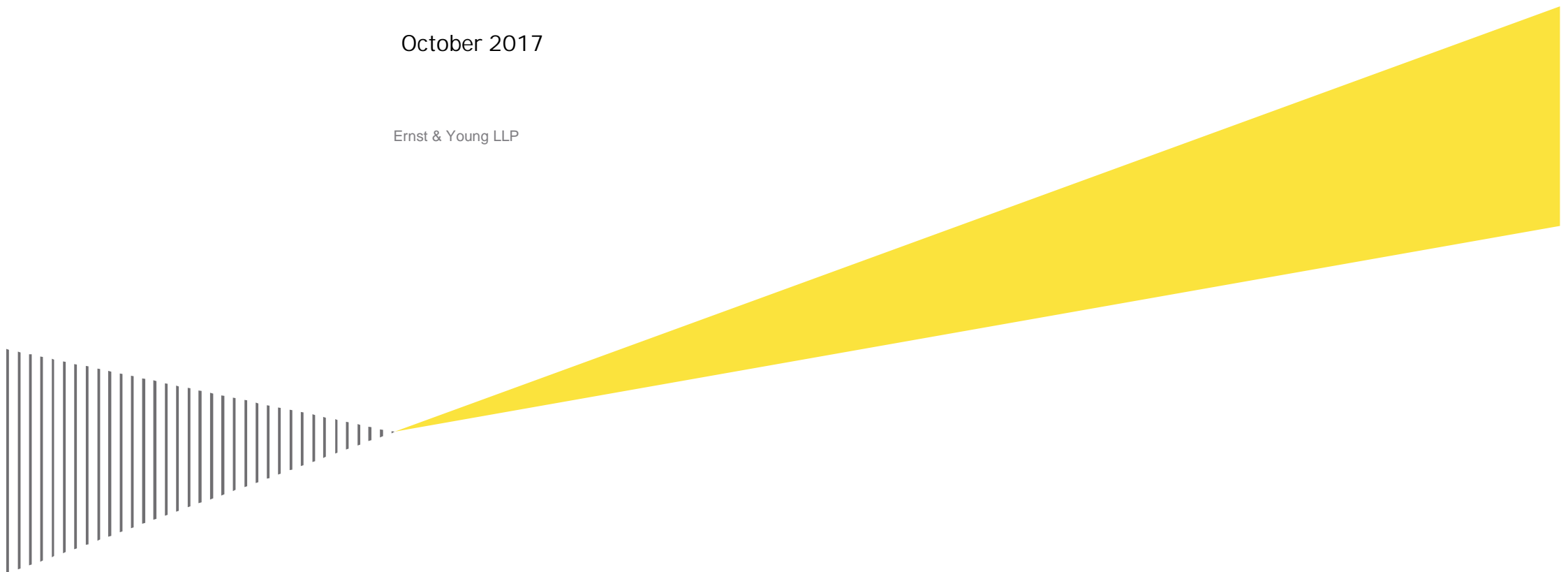


# Adur District Council

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP



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The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment (updated 23 February 2017)” issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

A hand with white nail polish is writing on a document with a blue pen. In the background, there is a calculator, a laptop, and a white mug. A yellow rectangular box is overlaid on the left side of the image.

## Executive Summary

## Executive Summary

We are required to issue an annual audit letter to Adur District Council (the Council) following completion of our audit procedures for the year ended 31 March 2017.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's: ► Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2017 and of its expenditure and income for the year then ended.
► Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception:	
► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
► Public interest report	We had no matters to report in the public interest.
► Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 26 September 2017.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 27 September 2017

In January 2018 we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Paul King

Associate Partner  
For and on behalf of Ernst & Young LLP

Purpose



## Purpose

### The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the September Joint Governance Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.





# Responsibilities



## Responsibilities

### Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued in January 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ On the 2016/17 financial statements; and
  - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

## Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The background is a blurred office scene. In the foreground, there are several clear glass tumblers filled with water on a wooden desk. Behind them, a laptop screen displays a financial chart. To the left, a pen and some papers are visible. The overall lighting is bright and natural, suggesting a window in the background.

