

Corporate Audit Committee
Bath and North East Somerset Council
Progress Report and Update
Year ended 31 March 2016

March 2016

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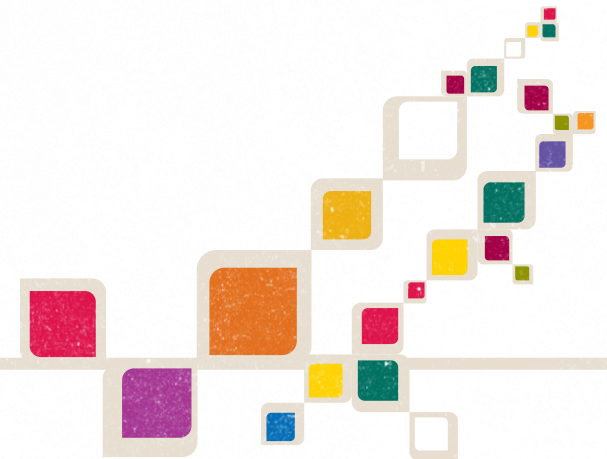
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



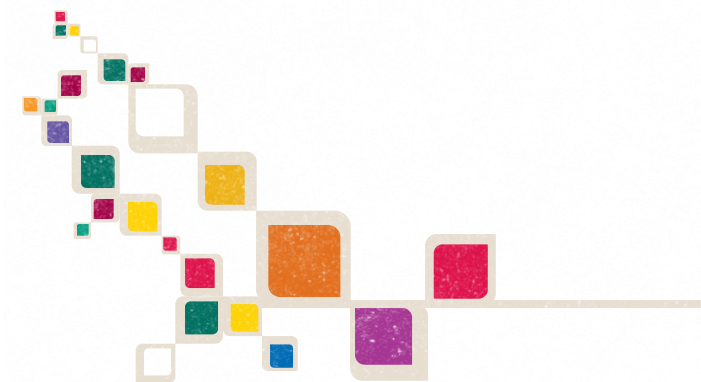
Introduction

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

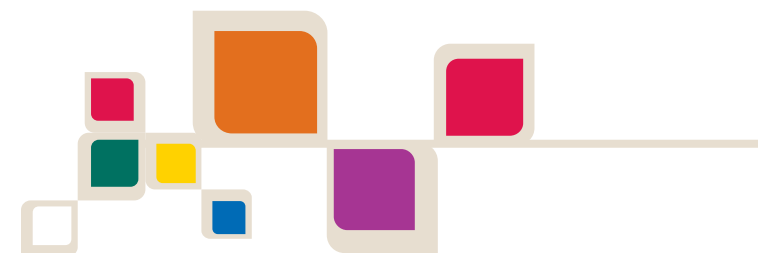
Members of the Corporate Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

- Innovation in public financial management (December 2015); www.grantthornton.global/en/insights/articles/innovation-in-public-financial-management/
- Knowing the Ropes – Audit Committee; Effectiveness Review (October 2015); www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/
- Making devolution work: A practical guide for local leaders (October 2015) www.grantthornton.co.uk/en/insights/making-devolution-work/

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

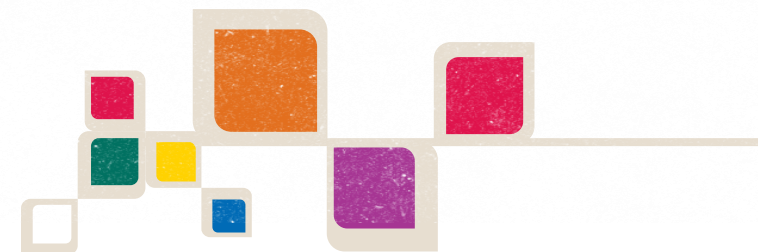


Progress at 9th March 2016



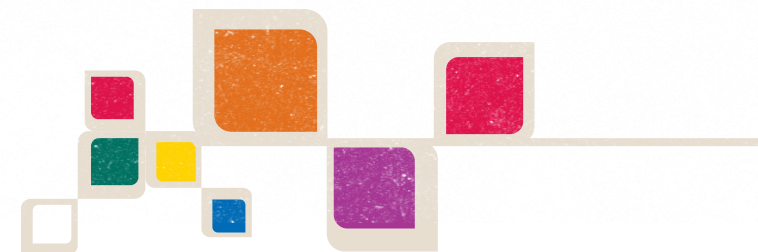
2015/16 work	Planned Date	Complete?	Comments
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements.</p>	March	Yes	Our audit plan is included as a separate agenda item for the Corporate Audit Committee to consider.
<p>Interim accounts audit</p> <p>Our interim fieldwork visit plan included:</p> <ul style="list-style-type: none"> • updated review of the Council's control environment • updated understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	March	In progress	<p>We will provide an updated audit plan summarising any issues we identify during the interim audit. We will consider the key audit risks and the implication for our audit strategy.</p> <p>The updated plan will be presented to the Committee at its meeting on 10 May 2016.</p>
<p>Final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2015-16 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 	July - August	Not started	<p>We are planning to complete our audit by 31 August. as part of the transition to the earlier closedown and audit cycle from 2018.</p> <p>We held a meeting with the finance team on 17 February 2016 to discuss the key issues that are likely to impact on this year's accounts.</p>

