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TRAFFORD
COUNCIL

AGENDA PAPERS MARKED “TO FOLLOW” FOR ACCOUNTS AND AUDIT COMMITTEE MEETING

Date: Wednesday, 20 March 2013

Time: 6.30 pm

**Place: Rooms 7 and 8, Ground Floor, Quay West, Trafford Wharf Road, Trafford
Park, Manchester, M17 1HH**

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4. ANNUAL GOVERNANCE STATEMENT 2011/12 - GOVERNANCE ISSUE UPDATE: WORKFORCE PLANNING		
To consider a report of the Director of Human Resources.		1 - 6
6. AUDIT PLAN 2012/13		
To receive a report from the Council’s External Auditor.		7 - 26

THERESA GRANT
Chief Executive

Membership of the Committee

Councillors M. Whetton (Chairman), Mrs. L. Evans (Vice-Chairman), J. Baugh,
C. Boyes, B Brotherton, P. Lally and T. Ross

Further Information

For help, advice and information about this meeting please contact:

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This agenda was issued on **Thursday, 14 March 2013** by the Legal and Democratic Services Section, Trafford Council, Quay West, Trafford Wharf Road, Trafford Park, Manchester, M17 1HH.

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 20th March 2013
Report for: Information
Report of: Joanne Hyde, Director of Human Resources

Report Title

Annual Governance Statement – 2011/12 – Update

Purpose of the Report

To provide the Committee with an update on progress in delivering improvements in the following control issues identified in the 2011/12 Annual Governance Statement:

Continue to develop the agenda around workforce planning, leadership, management and workforce development.

Recommendations

The Accounts and Audit Committee are asked to note the report.

Contact person for access to background papers and further information

Name: Lisa Hooley, Head of Workforce and Core Strategy

Extension: 4670

1. Introduction

There have been significant developments in the wider leadership, management and workforce development agenda since the launch of the new Human Resources service in April 2011, together with on-going improvements to streamline processes and to provide further efficiencies.

This paper gives an overview of current HR projects and a range of initiatives that are underway or in development.

2. HR Projects Update

SWiTch – Project SWiTch has delivered a core HR and Payroll system, which was successfully launched in July 2011. Manager and employee self-service functionality has now been rolled-out to around a third of council employees and the second phase will focus on introducing this facility to schools and hard-to-reach groups, such as catering and care. The Learning and Development module will go live on 1st April 2013 and, in order to support this, all training records will be migrated from historical databases into the new system. Self-service for learning and development – such as course bookings linked to Personal Development Reviews and improved access to training opportunities – is due to be developed over the next 6-months, although work across the 3 councils (Trafford, Stockport and Wigan) will determine the priority areas for the collaboration. Comprehensive establishment information, which details budgeted hours and hours in use, is provided to Directors and Senior Managers each month; this gives vacancy ratios and informs discussions regarding service demands, recruitment needs and structures.

Training and Development – Detailed training plans for each Directorate and cross-council have been developed and agreed and the delivery of these is based on priority i.e. statutory, mandatory or service-critical. Trafford is the lead authority for the AGMA training procurement framework and preferred suppliers are in place for each category of statutory/mandatory training. A sub-group is being formed in order to further develop the framework and to evaluate usage to date, monitor take-up across AGMA and assess the level of savings achieved. Work is continuing to determine the most appropriate training delivery methods and to channel shift, where appropriate, in order to make further efficiencies. To support this, an AGMA e-learning framework with Virtual College has been launched and Wigan Council is currently leading on the further development of this initiative. Trafford has also, this month, taken responsibility for chairing and re-launching the AGMA OD group and the first meeting was held on 5th March. A 12-month work programme is currently being developed and potential areas for collaboration include employee engagement, competency frameworks and the need for skills transfer in ever-changing environments.

3. Organisational Development (OD) Initiatives

The following initiatives are on-going or planned:

3.1 Internal Apprenticeships

The Council's internal apprenticeship programme was launched in October 2011 with the aim of providing opportunities at the Council for residents across the

board, but with a particular focus on young people aged 16-24 and care leavers, where the Council is the Corporate Parent.

52 apprentices have been recruited onto the programme to-date across a broad range of disciplines; 39 of these are still undertaking their apprenticeships and a further 5 have secured permanent employment with the Council. We are also in the process of recruiting to a further 6 apprenticeship vacancies.

