

# Audit Progress Report

## Gloucestershire County Council and Pension Fund

Year ending 31 March 2021

January 2021



# Contents

Section	Page
Introduction	3
Progress at 5 January 2021	4
Audit Deliverables	5
Appendix A – VFM Arrangements	

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# Introduction

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

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



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# Progress at 5 January 2021

## 2019/20 Audit

### Opinion for the Council and Pension Fund

We presented our Audit Findings Reports (ISA260) at the Audit and Governance Committee on 30 October 2020. In these reports we set out that our anticipated opinions (for both the Council and Pension Fund) were unqualified and would include Emphasis of Matter paragraphs highlighting the material uncertainties disclosed in the financial statements in respect of the Council's land and buildings and the property investment funds held within the Gloucestershire Pension Fund.

Subsequent to the Committees we completed our audit procedures and issued our anticipated opinions, as set out above, on the 18 November 2020. We were unable to issue our certificate on the same date as we had yet to conclude our work on the outstanding 2016/17 objection relating to the energy from waste scheme. We also needed to complete our work on the Council's Whole of Government Accounts (WGA) submission.

### Value for Money (VFM) conclusion

In addition to the opinion on the financial statements, we are also required to issue our Value for Money (VFM) conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. As indicated at the 30 October 2020 Audit and Governance Committee, we are unable to conclude our work in this area until the objection relating to the energy from waste scheme referred to above had been completed.

### Energy from Waste Objection

We issued an updated Provisional Views document on 15 December 2020 to the County Council and the objectors and asked for responses to this by 22 January 2021. We will determine the way forward after we have considered any responses received.

### Whole of Government Accounts (WGA)

Nationwide system issues at HM Treasury have prevented the Council from making its updated submission and this has impacted on the completion of our work.

### Certification of claims and returns

We certify the Council's annual Teachers' Pensions return is consistent with the scheme requirements and the Council's underlying records. The scheme was certified with only minor amendments ahead of the 30 November 2020 deadline.

## Other areas

### Events

Our annual chief accountants' workshops will take place early in 2021. These events, which will be held virtually this year, will be open to your key finance officers and focus on the learning from 2019/20 across the sector as well as providing early insight and views on emerging issues affecting 2020/21 closedown.

## 2019/20 Proposed Audit Fees

In our Audit Findings Reports for both the Council and Pension Fund presented to the Audit and Governance Committee on 30 October 2020 the fees section indicated that final fees for 2019/20 were to be confirmed.

We have now reflected on the time taken to discharge our responsibilities this year and are proposing a further increase in fees of £14,073 for the County Council and £6,000 for the Pension Fund, in addition to those proposed at the planning stages of the audits.

These further charges have not been entered into lightly but reflect only a proportion of the significant additional work we have had to undertake this year to discharge our responsibilities. Further details on the make up of all the additional fees are set out in our Annual Audit Letter.

Please note that these proposed additional fees are subject to approval by PSAA in line with the Terms of Appointment.

## VFM for 2020/21 and onwards

The NAO consultation on a new Code of Audit Practice (the "Code") has finished, and the new Code has completed its approval process in Parliament. It therefore came into force on 1 April 2020 for audit years 2020/21 and onwards. The new Code supersedes the Code of Audit Practice 2015, which was published by the National Audit Office (NAO) in April 2015.

The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations. The NAO public consultation ran until 2 September 2020. The NAO will now analyse all consultation responses received and consider what changes are required to the draft guidance. More detail is provided on the impact of this change in appendix A.

