

The Annual Audit Letter for Cumbria County Council

Year ended 31 March 2017

October 2017

Gareth Kelly

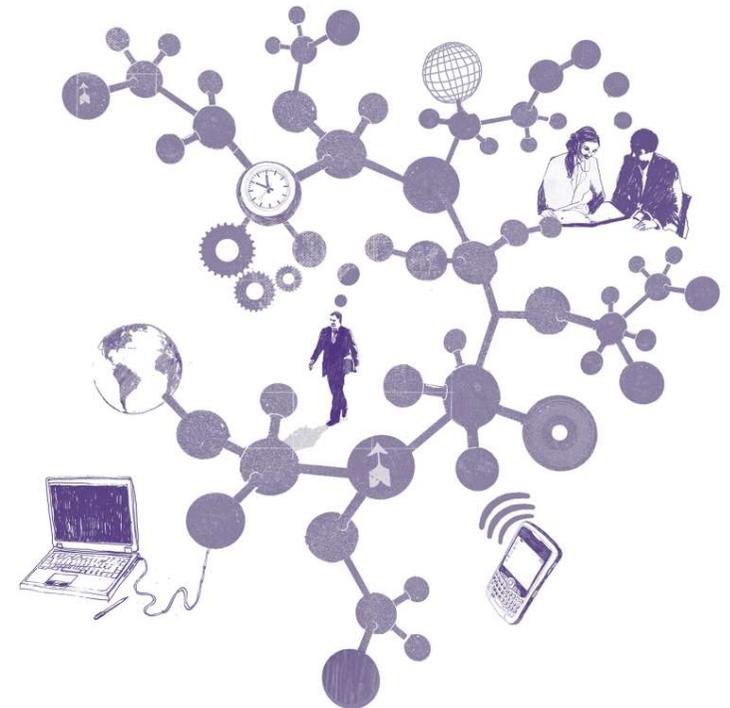
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Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work we have carried out at Cumbria County Council (the Council) and Cumbria Local Government Pension Scheme (the Scheme) for the year ended 31 March 2017.

This Letter provides a commentary on the results of our work to the Council and its external stakeholders, and highlights issues we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Audit and Assurance Committee, as those charged with governance, in our Audit Findings Reports on 25 September 2017.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give opinions on both the Council's and Pension Scheme's financial statements as outlined in section two; and
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources, known as the value for money conclusion, as outlined in section three.

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Our work

Financial statements opinion

We gave unqualified opinions on both the Council's and the Pension Scheme's financial statements on 26 September 2017.

We are pleased to report that the Council and Pension Scheme has again achieved a high quality standard of financial reporting for 2016/17 in terms of compliance with the CIPFA Code of Practice. There were no external audit recommendations made relating to the financial statements.

Value for money conclusion

We were satisfied that in all significant respects, the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2017, except for the matters we identified below;

- the on-going impact of the "inadequate" Children Services Ofsted regulator inspections as reported in May 2012, June 2013 and May 2015; and
- the outcome of the significant contractual dispute with Amey settled in November 2016 and the Council's 'lessons learned' report from September 2017.

We therefore issued a qualified 'except for' value for money conclusion on 26 September 2017.

Whole of government accounts

We completed work on the Council's consolidation return following guidance issued by the NAO and issued an unqualified report on 26 September 2017.

Certificate

We are currently unable to certify that we have completed the audit of the accounts of Cumbria County Council, as we have not yet completed the work required in respect of an objection received from a local elector. The objection relates to the value for money of a highways improvement scheme.

Working with the Council

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Audit of the accounts

Our audit approach

Materiality

In our audit of the Council's accounts, we applied the concept of materiality to determine the nature, timing and extent of our work, and to evaluate the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

Cumbria County Council

We determined materiality for our audit of the Council's accounts to be £14.907 million, which is 1.75% of the Council's revenue expenditure – cost of services.

We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We set a lower level of specific materiality for senior officer remuneration, exit packages and related party transactions.

We also set a lower threshold of £0.745 million, above which we reported errors to the Audit and Assurance Committee in our Audit Findings Report.