Of the 39 current apprentices, 10% (4) are care leavers, 74% (29) are aged 16-24 and 67% (26) are residents of the borough.

To further support our care leavers, helping them with the transition into employment, we are currently developing a pre-apprenticeship programme. In addition, taster sessions will be held during the school holidays, to enable young care leavers to gain an understanding of the work environment and the range of roles and careers open to them.

To mark National Apprenticeship Week (11th to 15th March 2013), a range of promotional activities have taken place, including an 'Are you Ready for Work' event, hosted by Trafford College on 27th February, Events City - the largest regional jobs fair aimed at Y11 upwards - on 6th and 7th March, Care and JCP Apprenticeship promotional events, a Key 103 branded tour bus, with have a go activities, podcasts and materials promoting apprenticeships, visited 2 schools per day across Greater Manchester, including 2 Trafford schools (Sale High on 13th March and Wellacre Academy on 15th March), an apprenticeships fair for Y11 at Ashton-on-Mersey High school and an event with ITV/MACE showcasing construction skills.

The Council's Human Resources service also leads on the external apprenticeship agenda and there have been a number of successes to-date, including the launch of Trafford's Construction Apprenticeship Programme in November 2012 resulting in 14 apprenticeship placements, 34 residents securing apprenticeship placements through the Greater Manchester Commitment to Youth Employment and an 18% increase in apprenticeship starts in Trafford, rising from 1600 in 2010/11 to 1891 in 2011/12.

3.2 Employee Survey

An employee survey was conducted during 2012 and, following this, cross-organisational focus groups were held with staff and managers. The purpose of the focus groups was for attendees to consider the themes from the survey in greater depth, with a view to making suggestions for improvement. The survey covered 8 subject areas: The Organisation, My Job, Senior Managers, Communication, My Immediate Manager, Health and Wellbeing, Change and Training and Development.

Much of the feedback received evidenced that there is a need to raise awareness amongst staff of existing provisions and mechanisms already in place i.e. leadership development training for managers, employee recognition schemes and health and wellbeing activities. In addition, many of the suggestions for improvement are already in development, for example, a review of the Performance Development Review process and the introduction of coaching and mentoring schemes.

The employee survey has provided a valuable source of information, which will enable the Council to re-visit its objectives and inform future strategies. A draft, detailed improvement plan will shortly be presented to the Corporate Management Team for approval.

3.3 Employee Value Proposition

In addition to our internal employee survey, the Council has also agreed to work in partnership with the Local Government Association to undertake a web-based Employee Value Proposition (EVP) survey and be part of a wider case study and benchmarking project on employee engagement activities within local government.

EVP is an innovative approach to assessing and managing employee engagement, to significantly improve people performance, well-being, productivity, efficiency and effectiveness within organisations. There are 12 EVP elements; psychological contract, employer contribution, employee contribution, perceived organisational support, job engagement, efficacy, organisational engagement, overall satisfaction, conversational practice (solutions and performance focused), job pressure, workplace tensions and personality and these form the basis of the questioning in the employee survey.

There are a number of benefits to the organisation in participating in this activity; the results should complement the findings from the internal employee survey and further inform the action plan and would also provide valuable information to support the review of the PDR process and associated training needs analysis. In addition, determining what employees believe both their and the Council's contribution should be to the 'employment deal' will help to inform and work towards the development of the new People Strategy.

The project plan for the roll-out of this survey – which includes the timeline, identification of the staff groups to be surveyed and promotion/communication approach – is currently being finalised.

3.4 People Strategy

An indicative timescale of summer 2012 was originally provided to the Accounts and Audit Committee for the development of a Workforce/People Strategy. However, it is now aimed to have this ready for implementation early in the new financial year; this will ensure that it is informed by the findings of the employee and EVP surveys, is fit for purpose in line with the new shape and size of the organisation and is aligned with the Council's move towards locality working. In addition, thorough research and benchmarking has been undertaken, both across AGMA and on a national level.

3.5 Leadership Development, Mentoring and Coaching

Over the last 12-months, a leadership development training programme (Leading Change through Challenging Times) has been delivered to managers across the organisation. To-date, 50% of nominated managers have attended the training and sessions continue to be held on a monthly basis. Managers are provided with a practical toolkit, including change and stress management tools and techniques; in addition, the training is also used to emphasise other cross-council initiatives i.e. the employee survey.