# Audit Deliverables

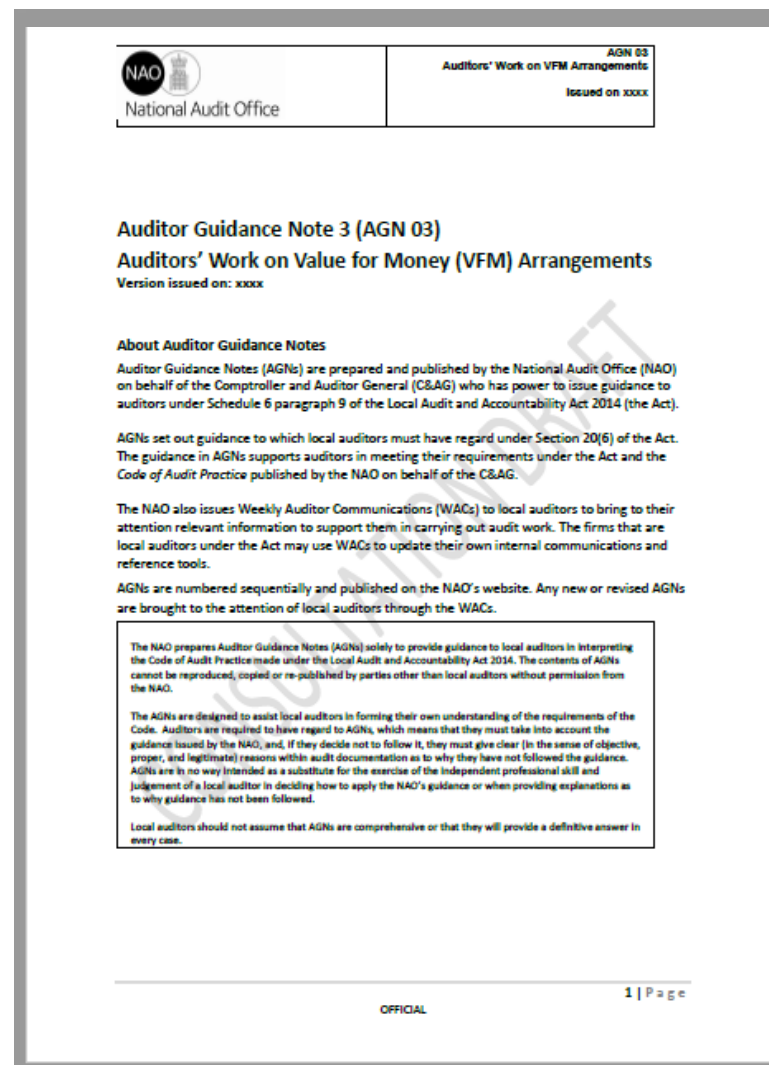
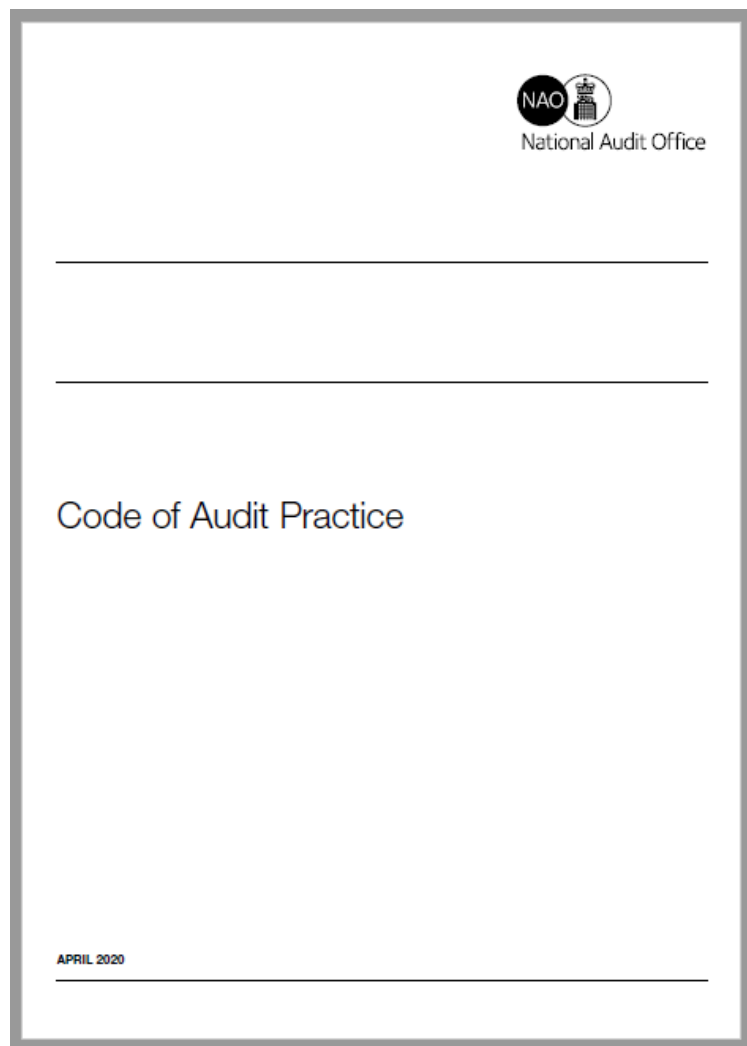
2019/20 Deliverables	Planned Date	Status
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the October Audit and Governance Committee</p>	October 2020	Complete
<p><b>Auditors Report</b></p> <p>This is the opinion on your financial statements, annual governance statement and value for money conclusion.</p>	November 2020	Complete
<p><b>Annual Audit Letter</b></p> <p>This letter communicates the key issues arising from our work.</p>	December 2020	Reported to the Audit and Governance Committee in January 2021
2020/21 Deliverables	Planned Date	Status
<p><b>Fee Letter</b></p> <p>Confirming audit fee for 2020/21</p>	April 2020	Complete
<p><b>Accounts Audit Plan (for both the Council and Pension Fund)</b></p> <p>We are required to issue a detailed accounts audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2020/21 financial statements.</p>	March 2021	Not yet due
<p><b>Audit Findings Report (for both the Council and Pension Fund)</b></p> <p>The Audit Findings Report will be reported to the October Audit and Governance Committee</p>	October 2021*	Not yet due
<p><b>Auditor's Annual Report</b></p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). The final version of the AAR will be published at the same time as the Auditors Report</p>	October 2021*	Not due yet
<p><b>Auditors Report (for both the Council and Pension Fund)</b></p> <p>This is the opinion on your financial statement, annual governance statement and value for money conclusion.</p>	October 2021*	Not yet due