# Financial Statement Audit

## Financial Statement Audit

### Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 27 September 2017.

Our detailed findings were reported to the 26 September 2017 Joint Governance Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Management override of controls</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We identify and respond to this fraud risk on every audit engagement. For local authorities, the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override.</p>	<p>We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested those journals that met our criteria to supporting documentation. No issues were identified.</p> <p>We considered the accounting estimates for evidence of management bias. None was identified.</p> <p>We also reviewed and evaluated the business rationale for significant unusual transactions and reviewed capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.</p> <p>We did not identify any evidence of management override from these procedures.</p>

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.



## Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £1.08 million (2015/16: £1.18 million), which is 2% of Gross Revenue Expenditure reported in the accounts of £48.483 million adjusted for several non-cash items.</p> <p>We consider Gross Revenue Expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We agreed with the Joint Governance Committee that we would report to the Committee all audit differences in excess of £54 thousand (2015/16: £59 thousand)</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas.

- Remuneration disclosures including any severance payments, exit packages and termination benefits; and
- Related party transactions.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.



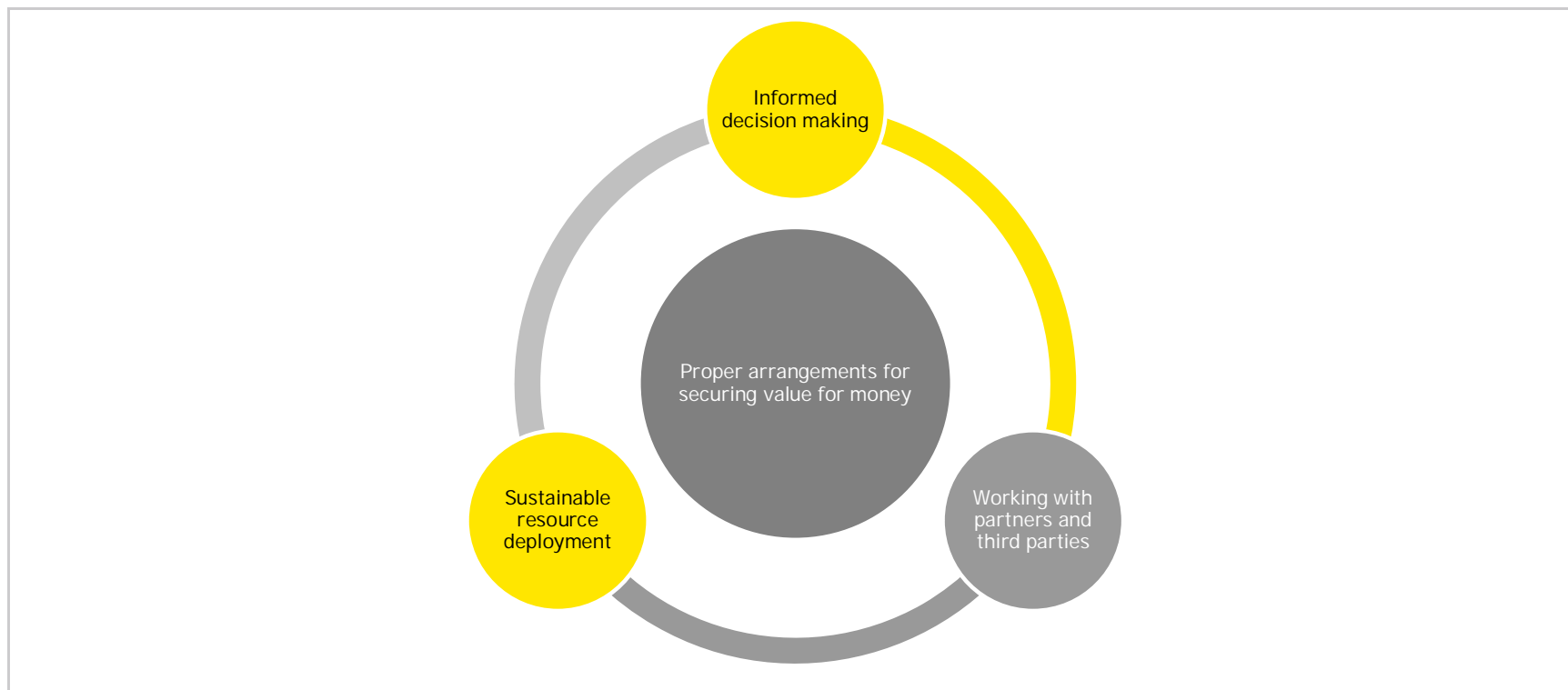
Value for Money

## Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.



We identified one significant risks in relation to these arrangements. The tables below present the findings of our work in response to the risk identified and any other significant weaknesses or issues to bring to your attention].

We have performed the procedures outlined in our audit plan. [We did not identify any significant weaknesses in the Council's arrangements

We therefore issued an unqualified value for money conclusion on 27 September 2017

Significant Risk	Conclusion
<p>The Council will not be able to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</p> <p>The Council continues to face significant financial challenges over the coming years. Whilst we concluded last year that the Council's Medium Term Financial Plan was sound and we noted that plans were in place to deliver the 2016/17 budget, and your financial monitoring is suggesting a marginal overspend of £40 thousand compared to the forecast. We note the Council needs to deliver savings of £2.433 million for 2017/18. At 31 March 2016, the Council had £1.686 million of useable reserves. This includes your General Fund reserves, which at the end of the 2015/16 financial year, were just below the minimum level set by the Section 151 Officer. These reserves would not be sufficient to cover any shortfall in savings were they not to be achieved.