Following on from the successful roll-out of this training, we are also keen to further equip managers through the provision of coaching skills. Coaching is proven to be a highly effective way of developing individual and organisational performance and can deliver considerable benefits, helping managers to get the most from their teams, boosting employee engagement and developing high-performing teams.

The aim is for a nominated group of managers, together with members of the training and development team, to attend a 'Train the Trainer' programme, following which they would assist in delivering a 2-day Coaching Skills course to managers across the organisation. Nominations to attend this programme are currently being sought.

In addition to coaching skills, 43 managers across the organisation have recently been trained as mentors. These managers are in the process of being matched with young job seekers across the borough and each will also be matched with one of our internal apprentices.

3.6 Work Experience, Trainee and Internships

A structured work experience programme is currently being developed, with a view to providing 1-week placements to schools across the borough (with a particular focus on those schools located within areas of deprivation) around June-time and also placements to students at Trafford College from September for 1-day a week. In addition, the Council has signed up to the 'Lawyers in

Schools' initiative and members of the Legal team will be visiting Trafford schools, to talk to pupils who are interested in a career in law and promote the profession within the local government environment. This programme will then be further developed to offer work experience opportunities within the Legal team, leading to trainee and apprenticeship opportunities.

The Council is also working in partnership with Trafford College, Pure Innovations and the Central Manchester Foundation Trust to provide 10-month work experience placements for up to 10 learning-disabled adults. It is anticipated that Trafford will provide supported employment placement to 2 individuals within this cohort.

In addition, a bid proposal for a paid internship scheme for ex-forces people was submitted to the Ministry of Defence Community Covenant Grant panel on 28th February 2013. The panel is due to meet on 14th March 2013 and a decision is expected shortly after this date. If approval is received, the scheme will offer 25 3-month paid internships; 18 with the Council, 5 within the Leisure Trust and 2 within Trafford Housing. The bid also includes a wide package of training and support for the individuals, including job search and interview skills, CV-writing, ICT training and access to counselling. In addition, the interns would also educate existing employees through the organisation of a physical or mental challenge event, which would help to promote the work of the Armed Forces and the individuals would also undertake volunteering activities to support the community.

4. Conclusion

It is recognised that the development of our workforce – both internal to the Council and across Trafford – is critical to the successful economic growth of the borough and the Council is continuing to drive a range of initiatives in order to maximise these opportunities.

The Accounts and Audit Committee is recommended to note the report contents and significant progress to date.



The Audit Plan for Trafford Council

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Year ended 31 March 2013

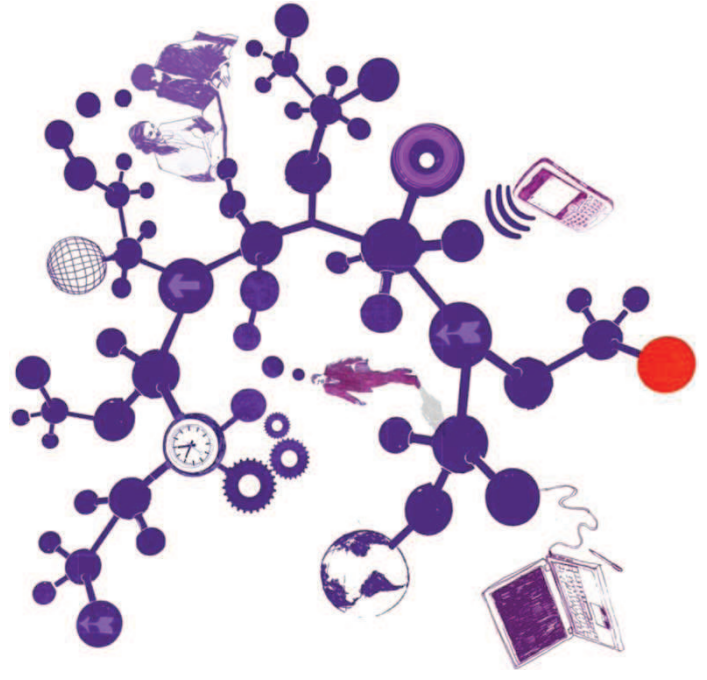
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council 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.