Progress at 9th March 2016



2015/16 work	Planned Date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work has changed and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	March - July	In progress	<p>We will carry out an initial risk assessment to determine our approach and report this in our updated Audit Plan in May 2016.</p> <p>Our work will be reported in the Audit Findings Report presented to the September meeting of the Corporate Audit Committee.</p>
<p>Other areas of work</p> <p>Regional Growth Fund</p>	February – April 2016	In progress	<p>This work falls outside of the public sector audit regime and is therefore a separate engagement.</p> <p>As in previous years we will undertake the work specified by the Department for Business, Innovation and Skills and provide a report to the Council.</p> <p>The work required in relation to Regional Growth Fund 2 will be undertaken in February/March, whilst the work on Regional Growth Fund 3 will be undertaken in April.</p> <p>We will provide a verbal update on our work on Regional Growth Fund 2 at the meeting on 22 March 2016.</p>

Progress at 9th March 2016



2015/16 work	Planned Date	Complete?	Comments
Other areas of work			
Housing benefit certification	September – November 2016	Not yet due	The deadline for certification of the housing benefit return is 30 November 2016. The majority of our work will be undertaken from September onwards, but some early testing may be undertaken in April.
Meetings with Members, Officers and others	Ongoing		We recently met with the Chief Executive and the Resources Strategic Director to discuss the latest financial position and other issues affecting the Council. We are due to meet with the and the Divisional Director: Business Support on 30 March.

Grant Thornton Publications



2016 Transparency Report

Grant Thornton's commitment to quality underpins all that we do and this is reflected in our 2016 Transparency Report.

We have more than 42,000 people in over 130 countries and this report is a public statement of our commitment to provide high-quality services to businesses and organisations operating throughout the world.

It is designed to help clients, audit committees, regulators and the public, who make up our many stakeholders, understand us better.

The report covers the three key aspects of our business, namely:

- Audit and assurance;
- Taxation; and
- Advisory services.

The report provides information on our audit methodology and sets out how we monitor the quality of our work and engage with external regulators.

It also covers our arrangements for governance and management and sets our most recent financial information.

The report can be downloaded from our website:

www.grantthornton.global/globalassets/1.-member-firms/global/grant-thornton-global-transparency-report-2016.pdf

Alternatively, hard copies can be provided by your Engagement Lead or Audit Manager.

Grant Thornton reports



Transparency report 2016
Our commitment to brighter futures



Local Authority Trading Companies

On 11th February Grant Thornton hosted a free client seminar, in Taunton, looking at Local Authority Trading Companies (LATC). It was attended by 29 officers from councils in the South West. Although nobody from Bath and North East Somerset Council could attend we would be happy to share our slides from the day with the Council).

As councils look for different ways to reduce costs, improve efficiency and generate income some are setting up local authority trading companies. We predict that the number of these companies will continue to grow over the next five years.

The seminar considered the themes set out in our recent report, 'Spreading their Wings', focusing on how to set up and build successful local authority trading companies.

Attendees heard from Grant Thornton Local Government Advisory and Tax colleagues, with a focus on the complexities of corporation tax, stamp duty land tax, VAT and employment taxes when entering into such arrangements.

Martin Farrow from Buckinghamshire Care Limited shared his experiences from the Buckinghamshire Care journey "A merger between sustainability and purpose". He set the scene – underfunded social care, government savings, rising demand, and ageing population, service cutbacks mean a lot fewer people receiving services. The solution? A seismic shift in commissioning.

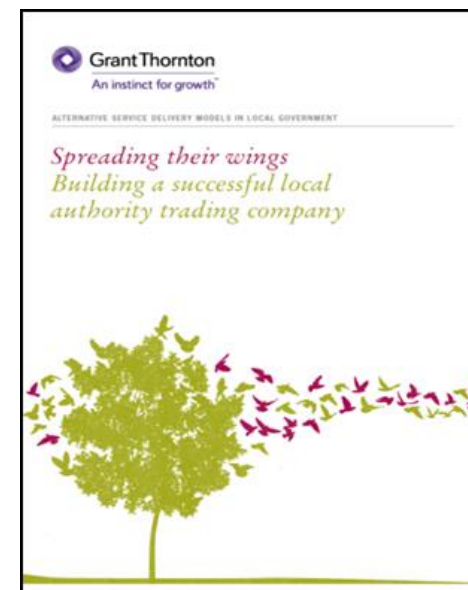
Hugh Lambourne from Bournemouth Borough Council explained his Council's approach to developing its commercial services "Building a successful LATC & Commercial Council". Offering an insight into why you might create an LATC or alternatively why you might choose not to trade through an LATC!

The day ended with a panel session with Martin and Frank being joined by Sarah Longthorpe - Bournemouth Borough Council, Giles Letherton – Delt Shared Services Limited and Frank Wilson – Ubico Limited. A lively set of questions were posed by delegates.

You can download a copy of the Grant Thornton report – Spreading their wings from the website at <http://www.grant-thornton.co.uk/en/Sectors/Government--Public-Sector/> Hard copies are also available from your Engagement Lead and Audit Manager.

Grant Thornton's next report on Joint Ventures will be available at the end of March

Grant Thornton reports





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