</p>	<p>We reviewed the PSAA's value for money profile tools which compared the Council to its nearest statistical neighbours. This highlighted a number of areas where the Councils expenditure is significantly higher or lower than other similar councils. Many of those areas where the Council is reportedly higher spending result from the specific nature or arrangements at the authority, such as its size (which typically means higher cost per head, as one of the smallest authorities) or partnership working arrangements which result in low administration costs. Further, there are unique demographic and geographical influences on these factors. Spend on Housing Services per head is in the highest 20%, for example, while net spend on Housing Benefit administration is in the lowest 10%. Each of these specific areas are known to the Council and areas of specific focus. The fact these figures are higher than statistical neighbours does not suggest the Council doesn't have proper arrangements in place to achieve economy, efficiency and effectiveness.</p> <p>We also reviewed the Authority's medium term financial forecast. It demonstrates a cumulative budget gap of around £1.579 million up to the end of 2019/20. The Authority recognises that reserves cannot, and should not, be used to bridge the base budget gap in the absence of longer term plans to make the necessary savings and we note from the Medium Term Financial Strategy that there is no planned future use of reserves to address budget gaps. The assumptions within these plans appear reasonable. At this point, having reviewed the 2016/17 outturn and the Medium Term Financial Strategy, we judge the Authority to be financially resilient for the foreseeable future, and that the measures taken during 2016/17 have been both robust and proportionate. It is important that the Authority continues its track record of delivering its planned budget and savings.</p> <p>As noted above, delivery of previous saving requirements within service budgets proves the Council's ability to effectively monitor those saving requirements to ensure appropriate delivery. We note that in 2016/17, the Councils monitoring of savings was effective and</p>



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resulted saving and additional income being identified of £1.034m. This meant the Council's outturn position was £81,000 surplus compared to budgeted expenditure for the period. We have confirmed that this monitoring process remains in place for 2017/18 and is appropriate to identify any deviation within the saving requirement.