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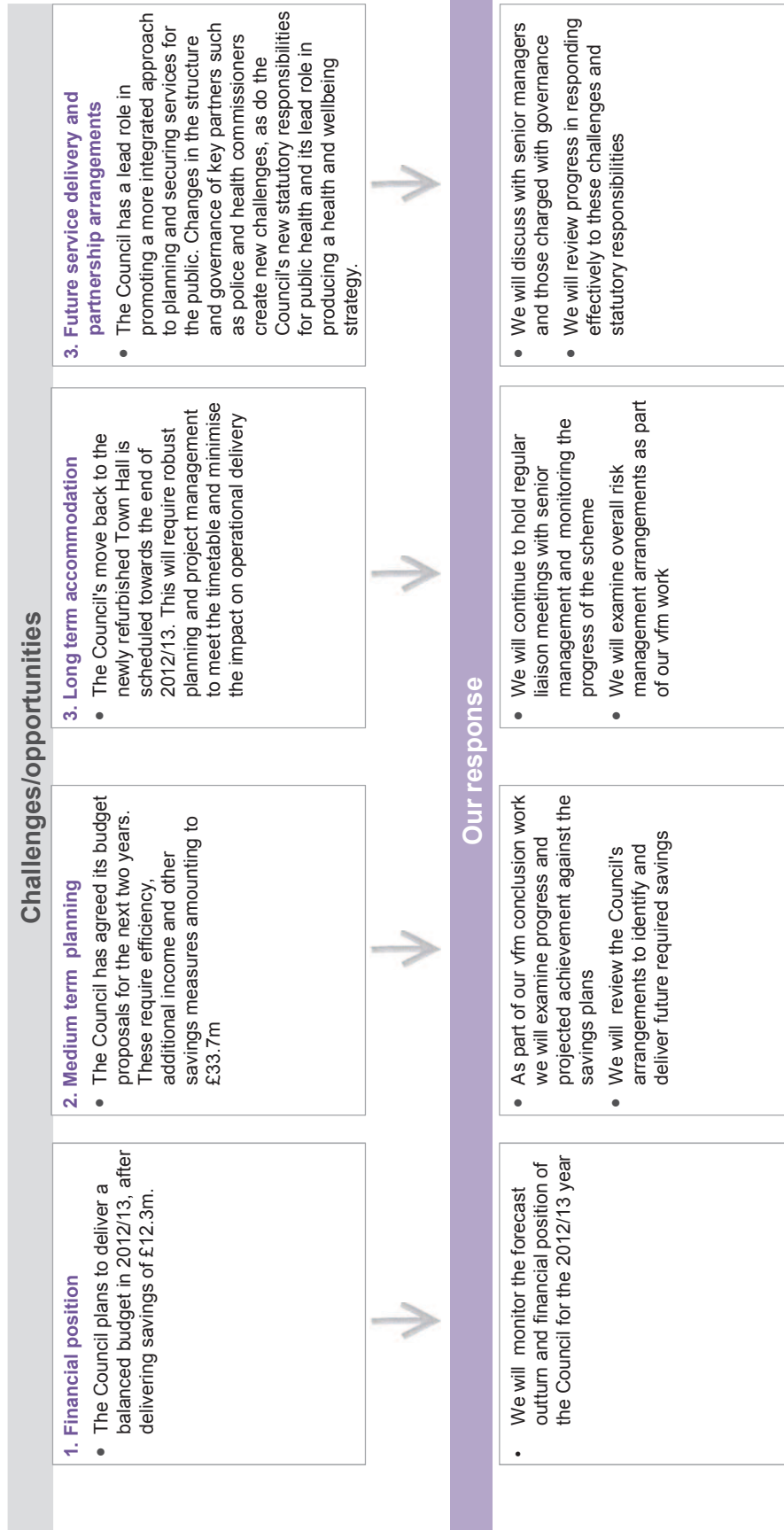
1. Understanding your business
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8. Results of interim work
9. Value for Money
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11. Fees and independence
12. Communication of audit matters with those charged with governance

