



The Annual Audit Letter for Warwickshire County Council and Warwickshire Pension Fund

Year ended 31 March 2019

29 August 2019



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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Warwickshire County Council (the Council) and Warwickshire Pension Fund (the Pension Fund) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit and Standards Committee, as those charged with governance, in our Audit Findings Report on 24 July 2019.

Our work

Materiality	<p>We determined materiality for the audit of the Council's financial statements to be £15,000,000, which is approximately 1.8% of the Council's prior year gross expenditure.</p> <p>For the Pension Fund we determined materiality for the audit of the financial statements to be £20,000,000, which is 1% of the Pension Fund's net assets.</p>
Financial Statements opinion	<p>We gave an unqualified opinion on the Council and Pension Fund's financial statements on 31 July 2019.</p>
Whole of Government Accounts (WGA)	<p>We completed work on the Council's consolidation return following guidance issued by the NAO.</p>
Use of statutory powers	<p>We did not identify any matters which required us to exercise our additional statutory powers.</p>
Value for Money arrangements	<p>We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 31 July 2019.</p>
Certification of Grants	<p>We also carry out work to certify the Council's Teachers' Pension return as an audit related non-audit service. Our work on the 2018-19 return is not yet complete and will be finalised by 30 November 2019. We noted some minor exceptions in respect of the Council's 2017-18 return (page 10).</p>
Certificate	<p>We have completed the majority of work under the Code but are unable to issue our completion certificate until the following outstanding matters have been addressed:</p> <ul style="list-style-type: none">• Concluding our consideration of an open objection; and• Review of the Pension Fund Annual Report for consistency with the Council's financial statements. As the Pension Fund has not prepared the Pension Fund Annual Report at the time of this report we have yet to issue our report on the consistency of the pension fund financial statements

Respective responsibilities

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

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

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

Executive Summary (continued)

Working with the Council

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you in July, delivering the financial statements before the deadline.
- Understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness.
- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports
- Providing training – we provided your teams with training on financial statements and annual reporting

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

Grant Thornton UK LLP
August 2019

Audit of the Financial Statements

Our audit approach

Materiality

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

Council materiality

We determined materiality for the audit of the Council's financial statements to be £15,000,000, which is approximately 1.8% of the Council's prior year gross expenditure. We used this benchmark as, in our view, users of Council's financial statements are most interested in where the Council has spent its revenue in the year.

We set a lower threshold of £750,000 above which we reported errors to the Audit & Standards Committee in our Audit Findings Report.

We also set a lower level of specific materiality for senior officer remuneration of £25,000 - as this is a sensitive item over which stakeholders will expect the Council to take particular care.

Pension fund materiality

We determined materiality for the audit of the Pension Fund financial statements to be £20,000,000, which is 1% of the Pension Fund's net assets for the Year ended 31 March 2018. We used this benchmark, as in our view, users of the Pension Fund accounts are most interested in the value of assets available to fund pension benefits. We considered the need to set lower levels of materiality for sensitive balances, transactions or disclosure in the accounts, and determined not to set any lower levels.

We set a lower threshold of £1,000,000 above which we reported errors to the Audit & Standards Committee in our Audit Findings Report.

The scope of our audit

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

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

We also read the remainder of the financial statements and the Narrative Report and Annual Governance Statement published alongside the financial statements to check they are consistent with our understanding of the Council and with the financial statements on which we gave our opinion.

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

Our audit approach was based on a thorough understanding of the Council and Pension Fund's business and is risk based.

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

Audit of the Financial Statements (continued)

Council and Pension Fund Significant Audit Risks

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

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 – <i>the Auditor’s Responsibility to Consider Fraud in an Audit of Financial Statements</i> - there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council and the Pension Fund, we determined that the risk of fraud arising from revenue recognition could be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Warwickshire County Council and Pension Fund, mean that all forms of fraud are seen as unacceptable. 	<p>We have not altered our assessment as reported in the audit plan and whilst not a significant risk, as part of our audit work we did undertake work on material revenue items. Our work did not identify any matters that would indicate our rebuttal was incorrect. We therefore have no issues to report in this regard</p>
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities</p> <p>The Council and Pension Fund face external scrutiny of their spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk for both the Council and the Pension Fund.</p>	<p>We have:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our audit work has not identified any issues in respect of management override of controls.</p>

Audit of the Financial Statements (continued)