Cumbria Local Government Pension Scheme

For the audit of the Pension Scheme, we determined materiality to be £23.364 million, which is 1% of the Fund's net assets. We used this benchmark, as in our view, users of the Pension Fund accounts are most interested in the value of assets available to fund pension benefits.

We set a lower level of specific materiality for certain areas such as management expenses and related party transactions. We set a threshold of £1.168 million above which we reported errors to the Audit and Assurance Committee.

The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the Council's and Pension Scheme's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by the Assistant Director Finance (s151 Officer) are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's and Pension Scheme's business and is risk based.

We identified key risks and they are set out overleaf. Tables 1 and 2 overleaf sets out the work we performed in response to significant estimation related risks for the Council and the Pension Scheme.

Audit of the accounts - Council

These are the financial statements related risks which had the greatest impact on our overall audit strategy of the Council's financial statements, and where we focused more of our work.

Table 1: Financial statements related risks - Council

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of property, plant and equipment (PPE) and investment properties</p> <p>Our work addressed the risk that the Council's property, plant and equipment and investment property portfolio valuation is not materially misstated.</p> <p>The Council revalues its assets annually. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • reviewed management's processes and assumptions for the calculation of the estimate; • reviewed the competence, expertise and objectivity of any management experts used; • for the valuation undertaken we: <ul style="list-style-type: none"> - reviewed the instructions issued to valuation experts and the scope of their work; - discussed with the valuer the basis on which the valuation is carried out and challenged the key assumptions; - reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding; - undertook testing of revaluations made during the year to ensure they were input correctly into the Council's asset register; and - evaluated 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. 	<p>Our audit work identified one error in the manual calculation of one school's valuation. As a result buildings within PPE and the Capital Adjustment Account were overstated by £0.9 million.</p> <p>We identified no further issues in our testing.</p>
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represent significant estimates in the financial statements.</p> <p>In response to the move to earlier close-down, there is a greater degree of estimation in the information provided to the Actuary.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • reviewed and did a walkthrough of the controls put in place by management to ensure that the pension fund liability is not materially misstated; • reviewed the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We gained an understanding of the basis on which the valuation was carried out; • undertook procedures to confirm the reasonableness of the actuarial assumptions made; and • reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements to the actuarial report from your actuary. 	<p>Our audit work did not identify any issues in respect of the valuation of the pension fund net liability.</p>

Audit of the accounts – Pension Scheme

This is the financial statements related risk which had the greatest impact on our overall audit strategy of the Pension Scheme’s financial statements, and where we focused more of our work.

Table 2: Financial statements related risks – Pension Scheme

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Level 3 Investments – Valuation is incorrect</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgmental matters.</p> <p>Level 3 investments by their very nature require a significant degree of judgment to reach an appropriate valuation at year-end.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> gained an understanding of the process for valuing level 3 investments through discussions with relevant personnel from the Pension Scheme; performed walkthrough tests of the controls identified in the process; sample tested investment valuations by obtaining and reviewing the audited accounts at latest date for individual investments and agreeing these to the fund manager reports at that date. reviewed reconciliations to the investment values at 31st March 2017 with reference to known movements in the intervening period; reviewed the qualifications of Pension Scheme managers as experts to value the level 3 investments at year end and gain an understanding of how the valuation of these investments has been reached; reviewed the nature and basis of estimated values and considered what assurance management has over the year-end valuations provided for these types of investments; and reviewed the competence, expertise and objectivity of any management experts used. 	<p>Our audit work did not identify any issues relating to the valuation of level 3 investments.</p>

Audit of the accounts

Audit opinion

We gave unqualified opinions on the Council's and Pension Scheme's accounts on 26 September 2017.

We received draft financial statements within the specified deadlines, accompanied with quality working papers in advance of our work. The statement of accounts were issued for audit on 28 June 2017 post the formation of an administration for the Council, but a final draft version was made available from early June 2017. We also received working papers to support the accounts by the end of May 2017. The finance team responded promptly and efficiently to our queries during the audit.

