



TO COUNCILLOR:

G A Boulter
Miss P V Joshi
J Kaufman

Mrs L Kaufman
K J Loydall (Chair)
D W Loydall

Mrs S B Morris

I summon you to attend the following meeting for the transaction of the business in the agenda below.

Meeting: Audit Committee
Date and Time: Wednesday, 23 November 2022, 6.00 pm
Venue: Council Offices, Bushloe House, Station Road, Wigston, Leicestershire, LE18 2DR
Special Title: Audit & Accounts etc. 2021/22
Contact: Democratic Services
t: (0116) 257 2775
e: democratic.services@oadby-wigston.gov.uk

Yours faithfully

Council Offices
Wigston
15 November 2022

Mrs Anne E Court
Chief Executive



Meeting ID: 2273



It has cost **£5.50** to print, package and post this single agenda pack for this meeting.
A full cost breakdown for all agenda packs for this meeting is provided further down.

ITEM NO.

AGENDA

PAGE NO'S

Live Stream of Meeting | Instructions

This meeting will be live streamed.

Press & Public Access:

YouTube Live Stream

A direct link to the live stream of the meeting's proceedings on the Council's YouTube Channel is below.

https://www.youtube.com/watch?v=TTbvf_2GPXA

1. Apologies for Absence

To receive apologies for absence from Members to determine the quorum of the meeting in accordance with Rule 7 of Part 4 of the Constitution.

2. Appointment of Substitutes

To appoint substitute Members in accordance with Rule 26 of Part 4 of the Constitution and the Substitution Procedure Rules.

3. Declarations of Interest

Members are reminded that any declaration of interest should be made having regard to the Members' Code of Conduct. In particular, Members must make clear the nature of the interest and whether it is 'pecuniary' or 'non-pecuniary'.

4. Minutes of the Previous Meeting

4 - 6

To read, confirm and sign the minutes of the previous meeting in accordance with Rule 19 of Part 4 of the Constitution.

5. Action List Arising from the Previous Meeting

To read, confirm and note the Action List arising from the previous meeting.

6. Petitions and Deputations

To receive any Petitions and, or, Deputations in accordance with Rule(s) 11 and 12 of Part 4 of the Constitution and the Petitions Procedure Rules respectively.

7. Committee Work Plan (2022 - 2023)

7

8. Informing the Audit Risk Assessment (2021/22)

8 - 35

Report of the Interim Head of Finance / Section 151 Officer

9. External Audit Plan (2021/22)

36 - 58

Report of the Strategic Director / Section 151 Officer

10. Draft Auditors Annual Report 2020/21 and 2021/22

59 - 60

Report of the Strategic Director / Section 151 Officer

**You can access all available public meeting documents
and audio-visual live streams and recordings electronically on:**



Our website oadby-wigston.gov.uk under 'Your Council' and 'Meeting Dates, Agendas & Minutes'



Your smart **iPad**, **Android** or **Windows** device with the intuitive '**Modern.Gov**' app



Our **YouTube** Channel available at bit.ly/3vji3FY or smart device with the '**YouTube**' app.



Our audio platform soundcloud.com/oadbywigstonbc or smart device with the '**SoundCloud**' app



The cost breakdown for printing, packaging and posting the agenda pack for this meeting (excluding any carbon footprint impact) is calculated as follows:

	This agenda pack (1)	All agenda packs (3)
Paper, ink and envelope (A4 white, colour, C4 envelope)	£3.26	£9.80
Postage (1st class, large)	£2.24	£6.72
Officer time (Pro rata hourly rate)	n/a	£5.16
Total cost(s)	£5.50	£21.68

Please contact Democratic Services to discuss the more cost-effective and environmentally-friendly options available for receiving this agenda pack, including any IT and/or training requirements.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The minutes of the previous meeting held on 04 July 2022 be taken as read, confirmed and signed.

21. ACTION LIST ARISING FROM THE PREVIOUS MEETING

None.

22. PETITIONS AND DEPUTATIONS

None.

23. INTERNAL AUDIT PROGRESS REPORT (SEPTEMBER 2022)

The Committee gave consideration to the report and appendix (as set out in pages 9 - 16 in the agenda reports pack) which gave members an update on Internal Audit's progress on delivering the 2022/23 Audit Plan.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The progress made in delivering the 2022/23 Audit Plan be noted.

24. AUDIT FINDINGS REPORT (2020/21)

The Committee gave consideration to the report and appendix (as set out at pages 17 – 48 of the agenda reports pack) which updated Members on the progress of the external audit 2020/21 Statement of Accounts made up to 31 March 2021.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The Audit Findings report 2020/21 issued by the External Auditors be noted.

25. STRATEGIC RISK UPDATE (2022/23)

The Committee gave consideration to the report and appendix (as set out on pages 49 - 65 of the agenda pack) which presented the Operational and Strategic Risk Register for information.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The report and Operational and Strategic Risk Registers (as set out in Appendices 1) be considered.