Council Significant Audit Risks

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

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of Land and Buildings The Council revalues its land and buildings on a rolling five-yearly basis. However, in 2018/19 the entire asset base was revalued.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • written to the valuer, with follow up discussions as necessary, to confirm the basis on which the valuations were carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • tested, on a sample basis, revaluations made during the year to ensure they have are consistent with the valuer's report and have been input correctly into the Authority's asset register 	<p>Our audit work has not identified any issues in respect of the valuation of land and buildings.</p>
<p>Valuation of the pension fund net liability The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£924.8m in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (Hymans Robertson) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtained assurances from our audit of the Warwickshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>Our audit identified one issue in relation to accounting for the impact of the McCloud Court of Appeal judgement and Guaranteed Minimum Pension (GMP) equalisation. The Council requested an estimate from its actuary of the potential impact of the McCloud ruling and GMP equalisation. The actuary's estimate was as follows:</p> <ul style="list-style-type: none"> • Local Government Pension Scheme - £8.797m; and • Firefighters' Pension Scheme - £12.500m <p>Management have amended the financial statements to reflect the actuarial review of the impact of the McCloud judgement and GMP equalisation for the Firefighters Pension Scheme.</p> <p>Having considered the potential impact of the McCloud judgement and GMP equalisation on the Local Government Pension Scheme, management did not consider the potential impact to be material. The financial statements have therefore not been amended and a 'contingent liability' disclosure has been included. We are satisfied this has no impact upon our audit opinion but as we consider this to be an unadjusted audit difference we obtained the Audit & Standards Committee agreement to management's decision and specific reference in the Letter of Representation.</p>

Audit of the Financial Statements (continued)

Pension Fund Significant Audit Risks

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

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of Level 3 (hard to value) Investment Assets</p> <p>The Fund revalues its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£211.2 million) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Under ISA (UK) 315 - <i>Identifying and Assessing the risks of Material Misstatement through Understanding the Entity and its Environment</i>, significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers and the custodians as valuation experts to estimate the fair value as at 31 March 2019.</p> <p>We therefore identified valuation of Level 3 investments as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes for valuing Level 3 investments reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments to ensure that the requirements of the CIPFA Code on Local Authority Accounting are met for a sample of investments, tested the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. We have reconciled those values to the values at 31 March 2019 with reference to known movements in the intervening period. 	<p>Management estimate the value of investment assets at the year end. Subsequently, the Council receives quarterly valuation reports in arrears from investment managers. During the course of our work we noted that the fund's value of Level 3 holdings varied by £14.4m to the confirmation received from investment managers.</p> <p>The Council's estimation approach is required due to the earlier reporting deadlines. The variance noted is above triviality but below our performance materiality and therefore in line with the acceptable difference for assessing the estimate. Ultimately we are satisfied that the Council's estimation approach is not unreasonable and therefore appropriate.</p>

Audit of the Financial Statements (continued)

Audit opinion

We gave an unqualified opinion on the Council's financial statements on 31 July 2019.

Preparation of the financial statements

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

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit and Standards Committee on 24 July 2019.

Annual Governance Statement and Narrative Report

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

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

Pension fund accounts

We gave an unqualified opinion on the pension fund accounts of Warwickshire Pension Fund on 31 July 2019. We also reported the key issues from our audit of the pension fund accounts to the Council's Audit and Standards Committee on 24 July 2019.

Whole of Government Accounts (WGA)

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO. We issued an assurance statement which did not identify any issues for the group auditor to consider on 19 August 2019.

Other statutory powers

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

We received one question in relation to the Council's 2017-18 accounts in respect of the use of dedicated schools grant. We concluded that we were not required to exercise our other statutory powers in respect of the matter raised with us.

Certification of 2017-18 Certification of Teachers Pension return

As noted in Appendix A, since our last Annual Audit Letter we have provided non-audit services in respect of certifying the Council's 2017-18 Teachers Pension return. A revised End of Year of Certificate was provided for review. We noted exceptions in respect of information held within the Council's records and that held on Teachers' Pensions employer portal. This was as a result of issues with the Monthly Data Collections through 2017/18 and therefore the employer portal not being up-to-date. This issue was rectified during 2018-19 and the matter was included in our report to Teachers' Pensions dated 29 November 2018.

Certificate of closure of the audit

We are unable to certify the closure of the 2018-19 audit of Warwickshire County Council. This is due to outstanding consideration of an objection to the 2017-18 accounts and review of the pension fund annual report for consistency with the financial statements.

We concluded our work in respect of two objections raised with us in 2015-16 in respect of highways related matters. Whilst there are some improvement areas we have identified for the Council we concluded that we were not required to exercise any of our other statutory powers in respect of the matters raised. These will be reported in detail to the November 2019 Audit and Standards Committee. As we have concluded our work we certified the 2015-16 and 2016-17 audits closed on 23 August 2019.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

- *In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work. The risks we identified and the work we performed are set out below.

