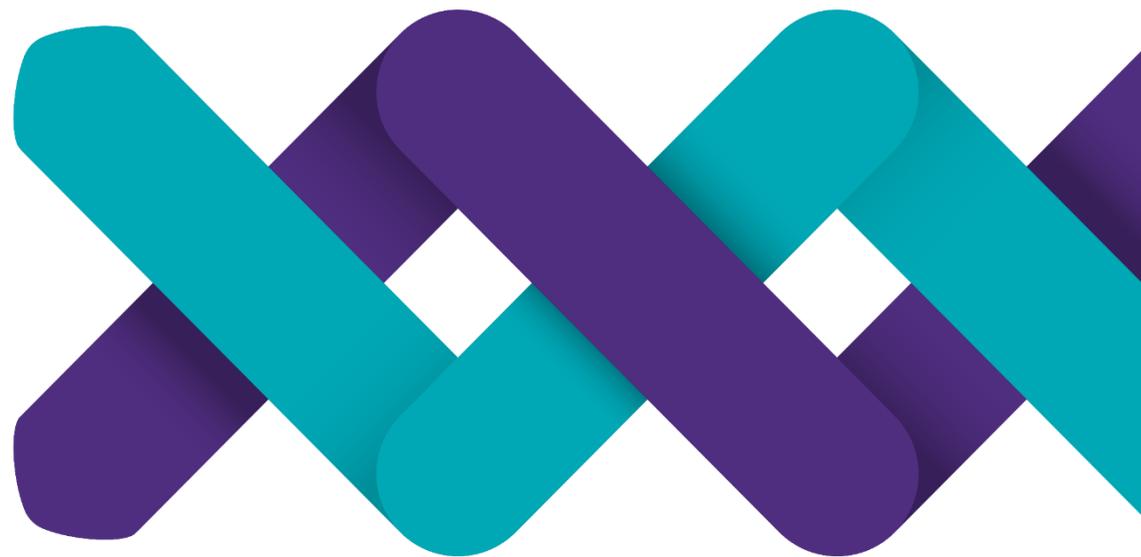


Audit Progress Report and Sector Update

City of Wolverhampton Council
Year ending 31 March 2019

10 June 2019



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Introduction



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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local Council; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit & Risk Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

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.

PSAA Contract Monitoring

City of Wolverhampton Council opted into the Public Sector Audit Appointments (PSAA) Appointing Person scheme which starts with the 2018/19 audit. PSAA appointed Grant Thornton as auditors. PSAA is responsible under the Local Audit (Appointing Person) Regulations 2015 for monitoring compliance with the contract and is committed to ensuring good quality audit services are provided by its suppliers. Details of PSAA's audit quality monitoring arrangements are available from its website, www.psa.co.uk.

Our contract with PSAA contains a method statement which sets out the firm's commitment to deliver quality audit services, our audit approach and what clients can expect from us. We have set out commitment to deliver a high quality audit service in the document at Appendix A. We hope this is helpful. It will also be a benchmark for you to provide feedback on our performance to PSAA via its survey in Autumn 2019.

Progress at June 2019

Financial Statements Audit

We have started planning for the 2018/19 financial statements audit and have issued a detailed audit plan, setting out our proposed approach to the audit of the City Council's 2018/19 financial statements.

We have undertaken our interim fieldwork which has included:

- Updated review of the control environment
- Updated understanding of financial systems
- Review of Internal Audit reports
- Early work on emerging accounting issues
- Early substantive testing

Findings in these areas are reported to you on pages 6 to 9.

The statutory deadline for the issue of the 2018/19 opinion is 31 July 2019. We have discussed our plans and timetable with officers and are well placed to meet this deadline.

The final accounts audit is due to begin in early June, with findings reported to the Audit and Risk Committee in our Audit Findings Report on 22 July 2019.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. 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". Note that this work applies to the Council only, and not the pension fund.

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*".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach was included in our Audit Plan. Findings to date are reported to you on page 8.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2019.

Other areas

Meetings

We met with the Section 151 Officer in April as part of our ongoing liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Our Financial Reporting Workshop which helps to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for accounts was attended by members of your finance team.