THE MEETING CLOSED AT 7.27 pm



Chair / Vice-Chair

Wednesday, 23 November 2022

*Printed and published by Democratic Services, Oadby and Wigston Borough Council, Council
Offices, Station Road, Wigston, Leicestershire, LE18 2DR*

AUDIT COMMITTEE – COMMITTEE WORK PLAN (AS AT 14/11/22)

Issue	Report Author	Meeting at which will be reported
Strategic Risk Update	Tracy Bingham	4 January 2023
Internal Audit Progress Report (2022/23)	Tony Gwam (Cover Report) Internal Auditor	4 January 2023
Risk Management Policy	Tracy Bingham	4 January 2023
Audit Findings Report (2021/22)	Tony Gwam (Cover Report) External Auditor	4 January 2023
Letter of Management Representation (2021/22)	Tony Gwam (Cover Report) External Auditor	4 January 2023
Accounting Policies and Materiality	Rashpal Sohal	12 April 2023
Strategic Risk Update	Tracy Bingham	12 April 2023
Internal Audit Progress Report (2022/23)	Tracy Bingham (Cover Report) Internal Auditor	12 April 2023

Agenda Item 8



Audit Committee	Wednesday, 23 November 2022	Matter for Information and Decision
------------------------	--	--

Report Title: **Informing the Audit Risk Assessment (2021/22)**

Report Author(s): **Tony Gwam (Interim Head of Finance / Deputy Section 151 Officer)**

Purpose of Report:	To update Members on the progress of the external audit of the 2021/22 Statement of Accounts made up to 31 March 2022.
Report Summary:	The Council's draft statement of accounts are required to be audited each year by set dates. This includes reviewing information from management and communicating with those charged with governance. This report outlines the Audit Risk Assessment document which is part of that process.
Recommendation(s):	That the Committee: Reviews, notes and approves the 2021/22 Informing the Audit Risk Assessment document for the year ended 31 March 2022.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director of Finance / Section 151 Officer) (0116) 257 2845 tracy.bingham@oadby-wigston.gov.uk</p> <p>Tony Gwam (Interim Head of Finance / Deputy Section 151 Officer) (0116) 257 2608 tony.gwam@oadby-wigston.gov.uk</p> <p>Rashpal Sohal (Finance Manager) (0116) 257 2705 Rashpal.Sohal@Oadby-Wigston.gov.uk</p>
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.

Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	<ul style="list-style-type: none"> • The Accounts and Audit (England) Regulations 2015 • Delivering Good Governance in Local Government: Framework
Appendices:	1. Informing the Audit Risk Assessment 2021/22

1. Introduction

- 1.1 The publication of the Statement of Accounts is governed by the requirements of the Accounts and Audit (England) Regulations 2015. These require the Statement of Accounts to be certified by the Council's Section 151 Officer as presenting a true and fair view of the financial position of the Council by 31 May each year. The accounts must then be submitted for external audit to publish audited accounts by no later than the 31st August each year.
- 1.2 Due to the Covid 19 pandemic, deadlines were altered. The 2021/22 draft accounts is currently being reviewed by the Council's external auditors, Grant Thornton. The audit report is being finalised at the time of writing this report, but we expect the auditors are planning to issue an unqualified opinion.
- 1.3 The 2021/22 Informing the Audit Risk Assessment document for year ended March 2022 will be presented at this meeting by Grant Thornton. The Audit Committee are recommended to review this document.

2. Informing the Audit Risk Assessment 2021/22

- 2.1 This document contributes to the communication between the external auditors Grant Thornton and those charged with governance the audit committee. The document helps the auditors understand the management processes and how the Council deals with a range of areas relating to the production of the 2021/22 OWBC Statement of Accounts.
- 2.2 There are five main areas where responses were provided. These are General Enquires of Management, Fraud, Laws and Regulations, Related Parties and Accounting Estimates. Grant Thornton will discuss these areas with the Audit Committee

Informing the audit risk assessment for Oadby & Wigston Borough Council 2021/22

~ Page 10 ~

Grant Patterson
Engagement Lead
T 0121 232 5296
E Grant.B.Patterson@uk.gt.com

Paul Harvey
Manager
T 0116 257 5589
E Paul.M.Harvey@uk.gt.com



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

Table of Contents

Section	Page
Purpose	4
General Enquiries of Management	6
Fraud	9
Fraud Risk Assessment	10
Laws and Regulations	15
Impact of Laws and Regulations	16
Related Parties	18
Going Concern	20
Accounting Estimates	22
Accounting Estimates - General Enquiries of Management	23

~ Page 12 ~

Purpose

The purpose of this report is to contribute towards the effective two-way communication between Oadby & Wigston Borough Council's external auditors and Oadby & Wigston Borough Council's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Oadby & Wigston Borough Council's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2021/22?	<p>A significant external key event that affects the delivery of council services and the local economy is COVID.</p> <p>Material estimates will include, property valuation and pension valuations. OWBC uses experts to support our assessments of these estimates, however a small change in some of the underlying assumptions could have a significant impact on the financial statements.</p>
2. Have you considered the appropriateness of the accounting policies adopted by Oadby & Wigston Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	<p>Yes, the Council continually review the appropriateness of our accounting policies, which are based on those included in the CIPFA code guidance. The audit committee of the council reviews and approves the accounting polices each year. There are no events that would give rise to us requiring to change any of the policies we adopted in the prior year.</p>
3. Is there any use of financial instruments, including derivatives? If so, please explain	<p>There are no use of any financial derivative instruments.</p>
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	<p>No, we are not aware of any significant transaction outside the normal course of business.</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	Impairment review of NCA is done as part of year end close down and we did not have any material impairments.
6. Are you aware of any guarantee contracts? If so, please provide further details	The Council does not have any guarantee contracts as of 20/21.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No we are not aware of any.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Oadby & Wigston Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>The council utilised the following solicitors during the year:</p> <ul style="list-style-type: none"> • Brown Jacobson LLP - Advice to the council on extricating itself from a delegation for the joint provision of ICT and moving provision in house • Freeth Cartwright LLP - Advice to the council on the Leisure Contract with SLM and recovery of Brocks Hill for the Council Offices to be relocated and potential lease for new café • Constantine Cannon LLP * - Externally funded group litigation in respect of a Truck cartel - only payments VAT • Anthony Collins * - Recovery of debt due arising from works in default following demolition of building and site clearance <p>Those with an asterisk are where there are ongoing litigation cases being worked upon.</p>

