

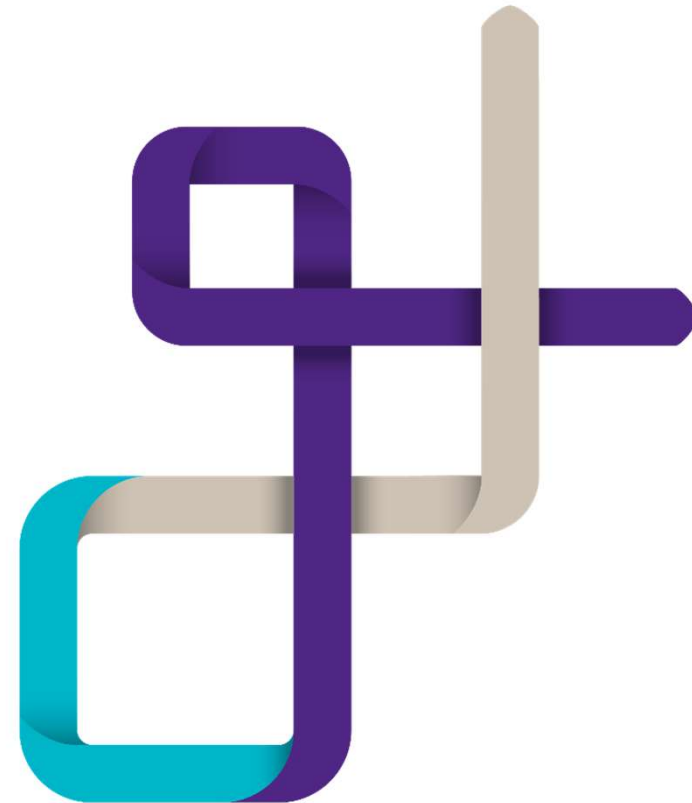


# External Audit Plan

*Year ending 31 March 2018*

---

Carlisle City Council  
February 2018



# Contents



## Your key Grant Thornton team members are:

Gareth Kelly

Engagement Lead

T: 0141 223 0891

E: gareth.kelly@uk.gt.com

Angela Pieri

Engagement Manager

T: 0141 223 0887

E: angela.i.pieri@uk.gt.com

Jamie Wright

In-charge Auditor

T: 0161 223 0603

E: jamie.sb.wright@uk.gt.com

## Section

1. Introduction & headlines
2. Business understanding
3. Significant risks identified
4. Reasonably possible risks identified
5. Other matters
6. Materiality
7. Value for Money arrangements
8. Audit logistics, team & audit fees
9. Early close
10. Independence & non-audit services

## Page

- 3
- 4
- 5
- 7
- 8
- 9
- 11
- 12
- 13
- 14

## Appendices

- A. Revised ISAs
- B. Glossary

- 16
- 17

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 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.

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.

# Introduction & headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Carlisle City 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 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 Carlisle City. We draw your attention to both of these documents on the [PSAA website](#).

## 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:

- financial statements (including the Annual Governance Statement) that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

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 specific 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 pension fund net liability; and
- valuation of property, plant and equipment (PPE) and Investment Property.

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 £1.188m (Prior Year £1.141m), which equates to 1.75% of your forecast 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 £59,000 (Prior Year £57,000).

---

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following VFM significant risk:

- Significant service transformation projects and the Medium Term Financial Plan (MTFP).

---

## Audit logistics

Our interim visit will take place in February 2018 and our final visit will take place in June/July 2018. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our fee for the audit will be no less than £53,290 (Prior Year: £53,290) for the Council.

---

## Independence

We have complied with the Financial Reporting Council's Ethical Standard 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.

---

# Business understanding

## Key challenges

### Financial health

The Council continues to face a challenging environment in the short to medium-term with the Medium Term Financial Plan (MTFP) 2017/18 to 2021/22. It shows a savings gap of £2.274m for the 2 years of 2017/18 and 2018/19, which has been identified, with no new recurrent savings required beyond 2018/19. The Council has reviewed how it works and has a well established Transformation Programme in place. Asset reviews, reductions in discretionary activity, service reviews and re-organisations are on-going, including workforce rationalisation.

The viability of the MTFP is dependent on the Transformation Programme continuing to deliver savings.