We are pleased to report that the Council and Pension Scheme has again achieved a high quality standard of financial reporting for 2016/17 in terms of compliance with the CIPFA Code of Practice. There were no external audit recommendations made relating to the financial statements.

We reported the key issues from our audit of the accounts for both the Council and the Pension Scheme in our Audit Findings Reports to the Council's Audit and Assurance Committee on 25 September 2017.

Issues arising from the audit of the accounts - Council

Two misstatements were identified to primary statements that management amended in the final set of financial statements. Both are classification adjustments only, and had no impact on the overall financial position, as outlined below:

- £14.729 million was adjusted within Property, Plant and Equipment (PPE) to reclassify some Port of Workington assets from infrastructure to land and buildings and surplus assets. This has no impact upon the net financial position, or to the total of the PPE balance; and
- A prior period adjustment was identified to the 31/3/16 balance sheet to move £15 million classified as cash into short term equivalents to account for a bank account incorrectly classified. The 31/3/17 classification was correct.

We also identified two misstatements, which remained unadjusted by management. These are detailed below:

- the PPE balance for buildings and the Capital Adjustment Account are both overstated by £0.9 million. This is due to an error in a manual calculation in the valuation of one school; and
- the Capital Grants and Contributions Unapplied Account (CGUA) includes £1.631 million of revenue contributions to capital projects, which should be designated as an earmarked reserve. The items within this balance are not capital grants or capital external contribution, they are earmarked revenue contributions.

The decision to not adjust for the above items did not impact upon our audit opinion as the items were not material. This was reported to the Audit and Assurance Committee at the meeting on 25 September 2017 with the reasons included in the Letter of Representation.

Any other adjustments were minor relating to disclosure notes only, and all of which management amended in the final set of financial statements.

Issues arising from the audit of the accounts – Pension Scheme

We did not identify any adjustments that impacted upon primary statements and any adjustments identified were within memorandum disclosure notes only, all of which management amended in the final set of financial statements. Adjustments noted within memorandum disclosure notes are as follows:

- note 10h fair value hierarchy had £10.413 million categorised as level 2 investments, when the category was level 1. The comparator for 2015/16 of £8.813 million was also amended; and
- pension officers identified at the start of the audit two errors within the mix of note 10i for the reconciliation of fair value measurements within level 3. This included a transposition error and £3.72 million classified in the wrong heading.

Any other adjustments were minor to disclosure notes only, and were amended by management in the final set of financial statements.

Audit of the accounts

Annual Governance Statement, Narrative Report and Scheme Annual Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in advance of the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council. The Pension Scheme Annual Report was prepared in line with the relevant guidance and was consistent with our knowledge of the Pension Fund.

Other statutory duties

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

On 4 July 2017, we received an objection to the Council's 2016/17 financial statements by a local elector requesting that we issue a public interest report. The objection is in relation to value for money of a highways improvement plan in Kendal.

We completed an initial review of the objection and were satisfied that we were able to issue our opinion on the financial statements and our value for money conclusion. Our work on the objection is on-going and we will update the Objector and the Council at key stages of the process.

We have not been able to issue our closure certificate, which formally concludes our audit, until such time as we have finalised our work on this objection.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2016 which specified the 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.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out in Table 3 overleaf.

As part of our Audit Findings agreed with the Council in September 2017, we agreed one recommendation to address our findings.

Overall VfM conclusion

We were satisfied that in all significant respects, the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2017, except for the matters we identified below;

- the on-going impact of the "inadequate" Children Services Ofsted regulator inspections as reported in May 2012, June 2013 and May 2015; and
- the outcome of the significant contractual dispute with Amey settled in November 2016 and the Council's 'lessons learned' report from September 2017.

We therefore issued a qualified 'except for' value for money conclusion on 26 September 2017.