General Enquiries of Management

Question	Management response
9. Have any of the Oadby & Wigston Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	We are not aware of any cases.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	<p>The following advisor were consulted during 2021/22 on the following issues/projects:</p> <ul style="list-style-type: none"> • JB Consulting - They were instructed by Economic Regen to provide advice on the development of the old Oadby Pool Site
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	No as we don't have any Financial Instruments.

~ Page 17 ~

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

Page 18
As Oadby & Wigston Borough Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Oadby & Wigston Borough Council's management.

Fraud risk assessment

Question	Management response
<p>1. Has Oadby & Wigston Borough Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Oadby & Wigston Borough Council's risk management processes link to financial reporting?</p>	<p>Yes this has been assessed.</p> <p>During 2021/22, the Council's Internal Audit provider, C W Audit Services provided a strategic and operational risk management service for the Council, where they regularly met staff to review processes in each of the departments. From 22/23 risk management service has been bought in-house.</p> <p>The Risk management information is reported to Internal audit. Further risk assessment processes related to the preparation of accounts are completed based upon any audit issues raised by both Internal and External Audit.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>The three highest perceived areas of fraud risk are procurement and treasury-related transactions and covid grants related fraud.</p> <p>Creditors –duplicated invoices, incorrect bank details, duplicated payments</p> <p>Increased liability for Covid Grants related fraud.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Oadby & Wigston Borough Council as a whole, or within specific departments since 1 April 2021? If so, please provide details</p>	<p>The were 12 cases of fraud payments made during the issuing of the Business Grants which have since come to light. These amount to £61,669.21 and been passed on to Legal team for consideration. The recovery process has started but no money has yet been received.</p>

Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>The Council has a Policies register which is maintained.</p> <p>Internal controls such as segregation of duties and relevant authority levels are in place and managed.</p> <p>A specific fraud risk is included in the Council's Strategic Risk Register and this is monitored and reported to Audit Committee on a quarterly basis.</p> <p>At the time of responding to this document, an internal audit report is under review following assurance work in respect of fraud arrangements.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Oadby & Wigston Borough Council where fraud is more likely to occur?</p>	<p>Yes, we have an identified fraud risk on our Strategic Risk Register.</p> <p>We do not have any concerns there are areas at risk of fraud.</p> <p>No.</p>
<p>6. What processes do Oadby & Wigston Borough Council have in place to identify and respond to risks of fraud?</p>	<p>We have a number of procedures in place for reporting fraud, including an online referral form, a hotline and a whistle blowing process. All fraud referrals are risk assessed. The findings of internal audit work on fraud are reported with appropriate disciplinary and or systems related recommendations.</p>

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Oadby & Wigston Borough Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>The Council does have various internal controls in place which are effective. These are reviewed by our Internal audit team and brought to the attention of Senior Management and the Audit Committee. Annual review of internal controls is undertaken by management as part of AGS.</p> <p>Our financial reporting processes include several controls from layers of checking through to reviews prior to finalisation of our reporting. All financial monitoring reports undergo differing levels of review before publication and public reporting.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>None known but there are controls and processes in place to mitigate any potential misreporting.</p>

Fraud risk assessment

Question	Management response
<p>9. How does Oadby & Wigston Borough Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>This is communicated through the policies and procedures published on the Intranet. The staff code of conduct forms part of the contract of employment. The code sets out the standard of conduct and reflects the values and behaviours that all employees are expected to follow.</p> <p>Staff can report matters to their line manager, Senior Manager or to HR on any concerns.</p> <p>The Council has an Anti-Fraud and Corruption Strategy, a Whistleblowing Policy and an e-learning fraud awareness in our Learning Pool Portal in place.</p> <p>No significant issues have been reported in the year</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Those involved in the procurement of goods and services and managing contracts, those involved in the planning process and those involved in the processing of high value transactions Those who can raise payments on Bankline.</p> <p>The Council migrates risk by the segregation of duties for posts and electronic authorisation processes. Furthermore, the procedures and policies are regularly reviewed.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>We are not aware of any related party relationships or transactions that could give rise to instances of fraud. Senior officers are required to complete Register of Interests form annually and members are required to declare any relevant interests at Board and Committee meetings.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The audit committee reviews the risk management reports and receives regular updates. Challenges are made to officer if there are areas of concern. Further information or an investigation could be requested.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>No we are not aware of any or potential complaints by whistle blowers.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No.</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that Oadby & Wigston Borough Council's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Oadby & Wigston Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Oadby & Wigston Borough Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>CMT Managers are responsible for ensuring that laws and regulations relevant to their services are observed including any changes to the regulatory environment.</p> <p>The Monitoring Officer and the Council's legal team advise the Council's leadership, councillors and departments on changes to the legal and regulatory environment that impact on the Council. The Council also operates a Corporate Management Team (CMT) and Senior Leadership Team (SLT).</p> <p>We are not aware of any changes to the regulatory environment which will have a significant impact on the Council's financial statements.</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The Council presents it's assurance that arrangements are in place in line with all relevant laws and regulations as part of it's Annual Governance Statement.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2021 with an on-going impact on the 2021/22 financial statements? If so, please provide details</p>	<p>No.</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>There are no actual or potential litigation or claims that would affect the 2021/22 financial statements.</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does Oadby & Wigston Borough Council have in place to identify, evaluate and account for litigation or claims?	Any insurances claims are recorded on a hub and all legal claims are registered and maintained by our legal department. The Council's Monitoring Officer is consulted on a regular basis to ensure the appropriate awareness is in place.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No.

