



Falkirk Council

Annual Audit Plan

2014/15

Prepared for Falkirk Council

April 2015



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Summary

Introduction

1. Our audit is focused on the identification and assessment of the risks of material misstatement and irregularity in Falkirk Council's financial statements.
2. This report summarises the key challenges and risks facing Falkirk Council and sets out the audit work that we propose to undertake for 2014/15. Our plan reflects:
 - the risks and priorities facing Falkirk Council
 - current national risks that are relevant to local circumstances
 - the impact of changing international auditing and accounting standards
 - our responsibilities under the Code of Audit Practice as approved by the Auditor General for Scotland
 - issues brought forward from previous audit reports.
3. The Charities Accounts (Scotland) Regulations 2006 specifies the accounting and auditing rules for Scottish registered charities. Irrespective of the size of the charity, as a consequence of the interaction of section 106 of the Local Government (Scotland) Act 1973 with the regulations, a full audit is required of all registered charities where the local

authority is the sole trustee. Falkirk Council has one trust falling into that category i.e. Falkirk Temperance Trust, with total assets of £0.160 million at 31 March 2014. Accordingly, we will perform the audit of the council's charitable trust in parallel with the audit of the council's financial statements.

Summary of planned audit activity

4. Our planned work for 2014/15 includes:
 - an audit of the financial statements and provision of an opinion on whether:
 - they give a true and fair view of the state of affairs of Falkirk Council as at 31 March 2015 and its income and expenditure for the year then ended
 - the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom (the Code)
 - an audit of the financial statements and provision of an opinion for the charitable trust where the local authority is the sole trustee
 - reporting the findings of the shared risk assessment process in a Local Scrutiny Plan. This will summarise identified scrutiny risks and/or any changes to the Local Area Network's (LAN's) assessment since last year.

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- a review and assessment of Falkirk Council's governance and performance arrangements in a number of key areas including: review of adequacy of internal audit, ICT controls, BV review areas, annual governance statement, other performance and governance work
 - provision of an opinion on a number of grant claims and returns, including Whole of Government Accounts
 - reporting of National Fraud Initiative arrangements and results
 - a review of the local impact of national studies as required.
5. A separate audit plan, and audit fee, has been agreed for Falkirk Council Pension Fund. These are due to be reported to the Pensions Committee on 12 March 2015.

Responsibilities

6. The audit of the financial statements does not relieve management or the Audit Committee, as the body charged with governance, of their responsibilities.

Responsibility of the appointed auditor

7. Our responsibilities, as independent auditor, are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.
8. Auditors in the public sector give an independent opinion on the financial statements. We also review and report on the arrangements set in place by the audited body to ensure the proper conduct of its financial affairs and to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

Chief Finance Officer

9. It is the responsibility of the Chief Finance Officer, as the appointed "proper officer", to prepare the financial statements in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This means:

- maintaining proper accounting records
- preparing financial statements which give a true and fair view of the state of affairs of Falkirk Council as at 31 March 2015 and its expenditure and income for the year then ended.

Format of the accounts

10. The financial statements should be prepared in accordance with the Code which constitutes proper accounting practice. Falkirk Council prepares a Whole of Government Accounts consolidation pack annually for the Scottish Government. To enable summarisation, common accounting principles and standard formats should be used.

Audit Approach

Our approach

11. Our audit approach is based on an understanding of the characteristics, responsibilities, principal activities, risks and governance arrangements of Falkirk Council. We also consider the key audit risks and challenges in the local government sector generally. This approach includes:
- understanding the business of Falkirk Council and the risk exposure which could impact on the financial statements
 - assessing the key systems of internal control, and considering how risks in these systems could impact on the financial statements
 - identifying major transaction streams, balances and areas of estimation and understanding how Falkirk Council will include these in the financial statements
 - assessing and addressing the risk of material misstatement in the financial statements
 - determining the nature, timing and extent of the audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements give a true and fair view.