We recognise that the challenge to the Council remains, and while there are no unidentified savings requirements in 2017/18, the budget book notes that further savings of £1,168m are required in 2018/19. The Authority's budget planning cycle for 2018/19 is not yet complete and therefore these savings are currently unidentified in detail. Based on previous experience of the Authority's budget process, whereby the savings required have been detailed in the budget book and through budget monitoring procedures down to service or activity level, we have concluded that the saving requirement will be appropriately identified and monitored. We are also able to take some assurance from the Authority's track record of delivering those savings they identify.

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## Other Reporting Issues

## Other Reporting Issues

### Whole of Government Accounts

The National Audit Office sets out procedures to be performed on the consolidation pack prepared by the Council for Whole of Government Accounts purposes, subject to a specified audit threshold of £350 million. The Council are below this threshold and therefore, we did not perform any audit procedures on the consolidation pack.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

### Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

### Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

### Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

## Independence

We communicated our assessment of independence in our Audit Results Report to the Joint Governance Committee on 26 September 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

## Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

Our audit did not identify any controls issues to bring to the attention of the Joint Governance Committee.



A close-up, shallow depth-of-field photograph of a person's face as they look through a pair of black binoculars. The person's eyes are visible through the eyepieces, and their hands are holding the binoculars. The background is a soft, out-of-focus white. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Focused on your future".

Focused on your  
future

## Focused on your future

Area	Issue	Impact
<i>Earlier deadline for production and audit of the financial statements from 2017/18</i>	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>To prepare for this change the Authority has revised its accounts production process which to achieve draft accounts production by mid-June for 2016/17. The Authority intends to refine this further for 2017/18.</p> <p>As auditors, nationally we have:</p> <ul style="list-style-type: none"> <li>• Issued a thought piece on early closedown</li> <li>• As part of the strategic Alliance with CIPFA jointly presented accounts closedown workshops across England, Scotland and Wales</li> <li>• Presented at CIPFA early closedown events and on the subject at the Local Government Accounting Conferences in July 2017</li> </ul> <p>Locally we have</p> <ul style="list-style-type: none"> <li>• Undertaken substantive procedures in Spring 2017 in order to reduce the work required at the post-statement stage of the audit.</li> <li>• Brought forward the audit of 2016/17 June 2017 and plan to bring the audit of 2017/18 to June 2018</li> </ul> <p>Together with the Authority, we are in the process of agreeing further areas for early work which can be completed early. These include testing of major income and expenditure streams at month 9 and</p>

Area	Issue	Impact
		discussing and agreeing material estimation procedures by month 9.