~ Page 26 ~

Related Parties

Matters in relation to Related Parties

Oadby & Wigston Borough Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Oadby & Wigston Borough Council
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any body that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Oadby & Wigston Borough Council's 2020/21 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Oadby & Wigston Borough Council whether Oadby & Wigston Borough Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>There have been no material changes in the related parties.</p>
<p>2. What controls does Oadby & Wigston Borough Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Any new related parties will be identified through the preparation of the Council's year-end accounts.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Transactions with related parties are subject to the same authorisation and approval arrangements as other transactions, that is:</p> <ul style="list-style-type: none"> There is a delegated authority list which identifies officers financial limit levels of authority to approve expenditure. Expenditure above an officer's authorisation limit would then be allocated to an officer with a higher limit. The S151 Officer is responsible for approving officers' limits. These limits are periodically reviewed with the statutory officers to ensure they are appropriate.
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>All transactions including any outside the normal course of business are subject to the same authorisation and approval arrangements including controls enforced through adherence to the financial procedure rules.</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Oadby & Wigston Borough Council will no longer continue?	<p>Quarterly reporting to Service Delivery Committee (non-financial performance) and Policy, Finance and Development Committee (financial performance) ensures oversight of all issues.</p> <p>Monthly service performance and financial monitoring is conducted monthly.</p> <p>The Senior Leadership Team meets weekly and Corporate Management Team meets fortnightly.</p>
2. Are management aware of any factors which may mean for Oadby & Wigston Borough Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	<p>None at this time. The budgeted position on the General Fund for 2022/23 was balanced utilising £145k of general reserves. The current forecast shows a revised deficit position of £644k for the year as a result of the ongoing and escalating inflation crises. Actions have been determined to mitigate this expenditure. Any remaining deficit will be funded via reserves. The forecast position for 2023/24 is a further projected deficit, but this is contingent on the plans for Council services brought forward as part of budget setting and the outcome of the 2023/24 local government finance settlement which is not due until December 2022.</p>
3. With regard to the statutory services currently provided by Oadby & Wigston Borough Council, does Oadby & Wigston Borough Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Oadby & Wigston Borough Council to cease to exist?	<p>OWBC expects to continue to deliver its statutory services for the foreseeable future.</p> <p>The Medium Term Financial Plan to 2026/27 shows ongoing projected year-on-year deficits and a cumulative deficit of £2m. Savings of £976k have been set out in a Sustainability Plan.</p> <p>Statutory services will continued to be delivered.</p>
4. Are management satisfied that the financial reporting framework permits Oadby & Wigston Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	<p>Yes management is satisfied that the financial statements are prepared on a going concern basis and provides a faithful representation of the items in them.</p>

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	The need for material accounting estimates is considered for property asset valuations, pensions assets, transactions relating to COVID-19 impacts and and liabilities values and provision for other liabilities.
2. How does the Council's risk management process identify and address risks relating to accounting estimates?	The operational risk management process will highlight any changes to circumstances which could lead to an assessment of accounting estimates and/or assumptions may require revision. Each area is subject to robust scrutiny as part of the Year-end Accounts closedown process and all accounting estimates are reviewed.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Review of data and information required are done as part of setting the closedown timetable. Reviews of External and Internal comments on any points that need to be addressed to ensure or enhance the accuracy data, methods used for accounting estimates.
4. How do management review the outcomes of previous accounting estimates?	Accounting estimates will be reviewed as the natural course of some of these estimates where historical data/performance provides the starting point of estimation. Other areas of estimation are subject to valuation from first principles each year
5. Were any changes made to the estimation processes in 2021/22 and, if so, what was the reason for these?	No changes in year.

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Review of the finance team skills and assessing any training or supervision required to ensure specialised skills are applied and there is an appropriate level of knowledge and where external support is required, this is engaged as necessary.
7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Follows CIPFA code of practice guidance and financial regulations. There is a degree of reliance on the work of externally procured experts although all accounting estimated will be subject to a test of reasonableness. For the key areas where we use external experts, pension actuarial and property valuation, there are industry wide standards which provide a high degree of quality assurance.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	External experts provide comprehensive reports detailing the basis and output of their work which provides management the facility to understand and challenge accounting estimates.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	Work produced is reviewed by management and reviewed and challenged by the audit committee. CIPFA guidance and use of standard models used by other local authorities. Adhere to standard accounting practices.

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	Management would be made aware of any key issues by S151 Officer of any key issues, events etc
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Yes they are reasonable.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Audit committee is consulted on accounting estimates and S151 Officer meets periodically with the Chair of that committee to discuss issues.