Value for Money

Table 3: Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p>Ofsted inspection of children's services Ofsted issued a report on the Council's children's services in May 2015 which rated these as 'inadequate'. This is the third successive assessment of the Council as inadequate following reported assessments in May 2013 and May 2012.</p> <p>Until such time as Ofsted has confirmed that adequate arrangements are in place, this remains a significant risk to the Council's arrangements for looked after children.</p>	<p>We reviewed the Council's project management, performance monitoring arrangements and risk assurance frameworks to monitor progress against the agreed implementation plan.</p>	<p>The Council had a re-inspection in March 2015 on both child protection and looked after children. In summary, Ofsted's overall judgment is that children's services are inadequate. Child protection had improved and was assessed as requires improvement. Some elements of adoption and care leavers assessments were assessed as requires improvement but looked after children and achieving permanence and related leadership, management and governance was scored as inadequate at that time. The report was positive on a number of fronts including; in terms of stronger leadership now in place, significant progress being made on collaborative agency working and direct work with children is of good quality.</p> <p>Management had taken action to provide additional financial resources and leadership and middle management capacity to improve the arrangements for looked after children in Cumbria, but there was at this time no sustained improvement fully across the whole service, as recognised by the inspectors, Children Improvement Board and management.</p> <p>We acknowledge that, Children Services is working hard to deliver the Improvement Plan, with recruitment and retention of staff as key challenges. On-going recruitment during the year through the social worker academy project and from targeted recruitment has filled some key staffing shortages, particularly in the south and west of Cumbria. The strategic direction is informed through continued learning from internal and Ofsted case file audits, improved permanency planning reducing drift in care planning and numbers of Children Looked After.</p> <p>The Improvement Plan focuses on four key themes of leadership and governance, supporting children looked after, working in partnership and quality of practice. Monitoring and scrutiny of actions is regularly undertaken with the progress, impact, milestones and timescales regularly reported. The Plan is fluid and up to date, taking into account the results of other reviews such as the quarterly Ofsted visits. To support the work in the Improvement Plan, the Workforce and Practice Board oversees the delivery of the Workforce Strategy. The Placement Commissioning Board oversees placement performance and the Continuous Improvement Board reviews quality and performance issues, which includes the Improvement Plan and any other Ofsted related actions.</p> <p>The Ofsted letter of 21 July 2016 summarised the findings of the 10 monthly monitoring visits to Cumbria between July 2015 and June 2016 and indicated a positive direction of travel. Although there are summary findings for each of the four phases of the Ofsted monitoring visits, the letter noted that in summary "inspectors were satisfied that the local authority has shown steady improvement in line with its improvement plan" and that "the local authority is making expected progress to improve services for children and young people in Cumbria".</p> <p>Quarterly inspections from Ofsted were in place from July 2016 onwards, and the results detailed in Ofsted letters dated 14 November 2016, 24 February 2017 and 13 June 2017 for visits 11, 12 and 13. The 14 November 2016 letter concentrated on help and prevention services, the 24 February report on help and protection services and the 13 June report on children looked after and care leavers. The 13 June 2017 report noted that, in summary "the local authority is making expected progress in some areas of practice".</p> <p>Internal Audit carried out risk based work during 2016/17 on the multi agency safeguarding hub. This review resulted in 'partial assurance' with actions identified to strengthen assurance arrangements within the hub, and management is making progress in addressing these matters.</p> <p>We concluded there were weaknesses in the Council's arrangements and we issued an 'except for' qualified value for money conclusion in this area.</p>