12. We have also considered and documented the sources of assurance which will make best use of our resources and allow us to focus audit testing on higher risk areas during the audit of the financial statements. The main areas of assurance for the audit come from planned management action and reliance on systems of internal control. Management action being relied on for 2014/15 includes:
- comprehensive closedown procedures for the financial statements accompanied by a timetable issued to all relevant staff
 - clear responsibilities for preparation of financial statements and the provision of supporting working papers
 - delivery of unaudited financial statements to agreed timescales with a comprehensive working papers package
 - completion of the internal audit programme for 2014/15.
13. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an early assessment of the internal audit function. Internal audit is provided by the internal audit section within the council. Overall, we concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

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14. We plan to place formal reliance on aspects of the work of internal audit in the following areas, to support our audit opinion on the financial statements:
- Non-domestic rates
 - Payroll (overtime and allowance administration)
 - Council house buy back
 - Continuous auditing of selected transactional systems
 - Trade receivables (2012/13).
15. In respect of our wider governance and performance audit work we also plan to review the findings and consider other areas of internal audit work including:
- Procurement
 - Strategic projects - TIF
 - Statutory performance indicators
 - Health and social care integration.

Materiality

16. International Standard on Auditing 320 provides guidance on the concept of materiality. We consider materiality and its relationship to audit risk when planning the nature, timing and extent of our audit and conducting our audit procedures. Specifically with regard to the financial statements, we assess

materiality of uncorrected misstatements, both individually and collectively.

17. Based on our knowledge and understanding of Falkirk Council we have set our planning materiality at 1% of gross expenditure. For 2014/15 planning materiality is £6.6 million.
18. We set a lower level, known as performance materiality, when defining our audit procedures. This level depends on professional judgement and is informed by a number of factors including:
- extent of estimation and judgement within the financial statements
 - nature and extent of prior year misstatements
 - extent of audit testing coverage.
19. For 2014/15 performance materiality has been set at £3 million. We will report, to those charged with governance, the Audit Committee, all misstatements greater than £66,000.
20. In addition, an inaccuracy which would not normally be regarded as material in terms of monetary value may be important for other reasons (for example the failure to achieve a statutory requirement, or an item contrary to law). In the event of such an item arising, its materiality has to be viewed in a narrower context; such matters would normally fall to be covered in an explanatory paragraph in the independent auditor's report.

Reporting arrangements

21. The Local Authority Accounts (Scotland) Regulations 2014 require that the unaudited annual accounts are submitted to the appointed external auditor no later than 30 June each year. The authority (or a committee whose remit includes audit or governance) is required to consider the unaudited annual accounts at a meeting held by 31 August. Local authorities must publish the unaudited accounts on their websites until the date on which the audited annual accounts are published.
22. The regulations require a local authority to give public notice on its website by 17 June of the right to inspect its annual accounts. The inspection period should last for 15 working days from the date specified in the notice, and the specified date should be at least 14 days after the notice is published but cannot be later than 1 July. These inspection requirements apply also to registered charities administered by the authority.
23. The 2014 regulations require the local authority (or a committee whose remit includes audit or governance) to meet by 30 September to consider whether to approve the audited annual accounts for signature. Immediately after approval, the annual accounts require to be signed and dated by specified members and officers and then provided to the auditor. The Controller of Audit requires audit completion and issue of an independent auditor's report (opinion) by 30 September each year.

24. The authority is required to publish on its website its signed audited annual accounts, and the audit certificate, by 31 October. The local authority is also required to publish a copy of the accounts of its subsidiaries, and its registered charities, by the same date. The annual audit report is required to be published on the website by 31 December.
25. An agreed timetable is included at Exhibit 1 below which takes account of submission requirements and planned Audit Committee dates:

Exhibit 1: Financial statements audit timetable

Key stage	Date
Testing and review of internal control systems and transactions	Feb – May 2015
Meetings with officers to clarify expectations of working papers and financial system reports	Ongoing
Planned committee approval of unaudited financial statements	22 June 2015
Submission of unaudited council financial statements with working papers package	22 June 2015
Submission of unaudited charitable trust financial statements with working papers package	22 June 2015
Progress meetings with lead officers on emerging issues	As required