~ Page 34 ~



[grantthornton.co.uk](https://www.grantthornton.co.uk)

© 2022 Grant Thornton UK LLP

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Agenda Item 9



Audit Committee	Wednesday, 23 November 2022	Matter for Information and Decision
------------------------	--	--

Report Title: External Audit Plan (2021/22)

Report Author(s): Tracy Bingham (Strategic Director / Section 151 Officer)

Purpose of Report:	For the Audit Committee to receive and approve the Audit Plan for the audit of the Council's 2021/22 Statement of Accounts
Report Summary:	The report shares the Audit Plan for 2021/22.
Recommendation(s):	A. That the Committee note and approve the Audit Plan
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director of Finance / Section 151 Officer) (0116) 257 2845 tracy.bingham@oadby-wigston.gov.uk</p> <p>Tony Gwam (Interim Head of Finance / Deputy Section 151 Officer) (0116) 257 2608 tony.gwam@oadby-wigston.gov.uk</p> <p>Rashpal Sohal (Finance Manager) (0116) 257 2705 Rashpal.Sohal@Oadby-Wigston.gov.uk</p>
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	<p>Accountability (V1) Respect (V2) Teamwork (V3) Innovation (V4) Customer Focus (V5)</p>
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	

Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	1. External Audit Plan

1. Background

- 1.1 Grant Thornton LLP were appointed as the Council's auditor for five years from 2018/19 to 2022/23, under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, as approved by the Public Sector Auditor Appointments Limited (PSAA Ltd) Board in 2017. PSAA are appointed by the Local Government Association to manage the opt-in scheme for public sector bodies in appointing auditors, managing contracts for audit services and setting scale fees.
- 1.2 Grant Thornton are due to present their Audit Plan for the audit of the Council's 2021/22 accounts.
- 1.3 The scale fees for the undertaking of the audit will be set out in the plan.
- 1.4 A representative from Grant Thornton will be in attendance at the meeting to present their Audit Plan.

Oadby & Wigston Borough Council DRAFT audit plan

Year ending 31 March 2022

Oadby & Wigston Borough Council
November 2022

~ Page 38 ~



Contents



Your key Grant Thornton team members are:

Grant Patterson

Key Audit Partner

T 0121 232 5296

E grant.b.patterson@uk.gt.com

Paul Harvey

Manager

T 0116 257 5589

E paul.m.harvey@uk.gt.com

Francesca Hitchman

Assistant Manager

T 0121 232 5345

E Francesca.Hitchman@uk.gt.com

Section	Page	
Key matters	5	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 planning 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 all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.
Introduction and headlines	6	
Significant risks identified	8	
Accounting estimates and related disclosures	11	
Other matters	14	
Materiality	15	
IT Audit Strategy	16	
Value for Money Arrangements	17	
Risks of significant VFM weaknesses	18	
Audit logistics and team	19	
Audit fees	20	
Independence and non-audit services	21	
Digital Audit	22	

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Key matters

Factors

Council developments

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. Despite these pressures the Council finished the 2020/21 financial year with a surplus of £296k against budget, which is predominantly due to the additional Covid-19 funding received from the Government. There were a number of adverse variances relating to the pandemic, but these were offset by the additional funding and underspends in other service areas. For 2021/22 the Council has reported an unaudited £315k surplus which was due to additional Covid-19 funding received during the year. This meant that the £500k provision for additional Covid-19 related expenditure included in the budget was not fully utilised.

The Council has developed a 5 Year Medium Term Financial Strategy for the General Fund which was approved in February 2022 for 2022/23 to 2026/27. This shows that the Council will come under increasing financial pressure in the next few years with the MTFS showing recurring funding gaps. Officers are currently working on addressing these funding pressures.

We recognise that it is an uncertain environment for the Council. Given the uncertainty regarding both future funding and expenditure the Council will need to maintain its focus on its finance

Recovery from Covid 19 pandemic

As a result of the Covid-19 pandemic the Council has had to put on hold some of the corporate projects which it had originally anticipated to take place in 2020/21 and into 2021/22.

The pandemic has also affected the Council 's service provision. This includes lost income from services such as parking, licencing & registration services and additional cost pressures. The Council has received additional grant funding as a result of the Covid-19 pandemic in order to cover the losses incurred by service closures. We note that the grants do not fully offset all of the losses incurred. Additional grants have also been provided to the Council so that it can support individuals and businesses.

We will consider the impact on Council services as part of our VfM audit work and the ability of the Council to re-establish service provision once the impact of the pandemic lessens.

Financial Statements

We have completed our detailed planning for 2021/22 and have now received draft financial statements. We are currently in the process of auditing the financial statements and plan to report our findings to the January Audit Committee

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- We will continue to provide you with sector updates via our Audit Committee updates.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Oadby & Wigston Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Oadby & Wigston Borough Council. *We draw your attention to both of these documents.*

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council [and group]'s financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. 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 audit approach is based on a thorough understanding of the Council's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of land and buildings
- Valuation of the pension fund net liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £500k (PY £420k) for the Council, which equates to 1.55% of your gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £25k (PY £21k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following risks of significant weakness:

- Financial Sustainability

Audit logistics

Our interim visit has taken place in September and our final visit will take place in October and November 2022. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our fee for the audit will be £57,794 (PY: £111,260) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Fraudulent revenue recognition (rebutted)	<p>Under ISA (UK) 240 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 Authority, we have determined that the risk of fraud arising from revenue recognition can 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 Oadby & Wigston Borough Council, mean that all forms of fraud are seen as unacceptable. 	<p>We do not expect there to be any material other revenue streams, but we will continue to review revenue transactions as part of our audit ensuring that it remains appropriate to rebut the presumed risk of revenue recognition for the Authority.</p>
Fraudulent expenditure recognition (rebutted)	<p>Practice Note 10 states that as most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p>Having considered the risk factors set out in Practice Note 10 and the nature of the expenditure at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure recognition • opportunities to manipulate expenditure recognition are limited • the culture and ethical frameworks of local authorities, including Oadby & Wigston Borough Council, mean that all forms of fraud are seen as unacceptable. 	<p>We will continue to review material expenditure transactions as part of our audit ensuring that it remains appropriate to rebut the risk of expenditure recognition for the Authority.</p>