Appendices

- A. Action plan

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

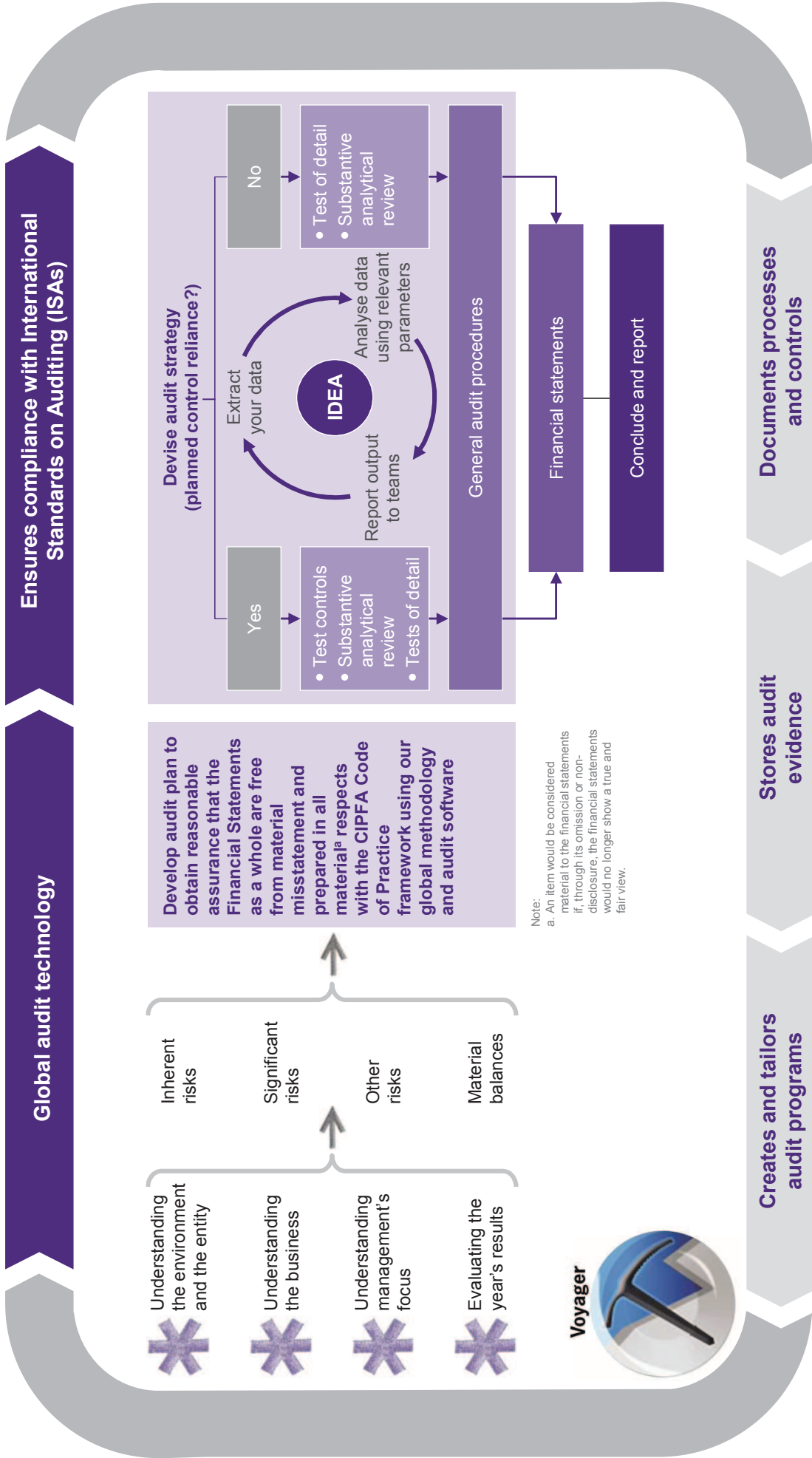


Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

Developments and other requirements	
<p>1. Financial reporting</p> <ul style="list-style-type: none"> • Changes to the CIPFA Code of Practice • Transfer of assets to Academies • Recognition of grant conditions and income 	<p>2. Legislation</p> <ul style="list-style-type: none"> • Local Government Finance settlement 2012/13 • Welfare reform Act 2012
<p>3. Corporate governance</p> <ul style="list-style-type: none"> • Annual Governance Statement (AGS) • Explanatory foreword 	<p>4. Continuing Financial Pressures</p> <ul style="list-style-type: none"> • Managing service provision with less resource • Identifying savings and service plans for the longer term
<p>5. Other requirements</p> <ul style="list-style-type: none"> • The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion • The Council completes grant claims and returns which require audit certification 	<p>Our response</p> <p>We will ensure that</p> <ul style="list-style-type: none"> • the Council complies with the requirements of the CIPFA Code of Practice through our substantive testing • schools are accounted for correctly and in line with the latest guidance issued by CIPFA • grant income is recognised in line with the correct accounting standard <p>We will discuss the impact of the legislative changes with the Council through our regular meetings with senior management and those charged with governance, providing our views where appropriate</p> <p>We will review the arrangements the Council has in place for the production of the AGS</p> <ul style="list-style-type: none"> • We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge from the audit <p>We will review the Council's performance against the 2012/13 budget, and service plans and savings for the longer term</p> <ul style="list-style-type: none"> • We will undertake a review of Financial Resilience as part of our VFM conclusion <p>We will carry out work on the WGA pack in accordance with requirements</p> <ul style="list-style-type: none"> • We will certify grant claims and returns in accordance with Audit Commission requirements