Key stage	Date
Latest date for final clearance meeting with Chief Finance Officer.	7 Sept 2015
Agreement of unsigned financial statements for Audit Committee agenda, and issue of combined ISA 260 and Annual Audit Report to those charged with governance.	14 September 2015
Audit Committee date	21 September 2015
Independent auditors report signed	By 30 Sep 2015
Latest date for submission of unaudited whole of government accounts to external audit	TBC
Latest date for signing of WGA return	3 October 2015

26. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the responsible head of service and relevant officers to confirm factual accuracy. Responses to draft reports are expected within three weeks of submission. A copy of all final agreed reports will be sent to the Chief Executive, Chief Finance Officer, relevant senior manager, internal audit and Audit Scotland's Performance Audit and Best Value Group.

27. We will provide an independent auditor's report, to Falkirk Council and the Accounts Commission, that the audit of the financial statements has been completed in accordance with applicable statutory requirements. As part of streamlining our audit approach, this year the Annual Audit Report will be combined with the ISA 260 report. As a result, the Annual Audit Report will be issued by 30 September which is one month earlier than previous years.
28. All annual reports produced are published on Audit Scotland's website: (www.audit-scotland.gov.uk).
29. Planned outputs for 2014/15 are summarised at Appendix I.

Quality control

30. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice issued by Audit Scotland and approved by the Accounts Commission. To ensure that we achieve the required quality standards, Audit Scotland conducts peer reviews and internal

quality reviews and has been subject to a programme of external reviews by the Institute of Chartered Accountants of Scotland (ICAS).

31. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We do, however, welcome feedback at any time and this may be directed to the engagement lead, Fiona Mitchell-Knight.

Independence and objectivity

32. Auditors appointed by Audit Scotland must comply with the Code of Audit Practice. When auditing the financial statements, auditors must also comply with professional standards issued by the Auditing Practices Board (APB) and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Assistant Auditor General, who serves as Audit Scotland’s Ethics Partner.

33. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Falkirk Council.

Audit issues and risks

Audit issues and risks

34. Based on our discussions with staff, attendance at committee meetings and a review of supporting information, we have identified the following main risk areas for Falkirk Council. We have differentiated risks between those related to the financial statements risks and those related to the wider dimension audit. The financial statements risks, which require specific audit testing, are summarised at Appendix II.

Financial statement audit issues and risks

35. **Income:** Auditing standards (ISA 240 *The auditor's responsibility to consider fraud in an audit of financial statements*) requires auditors to presume a risk of fraud where income streams are significant. Falkirk Council receives a significant amount of funding from the Scottish Government; however some £296m is received from other sources, including service income from fees and charges. The complexity of income means there is an inherent risk that income could be materially misstated. It is our opinion that the council has mitigating controls in place to reduce this risk although risk can

never be fully eliminated. To reinforce this view, we will be undertaking full controls system testing of accounts receivable, and transaction testing which will cover each service income area. This is in addition to our coverage of RSG and NDR income received during the year.

36. **Management override of controls:** ISA 240 recognises that management are in a unique position and have the ability to manipulate accounting records, and prepare fraudulent financial statements, by overriding controls that would otherwise appear to be operating effectively. ISA 240 requires that this risk be recognised in audit plans.
37. **Accounting for non current assets:** Errors made in 2013/14 in relation to asset revaluation and componentisation resulted in material audit adjustments to Reserves/CIES amounting to £4 million. Management agreed to investigate the causes of these errors and take corrective action. There is still the potential for errors to occur and this represents a significant risk of material misstatement (RoMM).
38. **Accounting for Exit packages:** In recent years there have been errors in the allocation of exit package costs to the correct year of account. There is the risk of similar errors occurring in 2014/15 and, whilst there is no possibility of any breach of accounts materiality, the correct disclosure of these transactions has to be considered material by nature.