Significant risks identified

Management over-ride of controls

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. **The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.**

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

We will:

- evaluate the design effectiveness of management controls over journals
- analyse the journals listing and determine the criteria for selecting high risk unusual journals
- test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence
- evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Valuation of the pension fund net liability

The Authority'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.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

We will:

- update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- test 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;
- undertake 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
- obtain assurances from the auditor of Staffordshire 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.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	<p>The Authority revalues its land and buildings on an annual basis.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the number involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management will need to ensure that the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statement date.</p> <p><u>Land and Buildings</u></p> <p>Within the valuation of the Council's Other Land and Buildings, the valuer's estimation of the value has several key inputs, which the valuation is sensitive to. These include the build costs of relevant assets carried at depreciated historic cost and any judgements that have impacted this assessment and the condition of the current assets.</p> <p>For assets valued at existing use value and fair value, the key inputs into the valuation are the yields used in the valuation, including estimated future income of from the asset.</p> <p>We therefore have identified that the accuracy of the key inputs driving the valuation of land and buildings as a significant risk.</p> <p><u>Council Dwellings</u></p> <p>The Council contracts an expert to provide annual valuations of council dwellings based on guidance issued by the Department for Levelling Up, Housing and Communities. They are valued using a beacon approach, based on existing use value discounted by the relevant social housing factor. Dwellings are divided into asset groups (a collection of properties with common characteristics) and further divided into archetype groups based on uniting characteristics material to their valuation, such as number of bedrooms. A sample property, the "beacon" is selected which is considered to be representative of the archetype group and a detailed inspection carried out. The valuation of this asset is then applied to all assets within its archetype.</p> <p>The key inputs into the valuation are the social housing factor, consideration of market movements and the determination of the beacons.</p> <p>We therefore have identified that the accuracy of the key inputs driving the valuation of council dwellings as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the CIPFA code are met • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding. • test revaluations made during the year to see if they had been input correctly into the Authority's asset register and accounted for correctly • Evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates. We identified one recommendation in our 2020/21 audit in relation to the Council's estimation process for the valuation of land and buildings, valuation relating to the source data.

Introduction

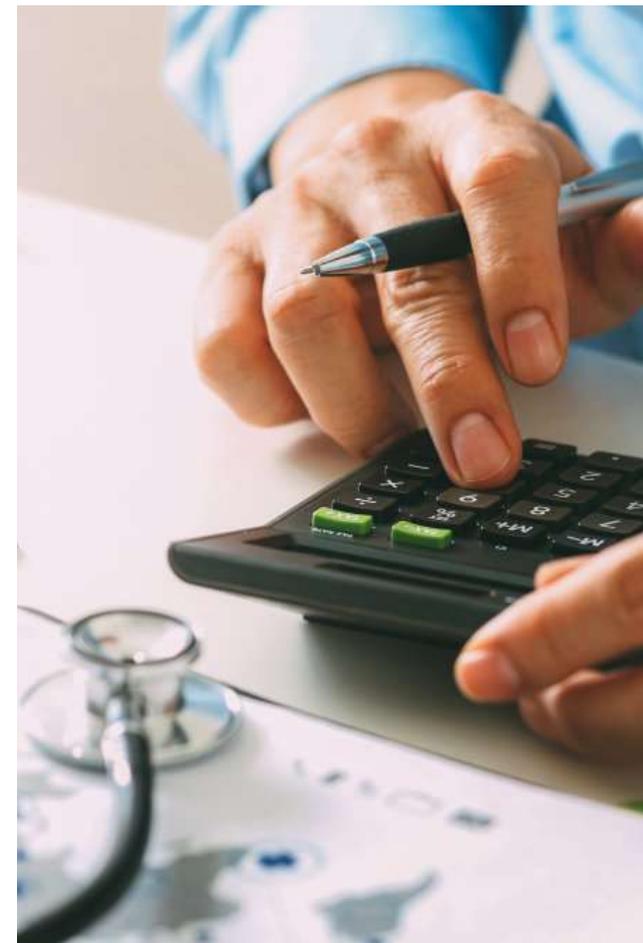
Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings and council dwellings
- Depreciation
- Year end provisions and accruals,
- Valuation of defined benefit net pension fund liabilities

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have issued the Informing the Audit Risk Assessment document to management which will assist in our understanding of the processes and controls surrounding accounting estimates. We would appreciate a prompt response to these enquires in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £500k (PY £420k) for the Council, which equates to 1.55% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £8k for the disclosure of Senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

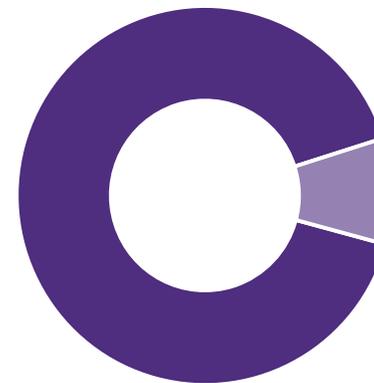
Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £25k (PY £21k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