Our audit approach



An audit focused on risks

We undertake a risk based audit whereby we focus audit effort on those areas where we have identified a risk of material misstatement in the accounts. The table below shows how our audit approach focuses on the risks we have identified through our planning and review of the national risks affecting the sector. Definitions of the level of risk and associated work are given below:

Significant – Significant risks are typically non-routine transactions, areas of material judgement or those areas where there is a high underlying (inherent) risk of misstatement. We will undertake an assessment of controls (if applicable) around the risks and carry out detailed substantive testing.

Other – Other risks of material misstatement are typically those transaction cycles and balances where there are high values, large numbers of transactions and risks arising from, for example, system changes and issues identified from previous years audits. We will assess controls and undertake substantive testing, the level of which will be reduced where we can rely on controls.

None – Our risk assessment has not identified a risk of misstatement. We will undertake substantive testing of material balances. Where an item in the accounts is not material we do not carry out detailed substantive testing.

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Cost of services - operating expenses	Yes	Operating expenses	Medium	Other	Operating expenses understated	✓
Cost of services – employee remuneration	Yes	Employee remuneration	Medium	Other	Remuneration expenses not correct	✓
Costs of services – Housing & council tax benefit	Yes	Welfare expenditure	Medium	Other	Welfare benefits improperly computed	✓
Cost of services – other revenues (fees & charges)	Yes	Other revenues	Low	None		✓
(Gains)/ Loss on disposal of non current assets	Yes	Property, Plant and Equipment	Low	None		✓
Payments to Housing Capital Receipts Pool	No	Property, Plant & Equipment	Low	None		×
Precepts and Levies	Yes	Council Tax	Low	None		×

An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Interest payable and similar charges	Yes	Borrowings	Low	None		✓
Pension Interest cost	Yes	Employee remuneration	Low	None		✓
Interest & investment income	No	Investments	Low	None		×
Return on Pension assets	Yes	Employee remuneration	Low	None		✓
Dividend income	No	Revenue	Low	None		×
Investment properties: Income expenditure, valuation, changes & gain on disposal	No	Property, Plant & Equipment	Low	None		×
Income from council tax	Yes	Council Tax	Low	None		✓
NNDR Distribution	Yes	NNDR	Low	None		✓
PFI revenue support grant & other Government grants	Yes	Grant Income ⁹	Low	None		✓
Capital grants & Contributions (including those received in advance)	Yes	Property, Plant & Equipment	Low	None		✓

An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
(Surplus)/ Deficit on revaluation of non current assets	No	Property, Plant & Equipment	Low	None		×
Actuarial (gains)/ Losses on pension fund assets & liabilities	Yes	Employee remuneration	Low	None		✓
Property, Plant & Equipment	Yes	Property, Plant & Equipment	Medium	Other	PPE activity not valid	✓
Property, Plant & Equipment	Yes	Property, Plant & Equipment	Medium	Other	Revaluation measurements not correct	✓
Heritage assets & Investment property	No	Property, Plant & Equipment	Low	None		✓
Intangible assets	No	Intangible assets	Low	None		×
Investments (long & short term)	Yes	Investments	Low	None		×
Debtors (long & short term)	Yes	Revenue	Low	None		✓
Assets held for sale	No	Property, Plant & Equipment	Low	None		×
Investment properties	Yes	Property, Plant & Equipment	Low	None		✓
Inventories	No	Inventories	Low	None		×
Cash & cash Equivalents	Yes	Bank & Cash	Low	None		✓

An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Borrowing (long & short term)	Yes	Debt	Low	None		✓
Creditors (long & short term), including deferred liabilities	Yes	Operating Expenses	Medium	Other	Creditors understated or not recorded in the correct period	✓
Provisions (long & short term)	Yes	Provision	Low	None		✓
Pension liability	Yes	Employee remuneration	Low	None		✓
Reserves	Yes	Equity	Low	None		✓
Grants receipts in advance	Yes	Grant and other contribution	Low	None		✓

Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p><i>The presumption is rebutted at Trafford Council because:</i></p> <ul style="list-style-type: none"> - <i>The Council is bound by its approved budget, any revisions to which are subject to members' approval.</i> - <i>The majority of income is pre-determined and non-cash based i.e. relates to government grants and council tax. This reduces the likelihood of a material manipulation of income</i> - <i>Cash expenditure is not material, the majority of payments being made via automated processes</i> - <i>There are adequate controls in place to ensure income is appropriately recorded and not subject to manipulation.</i> 	<p>Further work planned:</p> <ul style="list-style-type: none"> • Review and testing of revenue recognition policies • Performance of testing on material revenue streams
Management override of controls	Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of entity level controls , including the role of the Audit Committee and Internal Audit <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgements and decisions made by management • Testing of journal entries using computer assisted audit techniques (CAATs) • Review of IT general controls • Review of unusual significant transactions

Other risks

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

Other reasonably possible risks	Description	Work completed to date	Further work planned
Operating expenses	Operating expenses understated	<ul style="list-style-type: none"> Documented and identified the processes and key controls in the operating expenses cycle Walked through a sample item to confirm our understanding 	<ul style="list-style-type: none"> Substantive testing of operating expenses, including year end adjustments
Operating expenses	Creditors understated or not recorded in the correct period	<ul style="list-style-type: none"> Documented and identified the processes and key controls in the operating expenses cycle Walked through a sample item to confirm our understanding 	<ul style="list-style-type: none"> Substantive testing of year end balances, including year end adjustments
Employee remuneration	Remuneration expenses not correct	<ul style="list-style-type: none"> Documented and identified the processes and key controls in the employee remuneration cycle Walked through a sample item to confirm our understanding 	<ul style="list-style-type: none"> Substantive testing of payroll entries
Welfare Expenditure	Welfare benefits improperly computed	<ul style="list-style-type: none"> Documented and identified the processes and key controls in the welfare expenses cycle Walked through a sample item to confirm our understanding 	<ul style="list-style-type: none"> Programme of work as part of the certification of the housing and council tax benefits subsidy grant claim
Property, Plant & Equipment	PPE activity not valid	<ul style="list-style-type: none"> Documented and identified the processes and key controls in the PPE cycle Walked through a sample item to confirm our understanding 	<ul style="list-style-type: none"> Substantive testing of PPE transactions
Property, Plant & Equipment	Revaluation measurements not correct	<ul style="list-style-type: none"> Documented and identified the processes and key controls in the PPE cycle Walked through a sample item to confirm our understanding 	<ul style="list-style-type: none"> Substantive testing of PPE valuations

Results of interim audit work

Scope

As part of the interim audit work and in advance of our final accounts audit fieldwork, we have considered:

- the effectiveness of the internal audit function
- internal audit's work on the Council's key financial systems
- walkthrough testing to confirm whether controls are implemented as per our understanding in areas where we have identified a risk of material misstatement
- a review of Information Technology (IT) controls

	Work performed	Conclusion/ Summary
Internal audit	We have reviewed internal audit's overall arrangements against the CIPFA Code of Practice. Where the arrangements are deemed to be adequate, we can gain assurance from the overall work undertaken by internal audit and can conclude that the service itself is contributing positively to the internal control environment and overall governance arrangements within the Council	Overall, we have concluded that the Internal Audit service continues to provide an independent and satisfactory service to the Council and that we can take assurance from their work in contributing to an effective internal control environment at the Council.
Walkthrough testing	Walkthrough tests were completed in relation to the specific accounts assertion risks which we consider to present a risk of material misstatement to the financial statements.	There were no significant issues . Internal controls were in place in accordance with our documented understanding.

Results of interim audit work (continued)

	Work performed	Conclusion/ Summary
Review of information technology (IT) controls	Our information systems specialist will perform a high level review of the general IT control environment, as part of the overall review of the internal controls system. We have also performed a follow up of the issues that have been raised in the previous year.	<p>This work is in progress.</p> <p>We will report to you if there are any material weaknesses which may adversely impact on the Council's financial statements</p>
Journal entry controls	We are planning to review the Council's journal entry policies and procedures. This will determine the journal entry testing strategy for the financial statements.	<p>This work is currently in progress.</p> <p>We will report to you if there are any material weaknesses environment or financial statements.</p>

Value for Money

Introduction

The Code of Audit Practice requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

2012/13 VfM conclusion

Our Value for Money conclusion will be based on two reporting criteria specified by the Audit Commission.