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39. **Equal pay:** The council has made a provision for equal pay, however, there is still the potential for this to be misstated as the legal position develops. We will monitor the situation throughout the year and review the equal pay provision as part of the 2014/15 financial statements audit process.
40. **Preparation of accounts:** The substantive position of Depute Chief Finance Officer is still to be filled, and presently is being covered on an acting-up basis. The finance team will also be losing a number of experienced staff through retirement. This loss of intellectual capital represents a risk to the accurate and timely completion of the unaudited financial statements.

Wider dimension audit issues and risks

41. We will monitor the council's arrangements in place to address a number of wider risks as part of our local audit work and ongoing Best Value work.
42. **Financial sustainability:** The council's financial position has worsened to where they have identified a £46 million funding gap over the three years 2015/16 to 2017/18 and, as at the end of December, 2014, savings of £15.2m remain to be identified to meet the shortfall. The necessary savings may not be achieved and therefore the funding gap is not fully bridged.
43. The council has recently reviewed the adequacy of its Reserves Strategy and has determined that the existing framework is fit for purpose, but that the position should be kept under review. The most recent forecast for 2014/15 is for an overspend, requiring that £5 million be transferred from General Fund, compared to £1.5 million per the original revenue budget. Management have acknowledged that the use of the General Fund on this scale to support the revenue budget is neither sustainable nor appropriate. Furthermore, the Reserves Strategy states that the General Fund should not be utilised to fund recurring annual expenditure.
44. **Governance and Scrutiny:** The council implemented new decision making structures in 2013, however, some members declined to participate fully in the new arrangements, and that situation has persisted up to the present. In the early part of 2014, the Local Area Network of scrutiny partners concluded that a targeted best value review should be carried out to obtain an authoritative assessment of the effectiveness of the new arrangements. That review was carried out by Audit Scotland at the end of 2014 and its findings are due to be reported in the spring of 2015. We will assess the findings of the review, while continuing to monitor ongoing governance and scrutiny activity across the council, and report accordingly in our annual report on the audit.
45. **Performance management:** New developments in the council's performance management arrangements were also reviewed as part of the best value review noted above, in order to assess how effective these were in supporting scrutiny of the council's performance. We will assess the findings from that

review and include appropriate references in our annual report on the audit.

46. Internal audit: Two issues came to our attention during our review of the adequacy of the council's internal audit service, and which could impact on the delivery of the internal audit plan. Firstly, the internal audit section is operating with an Internal Audit Assistant vacancy and there are no plans to fill this post in the near future. The Internal Audit Manager has assured us and the Audit Committee that this will not impact on the delivery of the internal audit plan. Secondly, the Internal Audit Manager and one of his team have been involved in the council's business transformation project. Again, we have been assured that this will not detract from the delivery of the 2014/15 internal audit plan. We will monitor the situation during 2014/15 to ensure that the audit plan is delivered.

47. Risk management: Our concern in 2013/14 was that there was a lack of clear quantification and ownership of corporate risks, with the possibility of mitigating actions not being put in place. Also, the Audit Committee have not received an update on risk management arrangements since September 2013 although part of the committee's remit is to provide independent assurance on the adequacy of the risk management framework and associated control environment within the council. Moreover, based on our review of minutes it appears that Corporate Risk Management is still not fully embedded across the council. We will continue to monitor

ongoing developments in the council's corporate risk management processes, and report accordingly in our annual report on the audit.

48. Infrastructure Assets: Infrastructure assets are to be included in council financial statements, per the *Code*, at depreciated replacement cost, from 2016/17. Although not affecting the current audit year, management should already be preparing for this significant change in accounting requirements, and should be compiling, and assessing the reliability, of the necessary base information. This represents a change in accounting policy so will require full restatement of 2015/16 figures and presentation of opening balance sheet amounts as at 1 April, 2015. Failure by authorities to begin preparations in 2014/15 represents a risk to them of not having the necessary information in the required timescale. We will report on the council's preparation for these changes.