Publications

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018/19.	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit and Risk Committee setting out our proposed approach in order to give an opinion on the Council's financial statements.	December 2018	Complete
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	June 2019	This report refers
Audit Findings Report The Audit Findings Report will be reported to the July Audit and Risk Committee.	July 2019	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due
Annual Certification Letter This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2019	Not yet due

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	Conclusions and recommendations
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit reports issued to date. Under audit standards we are prevented from directing the work of internal audit and therefore cannot gain direct assurance from it; however we have not identified any significant weaknesses from our review of their work which impact upon our responsibilities.</p>	<p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • 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 Council and responsibility • Human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p> <p>We have ongoing discussions with the finance team and one item of discussion has been the Council's approach to the disclosure of its related parties, which has historically been long and time consuming to complete. This is because the ledger has been interrogated in order that all relationships could be disclosed, though not all relationships constitute related parties. This process is being revisited for this year which will make the disclosure more concise, while still complying with the requirements of the Code.</p>
Review of IT controls	<p>We have performed a high level review of the general IT control environment, as part of the overall review of the internal controls system.</p>	<p>Our work has identified no material weaknesses to date, which are likely to adversely impact on the Council's financial statements.</p>
Group accounts	<p>In our audit plan we reported that the materiality applied would be £16m for both the Council's as a single entity as well as the group. This has been amended slightly to ensure that the materiality applied to the group is larger. The group materiality is now £16.04m.</p>	<p>This will not negate the need for us to revisit materiality for both the single entity and group accounts when the draft financial statements are available. This will determine whether they require further amendment in light of the draft outturn position, as both figures are currently based on prior year signed financial statements.</p>

Results of Interim Audit Work (continued)

	Work performed	Conclusions and recommendations
Understanding business processes	<p>We have completed our documentation and understanding of those areas of the Council's financial statements which encompass significant transactions.</p> <p>This has included consideration of:</p> <ul style="list-style-type: none"> • Cash • Collection Fund • Payroll • Property, Plant and Equipment • Borrowings • Housing Revenue Account • Investments • Welfare Benefits Expenditure • Accounts Receivable and Payable. 	<p>Our work has not identified any weaknesses which impact on our audit approach.</p> <p>Note that we will conduct further walkthrough testing with regard to controls in place in respect of the valuation of the pension fund net liability, and the valuation of property plant and equipment, which we also identified to be a risk, when the actuary's and valuer's reports, respectively, are received during our audit.</p> <p>We are aware from our discussions with the finance team the valuers are proposing a change in methodology as to how schools are valued. This will involve taking into account the capacity of each school using pupil number. We agree with the Council's proposal that this constitutes a change in accounting estimate, rather than a change in accounting policy and as such the changes will be applied prospectively. This means that there will be no impact on the prior year figures as a result of the change in approach.</p>
Early substantive testing	<p>Early testing We have undertaken sample testing of transactions of fixed asset additions, operating expenses and fees and charges income up to month 9 (ie up to and including December 2018). We will top up this testing during our audit in June and July.</p> <p>Employee Remuneration We have undertaken substantive analytical review of payroll up to month 9. We have performed two substantive analytical procedures because the Council uses two payroll systems; one for teachers (school) and one for non-teachers (council). The standard hours for teachers (32.4hours weekly) and non-teachers (37 hours weekly) are also different and therefore impact our review. We will top up this testing during our audit of the financial statements.</p> <p>Journals We have conducted a review of the control environment in relation to journals and are satisfied that control are appropriate. We have begun our testing in this areas but will need to top it up for the final few months of the year during our next visit.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach or findings which we need to your attention.</p>

Results of Interim Audit Work (continued)

	Work performed	Conclusions and recommendations
<p>Value for money</p>	<p>In our audit plan we identified the following matters, which we determined were worthy of further consideration and were therefore designated as 'significant risks':</p> <p>Financial resilience We have discussed your financial plans with key officers and reviewed the Final Budget Report for 2019/20 and the Council's Financial Strategy for beyond 2019/20 (which were presented to Council in March 2019) . We are satisfied that the Council has firm plans in place for 2019/20. The budget for 2019/20 is in balance without the use of general reserves and the section 151 Officer has indicated that the 2019/20 budget estimates are robust.</p> <p>However, a further £27.3 million needs to be identified for 2020/21 and £40 to £50 million over the medium term in order to address the projected future budget deficits. Whilst the positive forecast General Fund outturn position during 2018/2019 (an underspend of approximately £95k as at quarter 3) will help to support the Council's short term financial position, it does not address the challenging financial position that the Council finds itself in over the medium term. Namely, identifying an additional £27.3 million of budget reduction and income generation proposals over the period to 2020/2021,</p> <p>As would be expected our work in this area is still ongoing pending the outturn for the year ending 31 March 2019 and any subsequent impact on future years, as well as our consideration of available reserves, borrowing levels and receipt of plans for bridging the 2020/21 gap.</p> <p>Strategic Asset Management The Strategic Asset Plan was approved at Cabinet in October 2018 and has since been published on the Council's internet site. The plan comprises three documents:</p> <ul style="list-style-type: none"> • Asset Management Policy (5 year outlook) • Asset Management Strategy (3 year outlook) • Asset Management Action Plan (live document with continuous monitoring). <p>As part of the Corporate Plan there is a principal called 'Our Assets', which is to be an enabler for public service reform, through better utilisation of the collective public sector assets in the city. This will oversee the rationalisation of the estate, improve effectiveness and efficiency of services through co-location of service delivery and reduce ongoing maintenance costs.</p> <p>In our audit plan our focus was on revisiting the Council's progress against producing an asset plan for the current year, as we had recognised that in previous years the speed of implementation was slow. Now that a plan is in place, we no longer consider there to be a residual significant risk in relation to this matter.</p> <p>continued overleaf</p>	<p>We will continue to review key papers and hold discussions with key officers over the coming months to determine the impact, if any, on our VFM conclusion, and will report back to the Audit and Risk Committee in our Audit Findings Report in July.</p>