EY | Assurance | Tax | Transactions | Advisory

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ED None

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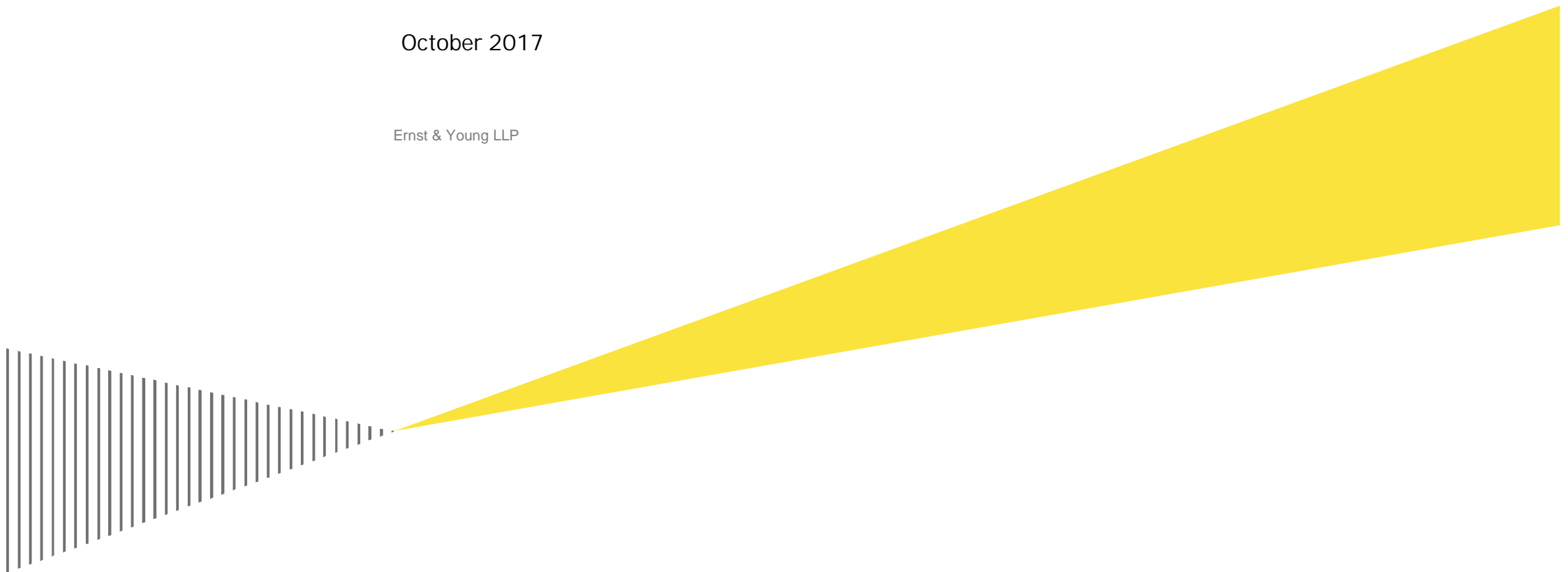


# Worthing Borough Council

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP



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## Executive Summary

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Area of Work	Conclusion
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Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception: ► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
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Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
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Associate Partner  
For and on behalf of Ernst & Young LLP



Purpose



## Purpose

### The Purpose of this Letter

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We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the September Joint Governance Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.





# Responsibilities



## Responsibilities

### Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued in January 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

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  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

## Responsibilities of the Council

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# Financial Statement Audit

## Financial Statement Audit

### Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 27 September 2017.

Our detailed findings were reported to the 26 September 2017 Joint Governance Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Management override of controls</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We identify and respond to this fraud risk on every audit engagement. For local authorities, the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override.</p>	<p>We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested those journals that met our criteria to supporting documentation. No issues were identified.</p> <p>We considered the accounting estimates for evidence of management bias. None was identified.</p> <p>We also reviewed and evaluated the business rationale for significant unusual transactions and reviewed capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.</p> <p>We did not identify any evidence of management override from these procedures.</p>

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

## Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £1.228 million (2015/16: £1.355 million), which is 2% of Gross Revenue Expenditure reported in the accounts adjusted for several non-cash items.</p> <p>We consider Gross Revenue Expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We agreed with the Joint Governance Committee that we would report to the Committee all audit differences in excess of £61 thousand (2015/16: £68 thousand)</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas.

- Remuneration disclosures including any severance payments, exit packages and termination benefits; and
- Related party transactions.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.