49. Health and Social Care Integration (HSCI): Progress has been made in this area, and a Shadow Health and Social Care Integration Joint Board has been established. Management have advised that they are on track to submit their integration scheme by the 1 April, 2015 deadline, and to implement full integration by 1 April, 2016. However, the arrangements being put in place are complex, and involve multiple organisations working closely together, so the council will require to monitor closely the progress being made across a number of HSCI work streams.

50. One area which will require special consideration will be the management and resolution of information security risks particularly given the volume of personal data to be shared across partner bodies. Audit Scotland will review financial plans and monitor progress in implementing the governance arrangements for the new Integration Joint Board and will maintain a national oversight on developments.

audits, we will review the council's arrangements for considering and reviewing national studies published during the year.

Summary assurance plan

51. The financial statements risks are summarised at Appendix II. In terms of financial statements risks, actions to manage these risks are either planned or already underway within the organisation. Details of the sources of assurance that we have received for each financial statement risk and any audit work we plan to undertake is also set out in Appendix II. In the period prior to the submission of the unaudited financial statements, we will liaise with senior officers on any new or emerging issues.

National performance audit studies - impact and follow up

52. Audit Scotland's Performance Audit and Best Value Group undertake a programme of studies on behalf of the Auditor General and Accounts Commission. In line with Audit Scotland's strategy to support improvement through the audit process and to maximise the impact of national performance

Fees and resources

Audit fee

53. Over the past four years, Audit Scotland has reduced audit fees by 23.5% in real terms, exceeding our 20% target. Due to further refinement of our audit approach we have been able to restrict the increase in audit fees for 2014/15 to 1% which, in real terms, represents a 0.6% reduction at 2014 price levels.
54. In determining the audit fee we have taken account of the risk exposure of Falkirk Council, the management assurances in place, and the level of reliance we plan to take from the work of internal audit. We have assumed receipt of a complete set of unaudited financial statements and comprehensive working papers package by 22 June 2015.
55. The agreed audit fee for the 2014/15 audit of Falkirk Council is £321,990. Our fee covers:
- the costs of planning, delivering and reporting the annual audit including auditor's attendance at committees
 - your organisation's allocation of the cost of national performance studies and statutory reports by the Auditor General for Scotland

- a contribution towards functions that support the local audit process (e.g. technical support and coordination of the National Fraud Initiative), support costs and auditors' travel and subsistence expenses.
56. Also, we have charged an additional fee of £200 (£300 in 2013/14) for the audit of Falkirk Temperance Trust as required by section 106 of the Local Government (Scotland) Act 1973.
57. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Audit team