Results of Interim Audit Work (continued)

	Work performed	Conclusions and recommendations
<p>Value for money</p>	<p>Civic Halls</p> <p>It was reported in the Annual Governance Statement update to Audit and Risk Committee in March 2019, that the Council has begun to action the recommendations raised in the lessons learned reports from internal audit, such that the new governance structure and project management structure for the Civic Halls has now been fully implemented and is helping to drive delivery of the project.</p> <p>From a risk perspective, the Civic Halls risk sits as an Amber risk on the Council's Strategic risk register and is reviewed on a quarterly basis by both the risk owner and the Corporate Leadership Team. The Audit and Risk Committee has also kept an oversight of the risk and the lessons learnt reports and regularly request updates regarding Civic Halls.</p> <p>A report was presented to Cabinet (Resources) Panel on 5 March 2019 regarding the next steps for the programme i.e. approving the design, awarding of the contract to the existing contractor, and proceeding to the delivery stage. This refers to an agreed budget envelope of £38.1 million for the revised design and refurbishment, assurances about which have been given by officers to Audit Committee to confirm that this will not be exceeded.</p> <p>While we can see that the progress is being monitored, we have asked for additional information as follows:</p> <ul style="list-style-type: none"> • What are the costs spent to date on the project? • Does this identify what has been delivered against what should have been delivered? • Is the Council able to quantify what the issues identified in the lessons learned report has cost it? <p>Upon receipt of this information (and any subsequent questions that arise) we will determine whether or not the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p>	<p>We will continue to review key papers and hold discussions with key officers over the coming months to determine the impact, if any, on our VFM conclusion, and will report back to the Audit and Risk Committee in our Audit Findings Report in July.</p>

Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Audit and Risk Committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Institute of Fiscal Studies: Impact of ‘Fair Funding Review’

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government’s ‘Fair Funding Review’ is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils’ differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

Accounting for councils’ spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG’s funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of ‘spending needs’ and ‘needs indicators’, and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

Accounting for councils’ revenues

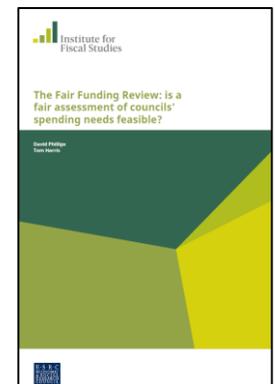
The biggest source of locally-raised revenue for councils is and will continue to be council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.



National Audit Office – The health and social care interface

The NAO has published its latest ‘think piece on the barriers that prevent health and social care services working together effectively, examples of joint working in a ‘whole system’ sense and the move towards services centred on the needs of the individual. The report aims to inform the ongoing debate about the future of health and social care in England. It anticipates the upcoming green paper on the future funding of adult social care, and the planned 2019 Spending Review, which will set out the funding needs of both local government and the NHS.

The report discusses 16 challenges to improved joint working. It also highlights some of the work being carried out nationally and locally to overcome these challenges and the progress that has been made. The NAO draw out the risks presented by inherent differences between the health and social care systems and how national and local bodies are managing these.

Financial challenges – include financial pressures, future funding uncertainties, focus on short-term funding issues in the acute sector, the accountability of individual organisations to balance the books, and differing eligibility criteria for access to health and social care services.