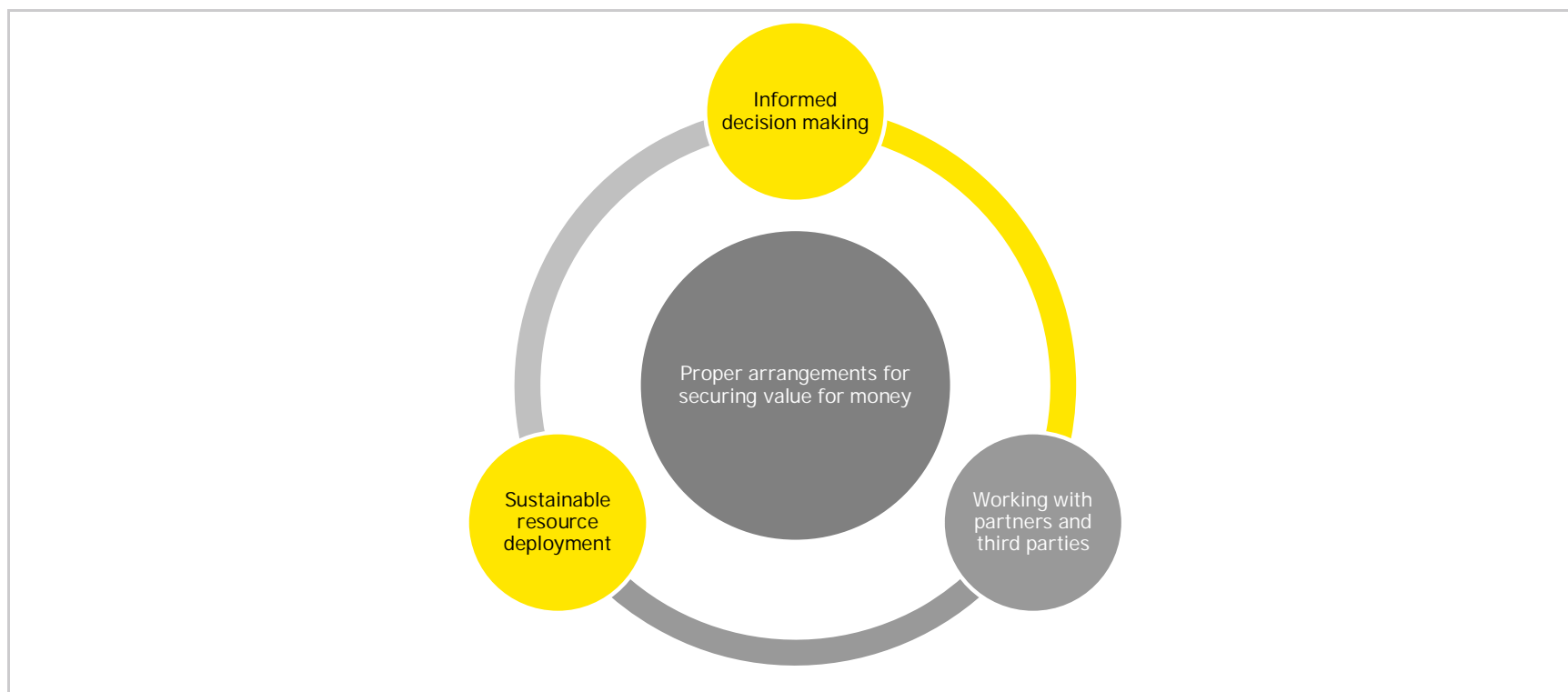
Value for Money

## Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.





We identified one significant risks in relation to these arrangements. The tables below present the findings of our work in response to the risk identified and any other significant weaknesses or issues to bring to your attention].

We have performed the procedures outlined in our audit plan. [We did not identify any significant weaknesses in the Council's arrangements

We therefore issued an unqualified value for money conclusion on 27 September 2017