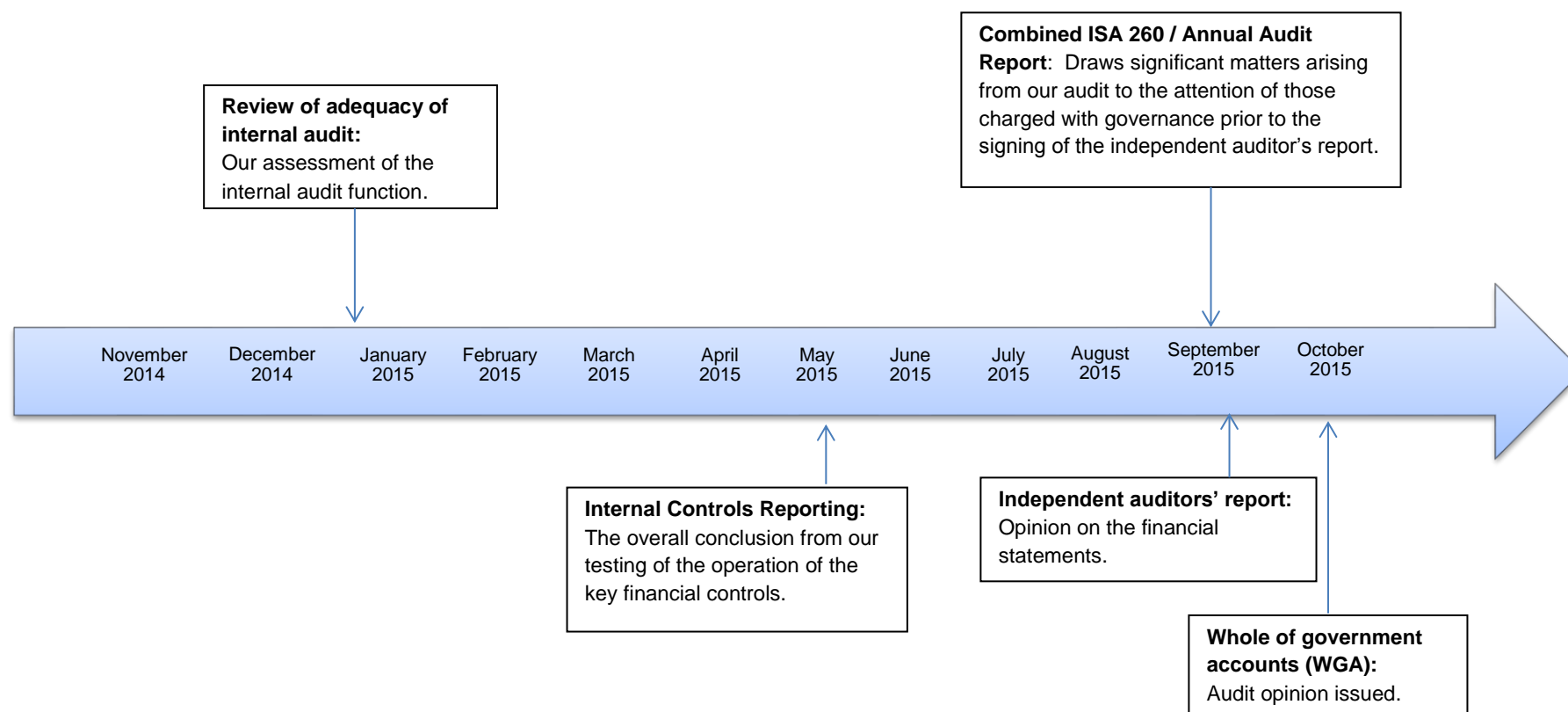
58. Fiona Mitchell- Knight, Assistant Director, Audit Services is your appointed auditor. The local audit team will be led by Jim Rundell, who will be responsible for day to day management of the audit and who will be your primary contact. Details of the experience and skills of our team are provided in Exhibit 2 (overleaf). The core team will call on other specialist and support staff as necessary.

Exhibit 2: Audit team

Name	Experience
Fiona Mitchell-Knight BA (Hons) FCA - Assistant Director of Audit Services	Fiona took up post as Assistant Director of Audit in August 2007. Fiona has 21 years experience of public sector audit, covering local government, health and the further education sector. Fiona is also the officer who certifies the annual accounts
Jim Rundell MA (Hons) CPFA - Senior Audit Manager	Jim has 30 years public sector audit experience, mostly in local government and health. Recently he was for revising and updating Audit Scotland's risk management policy, strategy and assurance framework to comply with good practice, and continues to act as Risk Champion for Audit Services providing support and advice on risk. Recent audit responsibilities included City of Edinburgh Council, NHS Greater Glasgow and Clyde and Lothian Pension Fund.
David Meechan BA CA – Senior Auditor	David joined Audit Scotland 13 years ago, after 24 years in private sector audit, where he specialised latterly in the voluntary housing and independent schools sectors. Since joining Audit Scotland he has worked mainly on local government and health audits (including FVHB), most recently leading on the audits of Glasgow City Council for 2012/13 and 2013/14.
Lisa Duthie BA (Hons) CPFA - Senior Auditor	Lisa joined Audit Scotland in 2008 after graduating from the University of Glasgow in economics. Lisa has over 5 years experience in public sector audit covering local government, central government and health, and will be re-joining the team from June, 2015.
Gerry Collins - Auditor	Gerry has over 20 years experience working as an auditor/accountant. He has worked for the last 12 years in external and internal audit within the public sector, in both health and local government. Gerry is part ACCA qualified.
Russell Croal BAcc (Hons) - Professional Trainee	Russell graduated from the University of Dundee in 2014 with a BAcc (Hons) in Accountancy. He joined Audit Scotland in 2014 and is currently training for a professional accountancy qualification with ICAS.

