT 2017

Key elements (Planning)

- Planning meeting with management to inform audit planning and agree audit timetable
- Discuss audit working paper requirements to management
- Discussions with management and internal audit to inform audit planning

Key elements (Interim)

- Document design effectiveness of key accounting systems and processes
- Review of key judgements and estimates
- Early substantive audit testing
- Review of Value for Money arrangements
- Discuss draft Audit Plan with management
- Issue the Audit Plan to management and Overview (Audit) Panel

Key elements (Final Accounts Audit)

- Finance team to provide draft accounts for audit 31 May 2017
- Audit team onsite to undertake detailed audit testing in June/July 2017
- Weekly update meetings with management
- Review of Value for Money arrangements
- Audit of NAO group reporting schedule

Key elements (Completion)

- Issue draft Audit Findings to management
- Meeting with management to discuss Audit Findings
- Issue draft Audit Findings for circulation to Overview (Audit) Panel 21 July 2017
- Audit Findings presentation to Overview (Audit) Panel 31 July 2017
- Finalise approval and signing of financial statements and audit report
- Annual Audit Letter and WGA certification to follow completion of audit

Audit Fees

Fees

	£
Council audit	105,017
Grant Certification: Housing Benefits (indicative)	24,323
Total audit fees (excluding VAT)	**129,340**

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

Fees for other services detailed on the following page, 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.

What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Feed back on your systems and processes, and identifying potential risks, opportunities and savings
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Regular sector updates
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Regular contact to discuss strategy and other important areas
- A review of accounting policies for appropriateness and consistency
- Annual technical updates for members of your finance team

Independence and non-audit services

Ethical Standards and ISA (UK & Ireland) 260 require us to give you timely disclosure of matters relating to our independence. In this context, 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 we confirm that we are independent and are able to express an objective opinion on the financial statements.

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

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Tameside Council. The following audit related and non-audit services were identified for the Council for 2016/17:

Fees for other services

Service	Fees £	Planned outputs
Audit related:		
Teachers' Pension Return	4,200	Independent accountants' certificate
George Frederick Byrom Trust independent examination	1,000	Independent examiners' statement
CFO Insights software provision	10,000	Access to database and support
Total	**15,200**	

The amounts detailed are fees to be agreed for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

The above services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) 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

As auditor we are responsible for performing the audit in accordance with ISAs (UK and 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.

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.psaa.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.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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	✓	✓

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