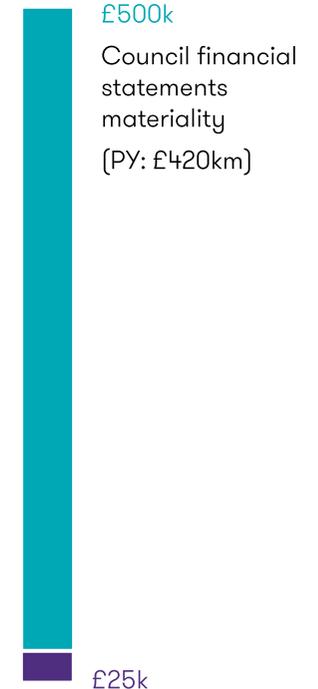
Gross operating costs

£32.341m Council
(PY: £23.959m)



- Gross operating costs
- Materiality

Materiality



£500k
Council financial statements materiality
(PY: £420km)

£25k
Misstatements reported to the Audit Committee
(PY: £21k)

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Integra	Financial reporting	Streamlined ITGC design assessment
Academy	Council Tax, Business Rates, Housing Benefits	Streamlined ITGC design assessment
Paris	Income Management	Streamlined ITGC design assessment

Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

~ Page 51 ~



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.



Medium term financial sustainability

The current MTFP runs to 31 March 2026 and sets a balanced position for the next financial year, but a material current shortfall over the life of the plan.

There is no indication that the authority are seeking to make use of short term initiatives or capital resources to reduce revenue pressures however there is planned use of reserves and certain elements of funding, as confirmed in the Local Government settlement, are one off in nature. The challenge of this position is exacerbated by reduction in other sources of funding such as new homes bonus and significant reductions in business rates due to the proposed reset and hence the material gap in the medium term.

There is a risk therefore that without the introduction of revised expenditure or implementation of savings plans, the Council may be unable to deliver on its statutory responsibilities of a balanced financial position.

Response

In response to the risk identified, we will perform further work to understand:

- How the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium term plans
- How the Council plans to bridge its funding gaps and identifies achievable savings
- How the Council plans finances to support sustainable delivery of services; and;
- How the Council identifies and manages risks to financial resilience

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



Grant Patterson, Key Audit Partner

Grant's role will be to:

- lead our relationship with you;
- be a key contact for the Chief Executive, Chief Finance Officer and the Audit Committee;
- ensure that Grant Thornton's full service offering is at your disposal; and
- take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.

Paul Harvey, Audit Manager

Paul's role will be to:

- manage the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority.
- review work performed by the audit team to ensure high audit quality

Francesca Hitchman, Audit Incharge

Francesca's role will be to:

- be the day to day contact for Council finance staff;
- take responsibility for ensuring there is effective communication and understanding by finance team of audit requirements;
- have day to day responsibility for the running of the audit and first point of contact;
- focus on the more technical aspect of the audit and to discuss emerging national technical matters as they arise and deal with technical matters raised by you throughout the year in a timely manner.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

In 2018, PSAA awarded a contract of audit for Oadby & Wigston Borough Council to begin with effect from 2018/19. The fee agreed in the contract was £32,944. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2021/22 audit.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed on pages 11-13 in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2021/22, as set out below, is detailed overleaf and has been agreed with the Director of Finance.

~ Page 54 ~

	Actual Fee 2019/20	Actual Fee 2020/21	Proposed fee 2021/22
Council Audit	£62,000	£111,260	£57,794
Non-audit services	£13,500	£13,750	£20,000
Total audit fees (excluding VAT)	£76,500	£125,010	£77,794

Note the 2020/21 fee is subject to approval from PSAA.

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of financial statements, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in September 2022 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified. The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Housing Benefit (Subsidy) Assurance Process 20/21 (June - November 2021)	10,250	For these two audit-related services. We consider that the following perceived threats may apply:	The level of this recurring fee taken on their own are not considered a significant in comparison to the to the total fee for the audit of £57,794 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, each is a fixed fee and there is no contingent element to any of them. These factors all mitigate the perceived self-interest threat to an acceptable level.
Housing Benefit (Subsidy) Assurance Process 21/22 (June 2022 - January 2023)	14,000	<ul style="list-style-type: none"> Self-Interest (because this is a recurring fee) Self Review Management 	
Certification of Housing Capital receipts grant 20/21 (October - December 2021)	3,500		Our team have no involvement in the preparation of the for which is certified, and do not expect material misstatements in the financial statements to arise from the performance of the certification work. Although related income and expenditure is included within the financial statements, the work required in respect of certification is separate from the work required to audit the financial statements, and is performed after the audit of the financial statements has been completed.
Certification of Housing Capital receipts grant 21/22 (October - December 2022)	6,000		The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. Our team perform these engagements in line with set instructions and reporting frameworks. Any amendments made as a result of our work are the responsibility of informed management