Value for Money

Risk identified	Work carried out	Findings and conclusions
<p>Health & Social Care Integration</p> <p>Health and care services within Cumbria are subject to significant transformation programmes. The intention of all programmes is to address issues of cost and quality of health and care services. The Council is a key partner on integration to ensure the financial sustainability of health and care services.</p> <p>Working with partners from different organisations and service areas with potentially conflicting priorities, the projects are complex and high profile.</p>	<p>We reviewed the project management and risk assurance frameworks established by the Council to establish how it is identifying, managing and monitoring these integration related risks and activities.</p>	<p>Health and care services within Cumbria are subject to significant transformation programmes. North Cumbria Hospitals Acute Hospitals NHS Trust's 'Success Regime' project covered east and west Cumbria and formally ended in June 2017, with the Sustainability and Transformation Plan continuing with West, North and East Cumbria Health and Care Partnership. University Hospitals of Morecambe Bay NHS Foundation Trust is a key partner in the Vanguard programme 'Better Care Together' covering areas including south Cumbria. In addition a Cumbria Strategy for Mental Health is a whole economy programme to deliver the best quality and sustainable mental health care. The intention of all programmes is to address issues of cost and quality of health and care services.</p> <p>Integration is key for all agendas and Cumbria County Council and health partners are engaged, with director participation on all schemes. Key focus for Cumbria County Council and health partners is the delivery of the integration agenda, identifying, and designing work streams, and appropriate governance structures.</p> <p>In addition, the publication of Sustainable Transformation Plans (STP) underpin the schemes with plans in place for Cumbria with one covering the north, east and west and another covering the south of the county. The Health and Wellbeing Board set the overall joint health and wellbeing strategy for Cumbria.</p> <p>County wide structures are in place with Cumbria County Council and other key health partners as part of the Joint Commissioning Board. The 'Better Care Fund' is a pooled budget fund operated by Cumbria County Council with funding from NHS Cumbria Commissioning Group. Other work streams reviewed as part of this process include the learning disabilities pooled budget and transforming care. Monthly meetings occur and an integrated Commissioning Manager is in place with more joint posts planned. This is a working-sub group of the Health and Wellbeing Board.</p> <p>The Council has conducted an internal review of integration to map and understand attendance and purpose, as this agenda is moving at significant pace and there are challenging timescales. The aim of the review was to assess the full integration agenda in terms of the scale of engagement and participation to ensure it is focussed and framed effectively, and linked to the Council's Programme Board agenda.</p> <p>We concluded that the risk was sufficiently mitigated and that the Council had proper arrangements in this emerging, complex and diverse area.</p>

Value for Money

Risk identified	Work carried out	Findings and conclusions
<p>Medium Term Financial Plan including service transformation</p> <p>The Council's Medium Term Financial Plan (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 includes a number of key projects, including internally reshaping the Council.</p>	<p>We reviewed 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 reporting outcomes to Cabinet and Full Council.</p>	<p>The Council continues to face significant financial challenges. The budget gap in the MTFP was updated in February 2017 for the 3 year period 2017/18 to 2019/20 with savings required over the 3 years of £52 million. The Council is confident that through its strategic planning processes it will identify new savings to achieve the £36m budget gap for 2018/19 to 2019/20, after securing a balanced budget for 2017/18 with the £16 million of required savings identified. We acknowledge that, the Council is working on plans to identify and deliver on the £36 million required for 2018/19 and 2019/20.</p> <p>The Council has a comprehensive approach to its medium term financial planning, budgeting and identification of saving plans, which are agreed at a corporate level, by senior officers and Members. For the five year period 2011/12 to 2016/17, the Council has identified £198 million of savings and has a strong history of achieving savings to date. Reporting financial outcomes including the current position on savings and budgets forms part of the quarterly budget monitoring updates.</p> <p>The Council is faced with the continuing challenge of finding further savings which will become increasingly difficult. Therefore it is essential savings plans continue to be clearly communicated, link to specific policy decisions, service reviews and planned rationalisation of the workforce and that the impact on service levels and quality is clearly identified and monitored.</p> <p>The strategy is aligned to the Council's corporate priorities, highlights the key financial risks, and adopts a prudent approach to funding streams. The Council has taken this approach to allow it to have the flexibility and resilience in order to address the variable nature of future funding. The Council has good planning assumptions built into the annual and three year budget processes. The Council is responsive to changes required as the strategic planning process considers optimistic, planned and pessimistic sensitivity analysis.</p> <p>We concluded that the risk was sufficiently mitigated and that the Council had proper arrangements in this area.</p>