Culture and structure – include organisational boundaries impacting on service management and regulation, poor understanding between the NHS and local government of their respective decision-making frameworks, complex governance arrangements hindering decision-making, problems with local leadership holding back improvements or de-stabilising joint working, a lack of co-terminus geographic areas over which health and local government services are planned and delivered, problems with sharing data across health and social care, and difficulties developing person-centred care.

Strategic issues – include differences in national influence and status contributing to social care not being as well represented as the NHS, strategic misalignment of organisations across local systems inhibiting joint local planning, and central government’s unrealistic expectations of the pace at which the required change in working practices can progress..

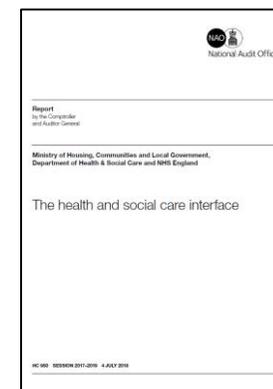
This ‘think piece’ draws on the NAO’s past work and draws on recent research and reviews by other organisations, most notably the Care Quality Commission’s review of health and social care systems in 20 local Council areas, which it carried out between August 2017 and May 2018. The NAO note that there is a lot of good work being done nationally and locally to overcome the barriers to joint working, but often this is not happening at the scale and pace needed.

The report is available to download from the NAO’s website at:
<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

The health and social care interface

Challenge question:

Has the Audit and Risk Committee considered the 16 challenges to joint working and what can be done to mitigate these?



Care Homes for the Elderly – Where are we now?

It is a pivotal moment for the UK care homes market. In the next few months the government is to reveal the contents of its much-vaunted plans for the long-term funding of care for older people.

Our latest Grant Thornton report draws together the most recent and relevant research, including our own sizeable market knowledge and expertise, to determine where the sector is now and understand where it is heading in the future. We have spoken to investors, providers and market consultants to showcase the diversity and innovation that care homes can offer.

Flourishing communities are not a 'nice to have' but an essential part of our purpose of shaping a vibrant economy. Growth simply cannot happen sustainably if business is disconnected from society. That is why social care needs a positive growth framing. Far from being a burden, the sector employs more people than the NHS, is a crucible for technological innovation, and is a vital connector in community life. We need to think about social care as an asset and invest and nurture it accordingly.

There are opportunities to further invest to create innovative solutions that deliver improved tailored care packages to meet the needs of our ageing population.

The report considers a number of aspects in the social care agenda

- market structure, sustainability, quality and evolution
- future funding changes and the political agenda
- the investment, capital and financing landscape
- new funds and methods of finance
- future outlook.

The decline in the number of public-sector focused care home beds is a trend that looks set to continue in the medium-term. However, it cannot continue indefinitely as Grant Thornton's research points to a significant rise in demand for elderly care beds over the coming decade and beyond.

A strategic approach will also be needed to recruit and retain the large number of workers needed to care for the ageing population in the future. Efforts have already begun through education programmes such as Skills for Care's 'Care Ambassadors' to promote social care as an attractive profession. But with the number of nurses falling across the NHS as well, the Government will need to address the current crisis.

But the most important conversation that needs to be had is with the public around what kind of care services they would like to have and, crucially, how much they would be prepared to pay for them. Most solutions for sustainable funding for social care point towards increased taxation, which will generate significant political and public debate. With Brexit dominating the political agenda, and the government holding a precarious position in Parliament, shorter-term funding interventions by government over the medium-term look more likely than a root-and-branch reform of the current system. The sector, however, needs to know what choices politicians, and society as a whole, are prepared to make in order to plan for the future.

Copies of our report can be requested on our website



Grant Thornton

Challenge question:

How effective is the Council's engagement with the social care sector?



In good company: Latest trends in local Council trading companies

Our recent report looks at trends in LATC's (Local Government Council Trading Companies). These deliver a wide range of services across the country and range from wholly owned companies to joint ventures, all within the public and private sector.

Outsourcing versus local Council trading companies

The rise of trading companies is, in part, due to the decline in popularity of outsourcing. The majority of outsourced contracts operate successfully, and continue to deliver significant savings. But recent high profile failures, problems with inflexible contracts and poor contract management mean that outsourcing has fallen out of favour. The days of large scale outsourcing of council services has gone.