Non-audit related

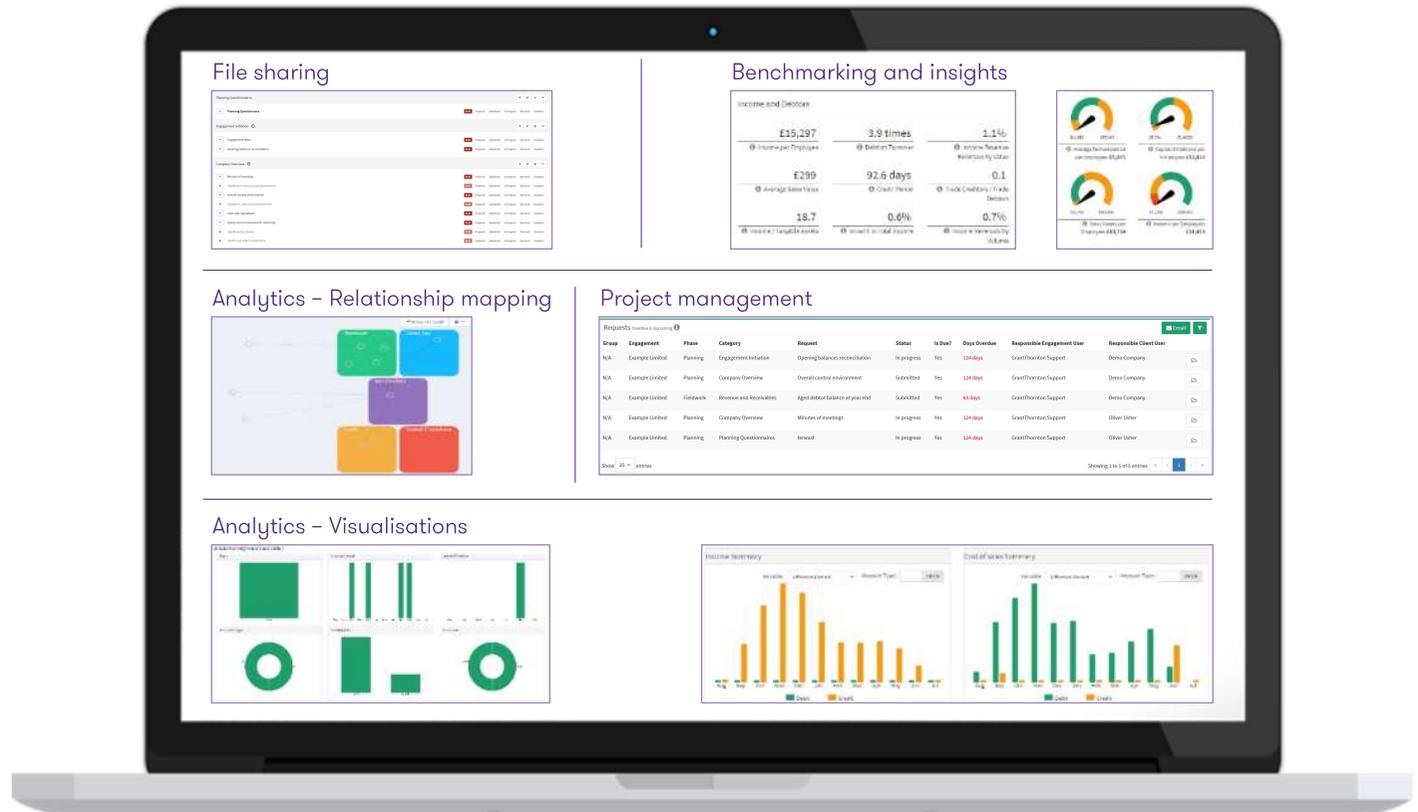
None

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations

Page 56



Grant Thornton's Analytics solution is supported by Inflo Software technology

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:



Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



Project management

- Facilitates oversight of requests
- Access to a live request list at all times



Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

~ Page 57

How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.



© 2022 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



Audit Committee	Wednesday, 23 November 2022	Matter for Information
------------------------	--	-----------------------------------

Report Title: **Draft Auditors Annual Report 2020/21 and 2021/22**

Report Author(s): **Tracy Bingham (Strategic Director / Section 151 Officer)**

Purpose of Report:	For the Audit Committee to receive the external auditors Draft Annual Report for 2020/21 and 2021/22.
Report Summary:	The Annual Report
Recommendation(s):	A. That the Committee note and approve the Audit Plan
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director of Finance / Section 151 Officer) (0116) 257 2845 tracy.bingham@oadby-wigston.gov.uk</p> <p>Tony Gwam (Interim Head of Finance / Deputy Section 151 Officer) (0116) 257 2608 tony.gwam@oadby-wigston.gov.uk</p> <p>Rashpal Sohal (Finance Manager) (0116) 257 2705 Rashpal.Sohal@Oadby-Wigston.gov.uk</p>
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	Accountability (V1) Respect (V2) Teamwork (V3) Innovation (V4) Customer Focus (V5)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	

Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • None.
Background Papers:	<ul style="list-style-type: none"> • None.
Appendices:	1. External Audit Plan – To Follow

1. Background

- 1.1 Under Section 20(1)(c) of the Local Audit and Accountability Act 2014, Grant Thornton LLP, as the Council's auditor, are required to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.
- 1.2 The Code of Audit Practice issued by the National Audit Office (NAO) requires Grant Thornton to consider whether the Council has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified/unqualified Value for Money (VFM) conclusion. Instead, they now report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.
- 1.3 Auditors are required to report their commentary on the Council's arrangement under three areas:
- Financial sustainability
 - Governance
 - Improving economy, efficiency, and effectiveness

2. Outcome

- 2.1 At the time of publishing the agenda for the Audit Committee meeting, the auditors report had not been shared. It is intended that this appendix will be circulated prior to the meeting, assuming internal checks within Grant Thornton are completed in time. A representative from Grant Thornton will attend the meeting to present their report. If for delays prevent the sharing of the auditor's report, this item will be deferred to the next Audit Committee meeting.