Significant Risk	Conclusion
<p>The Council will not be able to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.</p> <p>The Council continues to faces significant financial management challenges over the coming years. While we concluded last year that the Council's Medium Term Financial Plan was sound and we noted that plans are in place to deliver the 2016/17 budget, and your financial monitoring is suggesting an underspend of £298 thousand compared to the forecast. We note the Council is required to deliver savings of £2.380m for 2017/18. At 31 March 2016, the Council had £3.024m of useable reserves. This includes your General Fund reserves, which are just above the minimum level set by the Section 151 Officer. While this is sufficient to cover the budget gap for 2017/18 should these savings not be made, it does not represent a longer term solution.</p>	<p>We reviewed the PSAA's value for money profile tools which compared the Council to its nearest statistical neighbours. This highlighted a number of areas where the Councils expenditure is significantly higher or lower than other similar councils. Many of those areas where the Council is reportedly higher spending result from the unique demographic of the population within the Council's boundary. Planned spend on Adult Social Care, for example, is within the highest 5% of statistically similar authorities as District and Borough Councils typically do not fund Adult Services. Each of these specific areas are known to the Council and areas of specific focus. The fact these figures are higher than statistical neighbours does not suggest the Council doesn't have proper arrangements in place to achieve economy, efficiency and effectiveness.</p> <p>We also reviewed the Council's medium term forecast. It demonstrates a cumulative budget gap of around £2.674 million up to the end of 2019/20. The Authority recognises that reserves cannot, and should not, be used to bridge the base budget gap in the absence of longer term plans to make the necessary savings and we note from the Medium Term Financial Strategy that there is no planned future use of reserves to address budget gaps. The assumptions within these plans appear reasonable.</p> <p>At this point, having reviewed the 2016/17 outturn and the Medium Term Financial Strategy, we judge the Authority to be financially resilient for the foreseeable future and that the measures taken during 2016/17 have been both robust and proportionate. It is important that the Authority continues its track record of delivering its planned budget and savings.</p> <p>As noted above, delivery of previous saving requirements within service budgets proves the Authority's ability to effectively monitor those saving requirements to ensure appropriate delivery. We note that in 2016/17, the Authority's monitoring of savings was effective and resulted saving and additional income being identified of £1.169m. This meant the Authority's outturn position was £854,000 surplus compared to budgeted expenditure for</p>

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the period. We have confirmed that this monitoring process remains in place for 2017/18 and is appropriate to identify any deviation within the saving requirement.

We recognise that the challenge to the Authority remains, and while there are no unidentified savings requirements in 2017/18, the budget book notes that further savings of £1,782m are required in 2018/19. The Authority's budget planning cycle for 2018/19 is not yet complete and therefore these savings are currently unidentified in detail. Based on previous experience of the Authority's budget process, whereby the savings required have been detailed in the budget book and through budget monitoring procedures down to service or activity level, we have concluded that the saving requirement will be appropriately identified and monitored. We are also able to take some assurance from the Authority's track record of delivering those savings they identify.

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## Other Reporting Issues

## Other Reporting Issues

### Whole of Government Accounts

National Audit Office sets out procedures to be performed on the consolidation pack prepared by the Council for Whole of Government Accounts purposes, subject to a specified audit threshold of £350 million. The Council are below this threshold and therefore, we did not perform any audit procedures on the consolidation pack.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

### Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

### Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

### Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

## Independence

We communicated our assessment of independence in our Audit Results Report to the Joint Governance Committee on 26 September 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

## Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

Our audit did not identify any controls issues to bring to the attention of the Joint Governance Committee.



A close-up, shallow depth-of-field photograph of a person's hands holding binoculars. The person's face is visible in the background, slightly out of focus. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Focused on your future".

Focused on your  
future

## Focused on your future

Area	Issue	Impact
<i>Earlier deadline for production and audit of the financial statements from 2017/18</i>	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>To prepare for this change the Authority has revised its accounts production process which to achieve draft accounts production by mid-June for 2016/17. The Authority intends to refine this further for 2017/18.</p> <p>As auditors, nationally we have:</p> <ul style="list-style-type: none"> <li>• Issued a thought piece on early closedown</li> <li>• As part of the strategic Alliance with CIPFA jointly presented accounts closedown workshops across England, Scotland and Wales</li> <li>• Presented at CIPFA early closedown events and on the subject at the Local Government Accounting Conferences in July 2017</li> </ul> <p>Locally we have</p> <ul style="list-style-type: none"> <li>• Undertaken substantive procedures in Spring 2017 in order to reduce the work required at the post-statement stage of the audit.</li> <li>• Brought forward the audit of 2016/17 June 2017 and plan to bring the audit of 2017/18 to June 2018</li> </ul> <p>Together with the Authority, we are in the process of agreeing further areas for early work which can be completed early. These include testing of major income and expenditure streams at month 9 and</p>

Area	Issue	Impact
		discussing and agreeing material estimation procedures by month 9.

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ED None

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