### Major service contract tendering

The Council has recently re-let their leisure services contract and are currently reviewing the re-development options for the Sands Centre including the options for swimming provision. This is a significant project in terms of focus and cost, and links to the Council's priorities in the Carlisle Plan 2015-2018.

## Changes to financial reporting requirements

### Early closedown

Under the 2015 Accounts and Audit Regulations, local authorities are required to submit their draft authorised for issue accounts by 31 May 2018 to their auditors, which is one month ahead of the deadline for 2016/17.

The audited accounts along with the auditors opinion is required to be published by 31 July 2018. This is two months ahead of the deadlines that were in place for 2016/17.

This represents a significant change to the timetable. The Council performed a dry run of the above deadlines in 2016/17, with the positive outcome of achieving an early audit closure by the 31 July 2017. This achievement bodes well for the Council meeting the formal deadline in 2017/18, and the emphasis will be on keeping the momentum going and replicating this performance.

### Changes to the CIPFA 2017/18 Accounting Code

CIPFA has introduced other minor changes to the 2017/18 Code, which confirm the going concern basis for local authorities, and updates for leases, service concession arrangements and financial instruments.

## Our response

- We will consider your arrangements for managing and reporting your financial resources, as part of our work in reaching our Value for Money conclusion.
- We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2017/18 CIPFA Code, and the impact of impairment assessments and the adequacy of provisions in relation to essential work on high rise buildings.

# Significant risks identified

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgemental matters. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<b>The revenue cycle includes fraudulent transactions</b>	<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 Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate revenue recognition</li><li>• opportunities to manipulate revenue recognition are very limited</li><li>• the culture and ethical frameworks of local authorities, including Carlisle City Council, mean that all forms of fraud are seen as unacceptable.</li></ul> <p>Therefore, we do not consider this to be a significant risk for Carlisle City Council.</p>
<b>Management over-ride of controls</b>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>Management over-ride of controls is a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness</li><li>• obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness</li><li>• evaluate the rationale for any changes in accounting policies or significant unusual transactions.</li></ul>

# Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<b>Valuation of property, plant and equipment, and Investment Property</b>	<p>The Council revalues its land and buildings and investment property on an annual basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings, and investment property, revaluations and impairments as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• review management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>• give consideration to the competence, expertise and objectivity of any management experts used</li> <li>• discuss with the valuer the basis on which the valuation is carried out and challenge the key assumptions</li> <li>• review and challenge the information used by the valuer to ensure it is robust and consistent with our understanding</li> <li>• test revaluations made during the year to ensure they are input correctly into the Council's asset register</li> <li>• 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.</li> </ul>
<b>Valuation of pension fund net liability</b>	<p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement</li> <li>• evaluate the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made</li> <li>• check the consistency of the pension fund asset and liability position and disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul>

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 Report in July 2018.

# Reasonably possible risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgement, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day to day activities of the business.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<b>Employee remuneration</b>	<p>Payroll expenditure represents a significant percentage of the Council's operating expenses.</p> <p>As the payroll expenditure comes from a number of individual transactions and an interface with a number of different sub-systems there is a risk that payroll expenditure in the accounts could be understated.</p> <p>We therefore identified completeness of payroll expenses as a risk requiring particular audit attention.</p>	<p>We will</p> <ul style="list-style-type: none"> <li>• evaluate the Council's accounting policy for recognition of payroll expenditure for appropriateness</li> <li>• gain an understanding of the Council's system for accounting for payroll expenditure and evaluate the design of the associated controls</li> <li>• obtain the year-end payroll reconciliation and ensure amount in accounts can be reconciled to ledger and through to payroll reports. Investigate significant adjusting items</li> <li>• agree payroll related accruals (e.g. unpaid leave accrual) to supporting documents and review any estimates for reasonableness.</li> </ul>
<b>Operating expenses</b>	<p>Non-pay expenses on other goods and services also represents a significant percentage of the Council's operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.</p> <p>We identified completeness of non- pay expenses as a risk requiring particular audit attention:</p>	<p>We will</p> <ul style="list-style-type: none"> <li>• evaluate the Council's accounting policy for recognition of non-pay expenditure for appropriateness</li> <li>• gain an understanding of the Council's system for accounting for non-pay expenditure and evaluate the design of the associated controls</li> <li>• obtain a listing of non-pay payments made in April, and sample test to ensure that transactions have been charged to the appropriate year.</li> </ul>

---

# 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 carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- 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 the Act and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your 2017/18 financial statements, consider and decide upon any objections received in relation to the 2017/18 financial statements
  - issue of a report in the public interest
  - making a written recommendation to the Council, copied to the Secretary of State.
- 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.

## Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements. Appendix A summarises the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.



# Materiality

## The concept of materiality

The concept of 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

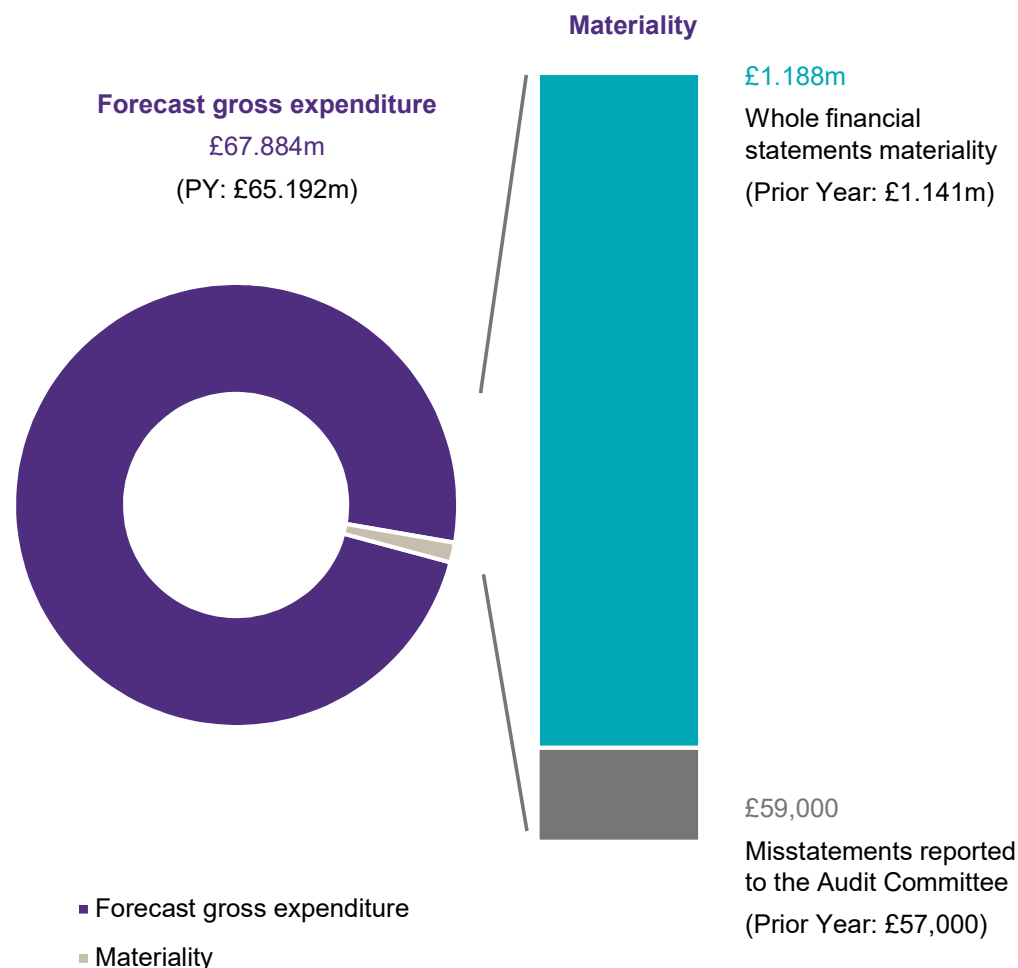
We propose to calculate financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be £1.188m (Prior Year £1.141m), which equates to 1.75% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision.

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 £59,000 (Prior Year £57,000).

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.