\*Subject to confirmation of the Local Government accounts timetable. The 2020/21 Local Government accounts and audit timetable is likely to be impacted should there be subsequent waves of Covid-19 in 2020-21. If there are still significant levels of the virus prevalent throughout the period to 31 March 2021, it is more likely that the audit deadline will be delayed again this year.

# Appendix A

## Auditor's work on VFM Arrangements

# How have the NAO changed value for money work ?



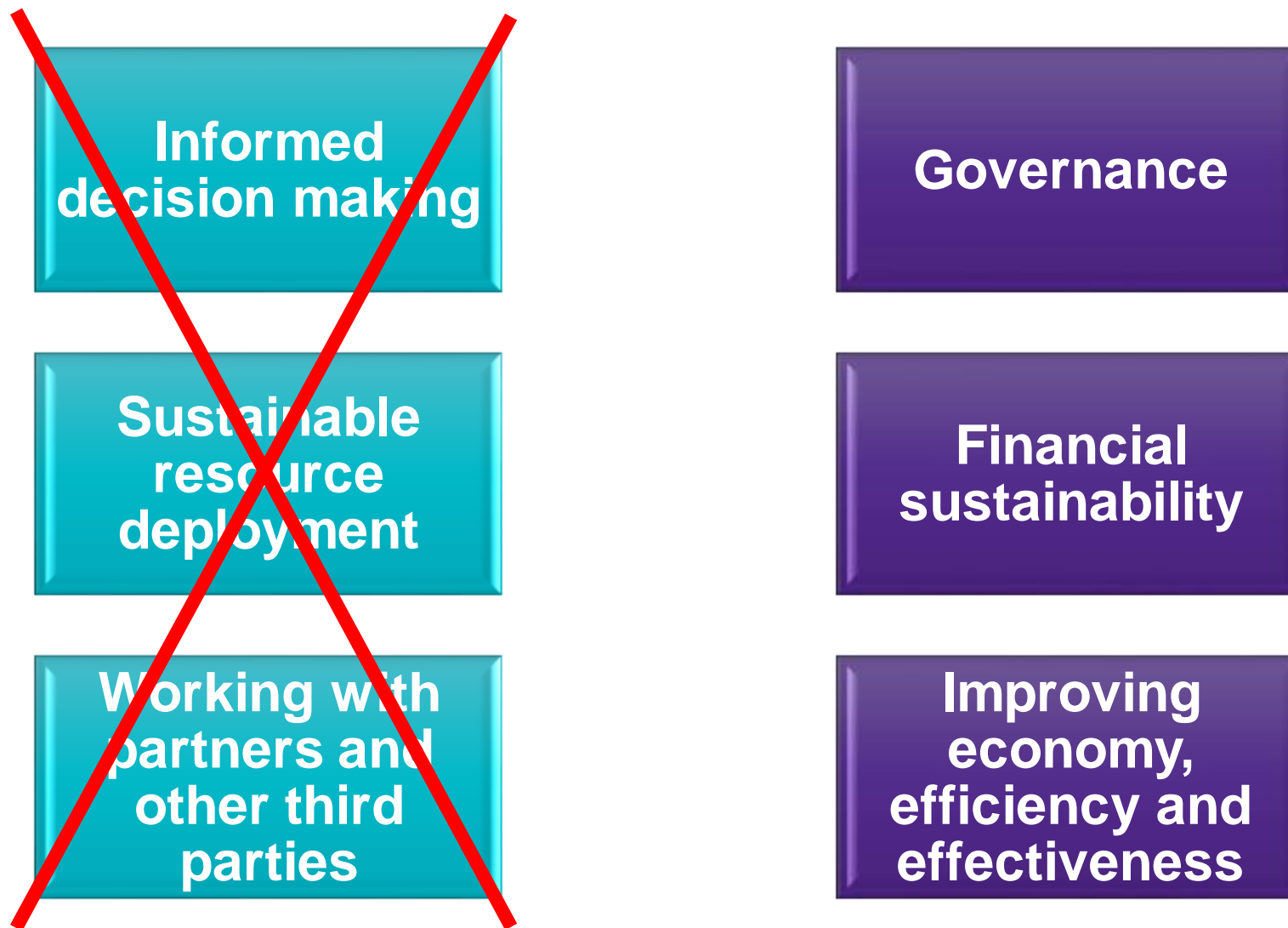
# How is value for money work changing ?