Advantages of local Council trading companies

- Authorities can keep direct control over their providers
- Opportunities for any profits to be returned to the council
- Provides suitable opportunity to change the local Council terms and conditions, particularly with regard to pensions, can also bring significant reductions in the cost base of the service
- Having a separate company allows the Council to move away from the constraints of the councils decision making processes, becoming more agile and responsive to changes in demand or funding
- Wider powers to trade through the Localism act provide the company with the opportunity to win contracts elsewhere

Choosing the right company model

The most common company models adopted by councils are:

Wholly
owned

Joint
Ventures

Social
Enterprise

Wholly owned companies are common because they allow local authorities to retain the risk and reward. And governance is less complicated. Direct labour organisations such as Cormac and Oxford Direct Services have both transferred out in this way.

JVs have become increasingly popular as a means of leveraging growth. Pioneered by Norse, Corserv and Vertas organisations are developing the model. Alternatively, if there is a social motive rather than a profit one, the social enterprise model is the best option, as it can enable access to grant funding to drive growth.

Getting it right through effective governance

While there are pitfalls in establishing these companies, those that have got it right are: seizing the advantages of a more commercial mind-set, generating revenue, driving efficiencies and improving the quality of services. By developing effective governance they can be more flexible and grow business without micromanagement from the council.

LATC's need to adapt for the future

- LATC's must adapt to developments in the external environment
 - These include possible changes to the public procurement rules after Brexit and new local Council structures. Also responding to an increasingly crowded and competitive market where there could be more mergers and insolvencies.
- Authorities need to be open to different ways of doing things, driving further developments of new trading companies. Relieving pressures on councils to find the most efficient ways of doing more with less in today's austere climate.

Overall, joint ventures can be a viable alternative delivery model for local authorities. Our research indicates that the numbers of joint ventures will continue to rise, and in particular we expect to see others follow examples of successful public-public partnerships.



[Download the report here](#)

Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<https://www.grantthornton.co.uk/en/insights/a-caring-society/>

<https://www.grantthornton.co.uk/en/insights/care-homes-where-are-we-now/>

<https://www.grantthornton.co.uk/en/insights/the-rise-of-local-Council-trading-companies/>

National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>

<https://www.nao.org.uk/report/local-Council-governance-2/>

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>

Public Sector Audit Appointments

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

Local Government audits 2018/19 and beyond

Grant Thornton's External Audit commitment

Audit 2018/19

Our team



Mark Stocks, Engagement Lead

As your engagement lead, Mark will have the ultimate responsibility for the delivery of your audit service. He will lead our relationship with the Council and take overall responsibility for delivering high quality audits, which meet the highest professional standards while adding value.

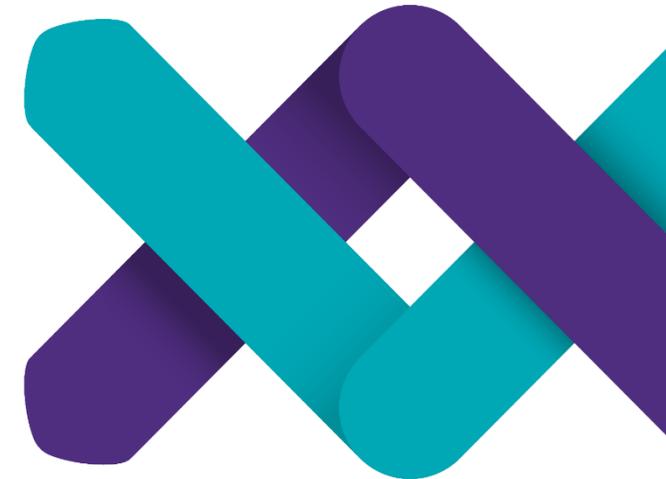


Nicola Coombe, Audit Manager

As the engagement manager, Nic is responsible for overseeing the delivery of our service and managing the audit process.

"I have always been extremely pleased with the work done by colleagues from Grant Thornton, there is continuity of staff delivering the team who presented the bid. This continuity remains through the cycle of work that takes place during the year; allowing the team to continue to understand the corporate objectives whilst allowing us to ensure we comply with the required standards. The team are very friendly and approachable with an accommodating style".

Director of Finance, local audited body



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



"I have found Grant Thornton to be very impressive.....they bring a real understanding of the area. Their insights and support are excellent. They are responsive, pragmatic and, through their relationship and the quality of their work, support us in moving forward through increasingly challenging times. I wouldn't hesitate to work with them."

Director of Finance, County Council



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, SOLACE, the Society of Treasurers, the Association of Directors of Adult Social Care and others.
- We propose a realistic fee, based on known local circumstances and requirements.

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 Council 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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