# Value for Money arrangements

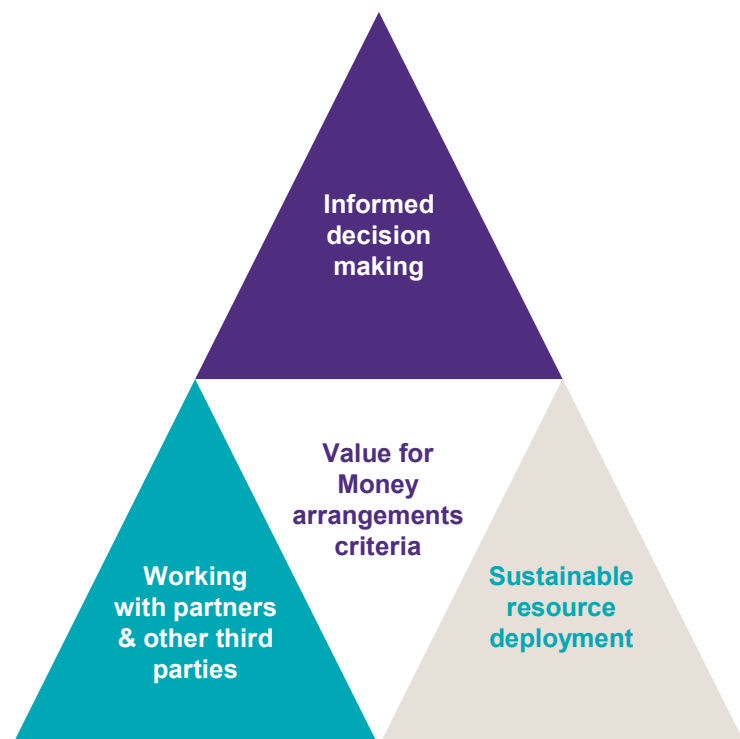
## Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

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

This is supported by three sub-criteria, as set out below:



## Significant VFM risks

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



### Medium Term Financial Plan (MTFP)

The Council's MTFP is predicated on delivering changes to the way in which services are delivered. The Council has identified proposals for reducing spending and increasing efficiency. The programme included a number of key projects, including internally reshaping the Council.

The Council continues to face a challenging environment in the short to medium term with MTFP 2017/18 to 2021/22 showing a savings gap of £2.274 million, all of which has been identified. The Council has reviewed how it works and has a well established Transformation Programme in place.

There are considerable uncertainties over various revenue streams in the medium term. As a result the Council has to apply a number of estimates and key judgements to compile the MTFP.

We will review the arrangements the Council has in place to compile the MTFP. This includes a review of how the Council is identifying, managing and monitoring financial information in order to regularly update the MTFP including the arrangements for reporting outcomes to Executive and Full Council.

# Setting Materiality – Materiality for Sensitive Items

## Identifying transactions requiring a separate materiality level

Alongside calculating an overall materiality level to inform our audit of the financial statements, auditing standards require auditors to determine separate lower materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole, could reasonably be expected to influence the economic decisions of users'.

We have determined that a separate materiality level should be adopted in the following areas:

**Related party transactions** - the Council conducts its business using public funds. The Related Party disclosures ensure that the Council discloses in full any transactions that have occurred with related parties. This ensures that the Council is open about who it does business with and counters any allegations or suspicion of nepotism on the part of management or those charged with governance.

**Disclosures of officers' remuneration and salary bandings in the notes to the financial statements** - due to public interest in these disclosures and the statutory requirement for them to be made.

## Determining materiality level for sensitive items

Materiality for the sensitive items has been calculated on a similar basis to that used for the final statements, i.e. a proportion of the total value of the disclosure. In our view errors in the disclosure below the materiality levels quoted would not impact on economics decisions taken by users of the financial statements. For both of the areas highlighted above, we will review the completeness of the disclosures in the draft financial statements based on our knowledge of the Council's affairs. We will also review the materiality levels proposed on receipt of the draft statements and alter these if this is considered necessary.

## Proposed Materiality Levels for Sensitive Items

Area of the Accounts	Proposed Materiality
Related Party Transactions	£4,000 (based on 1.75% of total related party transactions in the 2016/17 audited statements)
Senior Officer Remuneration	£9,000 (based on 1.75% of total senior officer remuneration in the 2016/17 audited statements)

# Audit logistics, team & audit fees



**Gareth Kelly, Engagement Lead**



**Angela Pieri, Audit Manager**



**Jamie Wright, Audit In-charge**

## Audit fees

The planned audit fees are no less than £53,290 (Prior Yea: £53,290) for the financial statements audit and £16,852 (Prior Year: £16,852) for grant certification. Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

In setting your fee, we have assumed that the scope of the audit, and the Council and its activities, do not significantly change.

## Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

---

# Early close

## Meeting the early close timeframe

Bringing forward the statutory date for publication of audited local government accounts to 31 July this year, across the whole sector, is a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts is curtailed, while, as auditors we have a shorter period to complete our work and face an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits;
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May;
- seeking further efficiencies in the way we carry out our audits; and
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

## Client responsibilities

Where individual clients 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 clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 12). 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 by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline 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
- 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.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff;
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit; and
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

---

# Independence & 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. In this context, we disclose the following to you:

- One of the audit team has a family member who works as a team leader in the Revenues and Benefits department at the Council. This is not deemed to be a significant independence risk. To comply with independence standards and in the spirit of transparency, we are disclosing to you that this member of the audit team will not be involved with the Housing Benefits Subsidy certification work, nor with any other elements of the audit that relates to Housing Benefits. Instead, our work in these areas will be carried out by other audit staff.
- Commencing 1 November 2016, Grant Thornton UK LLP entered into a short-term tenancy lease for a small portion of the 7th floor of the Civic Centre, Carlisle. We have considered the ethical standards and any potential threats to our independence resulting from this arrangement. However, the nature of the lease arrangement, and the sums involved, are clearly insignificant to either party.

We have complied with the Financial Reporting Council's Ethical Standard 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 December 2016 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.

## Non-audit services

No non-audit services were identified.

---

# Appendices

- A. Revised ISAs
- B. Glossary

# Appendix A: Revised ISAs

Detailed below is a summary of the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.

Section of the auditor's report	Description of the requirements
<b>Conclusions relating to going concern</b>	We will be required to conclude and report whether: <ul style="list-style-type: none"><li>• The directors use of the going concern basis of accounting is appropriate; and</li><li>• The directors have disclosed identified material uncertainties that may cast significant doubt about the Council's ability to continue as a going concern.</li></ul>
<b>Material uncertainty related to going concern</b>	We will need to include a brief description of the events or conditions identified that may cast significant doubt on the Council's ability to continue as a going concern when a material uncertainty has been identified and adequately disclosed in the financial statements. Going concern material uncertainties are no longer reported in an Emphasis of Matter section in our audit report.
<b>Other information</b>	We will be required to include a section on other information which includes: <ul style="list-style-type: none"><li>• Responsibilities of management and auditors regarding other information;</li><li>• A statement that the opinion on the financial statements does not cover the other information unless required by law or regulation; and</li><li>• Reporting inconsistencies or misstatements where identified</li></ul>
<b>Additional responsibilities for directors and the auditor</b>	We will be required to include the respective responsibilities for directors and us, as auditors, regarding going concern.
<b>Format of the report</b>	The opinion section appears first followed by the basis of opinion section.



# Appendix B: Glossary

Detailed below is a glossary of key terminology that is referred to within our Audit Plan

Term	Description
<b>International Standards on Auditing (ISA)</b>	International Standards on Auditing (ISA) are professional standards for the performance of financial audit of financial information.
<b>Local Audit and Accountability Act 2014</b>	Establishes arrangements for the audit and accountability of local public bodies.
<b>National Audit Office Code of Practice</b>	The Code sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act.
<b>Those charged with governance (TCWG)</b>	The persons with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity.
<b>Primary statements</b>	Provides the essential data required by stakeholders to assess the financial position.
<b>Comprehensive Income and Expenditure Account (CIES)</b>	Provides details of the income and expenditure for the financial year.
<b>Annual Governance Statement</b>	A statutory document which explains the processes and procedures in place to enable the council to carry out its functions effectively.
<b>Narrative Report</b>	The purpose of the Narrative Report is to offer interested parties an effective guide to the most significant matters reported in the accounts.
<b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b>	CIPFA is the only professional accountancy body in the world exclusively dedicated to public finance. CIPFA is responsible for providing accounting guidance to Local Government bodies.
<b>CIPFA Code of Practice on Local Authority Accounting</b>	This is the document which sets out the accounting requirements for Local Government bodies. The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Standards, except where these are inconsistent with specific statutory requirements.
<b>Public Sector Audit Appointments Ltd (PSAA)</b>	PSAA is responsible for appointing auditors to local government, police and local NHS bodies, for setting audit fees and for making arrangements for the certification of housing benefit subsidy claims.