As part of our Audit Findings report agreed with the Council in July 2019, we agreed recommendations to address our findings.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Financial Sustainability</p> <p>In 2018/19 the Council was in the final year of its 'One Organisational Plan' and while it has a strong track record in this area the delivering of in-year budgets and savings targets remains a significant risk against the backdrop of a challenging Local Government landscape. This risk relates to the sub-criteria of Sustainable Resource Deployment as defined in NAO guidance.</p>	<p>We focused our work on the significant risk that we identified in the Council's arrangements in relation to financial sustainability and delivery of the medium term financial plan. In arriving at our conclusion, our main considerations were:</p> <ul style="list-style-type: none"> • Outturn in the period to planned budget • Review of the Council's Medium Term Financial Plan and financial monitoring reports, including arrangements to set a balanced budget for the 2019-20 financial period and assessing the assumptions used; and, • Plans for future following the end of the current One Organisational Plan 	<p>In 2018/19:</p> <ul style="list-style-type: none"> • 56% or 35 key business measures achieved target while 37% or 23 of these are behind target. • The reported underspend at 31 March 2019 is £14.213m equivalent to 2.89% of the Council's annual revenue budget. This figure compares favourably to forecast underspend of £1.651m. • In regard to savings, the Council delivered £1.3m in 2018/19 ahead of schedule • On an individual directorate level, overspends were identified, Cabinet has agreed that these will be funded from general reserves • Financial performance is reported to the Cabinet for monitoring and scrutiny on a quarterly basis <p>The 2019/ 20 budget process:</p> <ul style="list-style-type: none"> • The Council has set a balance budget of £298.377m for 2019/20. This includes savings to be generated of £14.221m. • The assumptions in the 2019/20 budget appear reasonable and in line with our expectation <p>MTFP:</p> <ul style="list-style-type: none"> • The Council has undertaken a significant amount of work in 2018/19 in relation to the transformation programme which will lay the foundations for the medium term outlook. • We note that while resources continue to increase so do the cost pressures and rise in demand. This creates a cumulative £30m gap in the budget by 2025. The proposition is that this will be met by savings over the lifetime of the MTFP of which a number of options have been put forward by directorates. • The Council predict healthy cash balances during the period as loan repayments are made and borrowing decreases. <p>We are satisfied that overall the Council have adequate arrangements in place to ensure the ongoing financial sustainability of the organisation.</p> <p>This includes achievement of the 2018/19 financial plan and therefore demonstrating an ability to manage resources in order to meet targets set, as well as having the appropriate mechanisms in place to develop robust medium term strategies based on reasonable underlying assumptions. In addition to this, the financial position per the balance sheet of the Council at 31 March 2019 is strong and compares favourably to peers in the sector and therefore gives further comfort over financial sustainability.</p> <p>We note the fact that the Medium Term Financial Plan is underpinned by a number of assumptions and also includes the achievement of challenging savings targets. Although the Council has a strong track record in this area, this remains a significant risk to overall financial sustainability in what are increasingly uncertain times. We will continue to monitor this going forward</p>

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

A. Reports issued and fees

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

Reports issued

Report	Date issued
Audit Plan	7 March 2019
Audit Findings Report	24 July 2019
Annual Audit Letter	29 August 2019

Audit fee variation

As outlined in our audit plan, the 2018-19 scale fees published by PSAA of £72,795 for the Council and £18,396 for the Pension Fund assume that the scope of the audit does not significantly change.

There are a number of areas where the scope of the audit has changed at the Council which has led to additional work and we have received requests from other auditors in respect of actuarial disclosures accounted for under IAS 19 in the financial statements of their clients. These matters and our proposed fee variations are set out in the following tables. The £81,795 fee proposed for the council's audit represent a 13.5% statutory audit fee reduction on the prior year.

The proposed variations have been discussed with the Strategic Director for Resources who recognises the impact upon our audit work of the McCloud ruling (Item 1) and assurance requests (Item 4). In respect of Items 2 and 3 the Council's view is that these would appear to be regulatory risks that auditors should bear through the existing contract. We have therefore been asked for, and are in the process of providing, further information in respect of the additional work undertaken to support the fee variation. All fee variations are subject to approval and, if necessary, an arbitration and dispute process, with Public Sector Appointments Ltd (PSAA).