## VFM arrangements commentary and recommendations



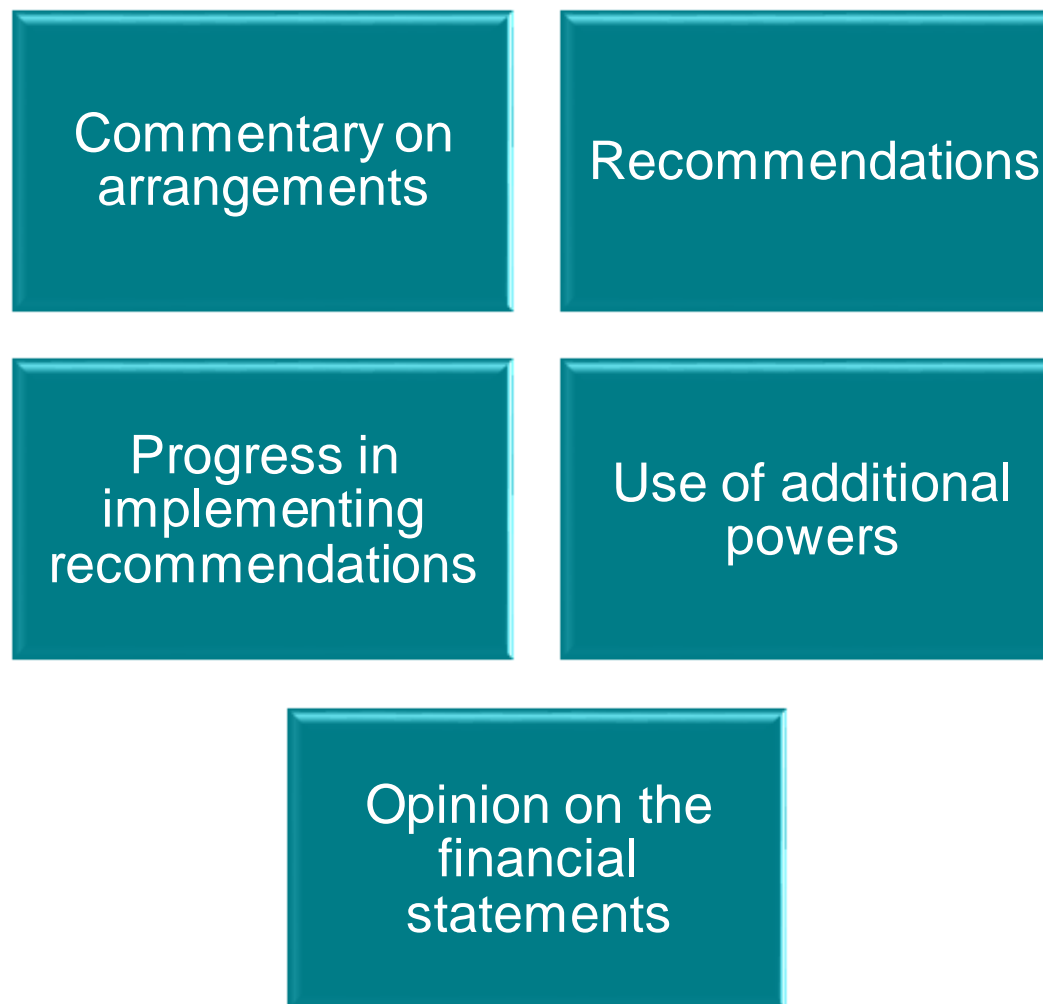
# The three criteria have changed...



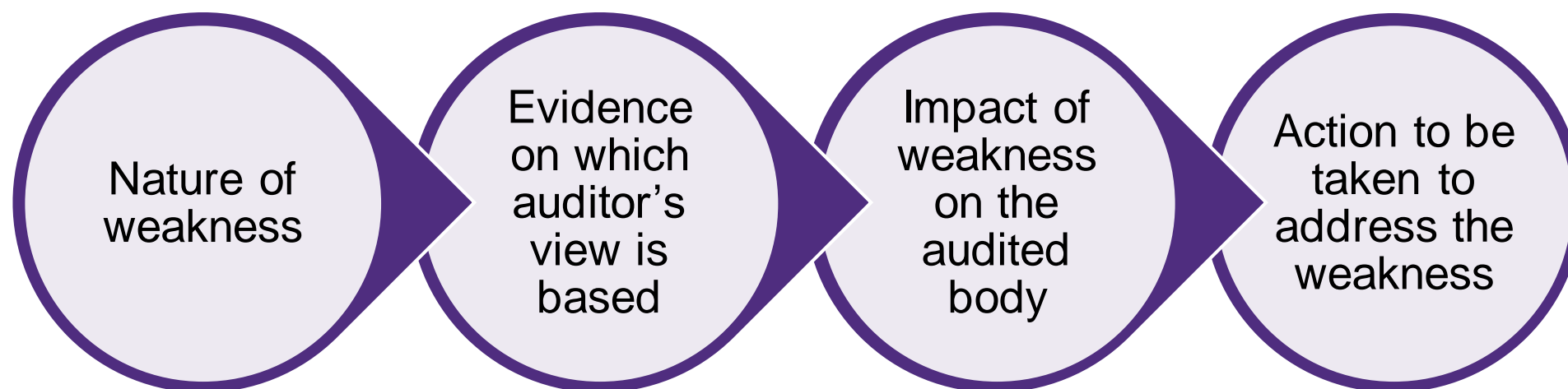
# A key change in reporting...



# So what is in an Auditor's Annual Report ?



# Recommendations



# Practical implications

The new approach is more complex, more involved and will lead to better quality working achieving more impact. Before beginning work, we will discuss with you:

- Timing
- Resourcing
- Fees

# Q&A





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