We will tailor our VfM work to ensure that as well as addressing high risk areas it is, wherever possible, focused on the Council's priority areas and can be used as a source of assurance members. Where we plan to undertake specific reviews to support our VfM conclusion, we will issue a Terms of Reference for each review outlining the scope, methodology and timing of the review. These will be agreed in advance and presented to Accounts and Audit Committee.

The results of all our local VfM audit work and key messages will be reported in our Audit Findings report and in the Annual Audit Letter. We will agree any additional reporting to the Council on a review-by-review basis.

Code criteria

The Council has proper arrangements in place for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness in its use of resources



We will consider whether the Council is prioritising its resources with tighter budget

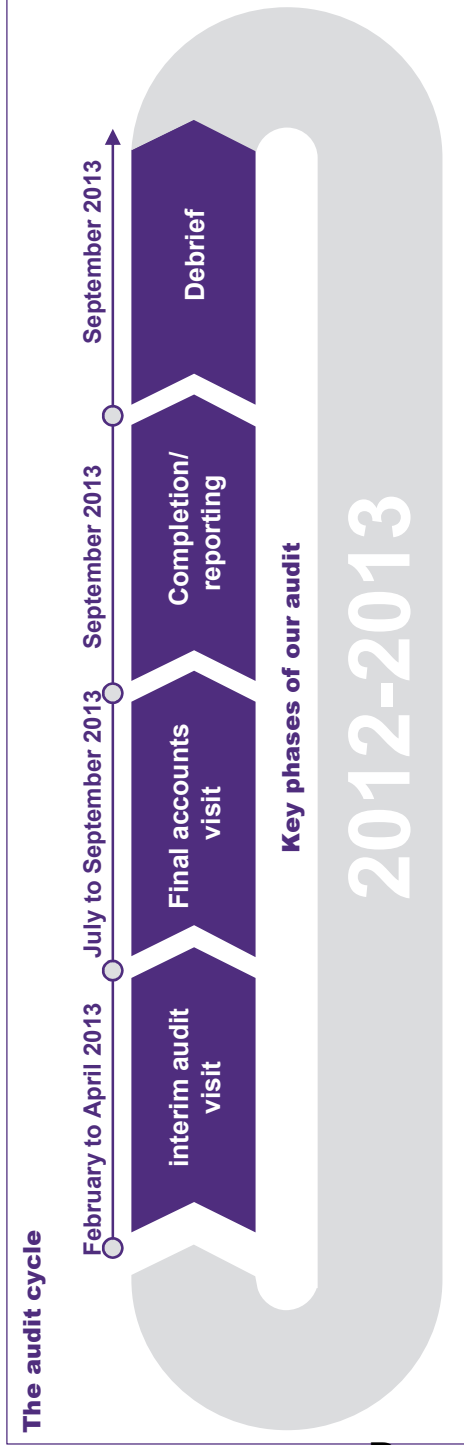
Work to be undertaken

Risk-based work focusing on arrangements relating to financial governance, strategic financial planning and financial control and securing value for money.

Specifically we will:

- undertake a risk assessment based on the specified criteria and areas identified within the Audit Commission guidance
- update our understanding using existing available information, a review of key documents and our cumulative knowledge
- hold discussions with key officers and request further information as required
- select a sample of relevant key indicators of performance for benchmark analysis
- examine the Council's medium term financial planning arrangements in the context of resource prioritisation and financial resilience
- produce a financial resilience report

Logistics and our team



Date	Activity
Scheduled 6 weekly	Planning and liaison meetings
February to April 2013	Interim site work
March 2013	The audit plan presented to the Accounts and Audit Committee
July 2013	Year end fieldwork commences
September 2013	Audit findings clearance meeting
September 2013	Accounts and Audit Committee meeting to report our findings
September 2013	Sign financial statements and VFM conclusion
October 2013	Issue Annual Audit Letter

Our team

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Fees and independence

Fees

	£
Council audit	156,119
Grant certification	21,500
Total	177,619

Fees for other services

Service	Fees £
Additional testing on 2009/10 and 2010/11 Housing benefits claims	1,845
Additional audit work responding to letters from members of the public	To be agreed

Our fee assumptions include:

- Our fees are exclusive of VAT
- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

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

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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