Value for Money

Risk identified	Work carried out	Findings and conclusions
<p>Contract management and monitoring The Council was the defendant in a legal dispute concerning the provision of highway services that ended in 2012 with a commercial provider. The outcome of the dispute was determined in 2016/17.</p> <p>Wider contract management and the monitoring of external contracts were an area of audit focus.</p>	<p>We reviewed the arrangements the Council has in place to update and improve, where appropriate, its own processes for the management and monitoring of existing external contracts.</p> <p>We also reviewed how the Council is applying any lessons learnt from previous contract management approaches, including how these are applied to its current procurement arrangements.</p>	<p>The Council was the defendant in a significant contractual dispute with a former contractor, Amey. The contract ended in 2012. Over the term of the seven year contract the Council paid Amey £272 million. After a complex legal process, in November 2016 the final judgment received had gains and losses applied to both parties, but overall found in favour of Amey. The Council paid Amey £5.4m including interest, with an additional £6.2 million for the settlement of the related case costs.</p> <p>In October 2016, before the final judgment was received, the Council commissioned a 'lessons learned' review of the events surrounding the procurement, operation and termination of the Amey contract. The Council responded positively to our suggestions at the scoping stage to improve the independence and robustness of the review. The review team included a suitably qualified individual to peer review the process as well as assurance over the process being gained from Internal Audit. As your External Auditors we were kept fully informed of the final scope and the progress at key stages of what has been a very thorough review, but we have remained independent of the review to comply with our statutory roles and responsibilities.</p> <p>The review included 20 lessons learned and 27 associated recommendations identified by the review team and these actions have been designed to address a number of identified weaknesses with regard to contractual management arrangements. The review is comprehensive and details pertinent matters as well as key actions the Council is planning to take by May 2018. The Council acknowledges that, it needs to improve the robustness of its overarching contract management arrangements with appropriate capacity, capability, performance monitoring and risk and escalation management of all major contracts, and to improve arrangements for the management of any potential related contract disputes and litigation.</p> <p>Our high level review work conducted as part of the 2016/17 audit, focussed on some of the high value external contracts the Council has in place, to assess the arrangements to monitor these contracts and to effectively manage relationships. As expected, there is not a 'one size fits all' approach due to the variety of the contracts and types of services commissioned. However, there is not an overarching corporate system to capture and record the outcomes of contract management, instead there is a reliance upon existing arrangements that are not always fully documented.</p> <p>The Council has a sub-group of Cabinet Members, chaired by the Cabinet Member with responsibility for Procurement and Commissioning (Deputy Leader) whose terms of reference are set out in the Constitution. The Action Plan in response to the Lessons Learned review will develop the robustness of the existing contract/commissioning management arrangements and in particular, major contracts, but not exclusively, waste management, highways and people-related contracts.</p> <p>Our work concluded that contract management arrangements are in place for all of the contracts reviewed; they were subject to regular monitoring, but KPIs were not always in place. There were examples of good contract relationships being developed on significant contracts with regular meetings and monitoring in place. This supports the Peer Reviewer conclusion in the Lessons Learned review, that there is evidence of the Council already applying different practices as a result of the Amey contractual dispute.</p> <p>Overall, we concluded there were weaknesses in the Council's contractual management arrangements and we issued an 'except for' qualified value for money conclusion in this area.</p>

Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and fees for other services including the provision of non audit services.

Fees

	Proposed fee £	Actual fees £	2015/16 fees £
Statutory audit - Council	114,615	114,615	114,615
Statutory audit – Pension Scheme	26,660	26,660	26,660
Total fees (excluding VAT)	141,275	141,275	141,275

The proposed fees for the year are in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

Reports issued (presented to the Audit and Assurance Committee)

Report	Date issued
Audit Plan	20 March 2017
Audit Findings Report	25 September 2017
Annual Audit Letter (agreed by management)	25 October 2017

Fees for other services

Service	Fees £
Audit related services:	
• Grant certification – Teachers' Pension Return	4,900
• Harbour Accounts – agreed upon procedures	1,000
Non Audit related services:	
• Cost Assurance	500

Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all other services we have provided.
- We have considered whether other services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place, as reported in our Audit Findings Report.



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