Fees

	Planned £	Proposed fees £	2017/18 fees £
Council Audit	72,795	81,795	94,539
Pension Fund Audit	18,396	24,396	25,220
Total fees	91,191	106,191	119,759

Area	Reason	Fee proposed
Council		
1. Assessing the impact of the McCloud ruling	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	£3,000
2. Pensions – IAS 19	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this.	£3,000
3. PPE Valuation – work of experts	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	£3,000
Pension Fund		
4. Pensions – assurance to other auditors	We have provided responses to the request for assurance from other auditors in respect of the actuarial disclosures accounted for under IAS 19 in the financial statements of their clients. Both PSAA, in the Terms of Appointment, and the National Audit Office, in its Auditor Guidance Notes, expects that auditors will cooperate with other local government auditors and therefore we are required to respond to such requests.	£6,000
Total		£15,000

A. Reports issued and fees (continued)

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

Fees for non-audit services

Service	Fees £
Audit related services - Certification of Teachers Pension Return	5,200
Non-Audit related services - CFO Insights	10,000

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council and Pension Fund. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council and Pension Fund's auditor and have ensured that appropriate safeguards are put in place.

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

Our commitment to our local government clients

- Senior level investment
- Local presence enhancing our responsiveness, agility and flexibility.
- High quality audit delivery
- Collaborative working across the public sector
- Wider connections across the public sector economy, including with health and other local government bodies
- Investment in Health and Wellbeing, Social Value and the Vibrant Economy
- Sharing of best practice and our thought leadership.
- Invitations to training events locally and regionally – bespoke training for emerging issues
- Further investment in data analytics and informatics to keep our knowledge of the areas up to date and to assist in designing a fully tailored audit approach

Our relationship with our clients– why are we best placed?

- We work closely with our clients to ensure that we understand their financial challenges, performance and future strategy.
- We deliver robust, pragmatic and timely financial statements and Value for Money audits
- We have an open, two way dialogue with clients that support improvements in arrangements and the audit process
- Feedback meetings tell us that our clients are pleased with the service we deliver. We are not complacent and will continue to improve further
- Our locally based, experienced teams have a commitment to both our clients and the wider public sector
- We are a Firm that specialises in Local Government, Health and Social Care, and Cross Sector working, with over 25 Key Audit Partners, the most public sector specialist Engagement Leads of any firm
- We have strong relationships with CIPFA, SOLCAE, the Society of Treasurers, the Association of Directors of Adult Social Care and others.

New opportunities and challenges for your community

The Local Government economy

Local authorities face unprecedented challenges including:

- Financial Sustainability – addressing funding gaps and balancing needs against resources
- Service Sustainability – Adult Social Care funding gaps and pressure on Education, Housing, Transport
- Transformation – new models of delivery, greater emphasis on partnerships, more focus on economic development
- Technology – cyber security and risk management

At a wider level, the political environment remains complex:

- The government continues its negotiation with the EU over Brexit, and future arrangements remain uncertain.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.

Delivering real value through:

- Early advice on technical accounting issues, providing certainty of accounting treatments, future financial planning implications and resulting in draft statements that are 'right first time'
- Knowledge and expertise in all matters local government, including local objections and challenge, where we have an unrivalled depth of expertise.
- Early engagement on issues, especially on ADMs, housing delivery changes, Children services and Adult Social Care restructuring, partnership working with the NHS, inter authority agreements, governance and financial reporting
- Implementation of our recommendations have resulted in demonstrable improvements in your underlying arrangements, for example accounting for unique assets, financial management, reporting and governance, and tax implications for the Cornwall Council companies
- Robust but pragmatic challenge – seeking early liaison on issues, and having the difficult conversations early to ensure a 'no surprises' approach – always doing the right thing
- Providing regional training and networking opportunities for your teams on technical accounting issues and developments and changes to Annual Reporting requirements
- An efficient audit approach, providing tangible benefits, such as releasing finance staff earlier and prompt resolution of issues.

Grant Thornton in Local Government

Our client base and delivery



- We are the largest supplier of external audit services to local government
- We audit over 150 local government clients
- We signed 95% of our local government opinions in 2017/18 by 31 July
- In our latest independent client service review, we consistently score 9/10 or above. Clients value our strong interaction, our local knowledge and wealth of expertise.

Our connections



- We are well connected to MHCLG, the NAO and key local government networks
- We work with CIPFA, Think Tanks and legal firms to develop workshops and good practice
- We have a strong presence across all parts of local government including blue light services
- We provide thought leadership, seminars and training to support our clients and to provide solutions

Our people



- We have over 25 engagement leads accredited by ICAEW, and over 250 public sector specialists
- We provide technical and personal development training
- We employ over 80 Public Sector trainee accountants

Our quality



- Our audit approach complies with the NAO's Code of Audit Practice, and International Standards on Auditing
- We are fully compliant with ethical standards
- Your audit team has passed all quality inspections including QAD and AQRT

Our technical support



- We have specialist leads for Public Sector Audit quality and technical
- We provide national technical guidance on emerging auditing, financial reporting and ethical areas
- Specialist audit software is used to deliver maximum efficiencies



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