Appendix I: Planned audit outputs

The diagram below shows the key outputs planned for Falkirk Council in 2014/15



Appendix II: Significant financial statement audit risks

In this section we identify a range of risks facing Falkirk Council, the related source of assurance received and the audit work we propose to undertake to secure additional assurance. The management of risk is the responsibility of Falkirk Council and its officers, with the auditor's role being to review the arrangements put in place by management. Planned audit work, therefore, will not necessarily address all residual risks.

Audit Risk	Source of assurance	Assurance procedure
<p>Income</p> <p>Falkirk Council receives a significant amount of income in addition to SG funding.</p> <p>The complexity of that income means there is an inherent risk of fraud in accordance with ISA240.</p>	<ul style="list-style-type: none">• Mitigating controls in place to reduce this risk e.g. regular reconciliations, division of duties.• Internal audit reviews.	<ul style="list-style-type: none">• Controls system testing of accounts receivable, and transaction testing which will cover each service income area.• Detailed testing of revenue transactions focusing on areas considered higher risk• Testing of significant grants received.• Focussed testing on local taxation systems

Audit Risk	Source of assurance	Assurance procedure
<p>Management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<ul style="list-style-type: none"> • A sound system of budgetary control, including regular budget monitoring. • Regular updates of Standing Orders and Financial Regulations, which require approval by the Full Council. 	<ul style="list-style-type: none"> • Testing on the appropriateness of journal entries and other adjustments recorded in the financial ledger and financial statements. • Review of accounting estimates for bias. • Evaluation of significant transactions outside the normal course of business. • Focussed testing of the regularity and cut-off assertions during the financial statements audit.
<p>Accounting for non current assets</p> <p>There is the risk of significant error occurring in the accounting for non current asset transactions and period end balances</p>	<ul style="list-style-type: none"> • The errors did not impact on the council's outturn. Management are working with Logotech to resolve the problem that caused the more significant errors. • Staff knowledge and experience. 	<ul style="list-style-type: none"> • Early substantive testing of significant non current asset areas. • Ongoing liaison with finance officers to discuss technical / Logotech issues.
<p>Accounting for Exit packages</p> <p>Any significant error in disclosure would be considered material due to the nature of these costs.</p>	<ul style="list-style-type: none"> • Numbers of such packages not expected to be significant. • Finance staff rather than HR will review the accounting for exit packages. 	<ul style="list-style-type: none"> • Early substantive testing of supporting evidence for exit packages disclosures.
<p>Equal pay provision</p> <p>Uncertainty over legal position and potential volume of claims results in a risk of material underestimate of the provision required.</p>	<ul style="list-style-type: none"> • Finance team are advised on current legal position by the council's legal service. 	<ul style="list-style-type: none"> • Monitor legal developments nationally; assess potential financial impact on the council • Review of calculations and assumptions supporting provision.

Audit Risk	Source of assurance	Assurance procedure
Preparation of accounts Unaudited financial statements and/or satisfactory working papers may not be available within the necessary timescale and could include errors.	<ul style="list-style-type: none">• Early consideration of potential technical issues.• Staff knowledge and experience.• Clear responsibility for managing and preparing the unaudited financial statements.	<ul style="list-style-type: none">• Ongoing liaison with finance officers to discuss technical issues and overall progress.