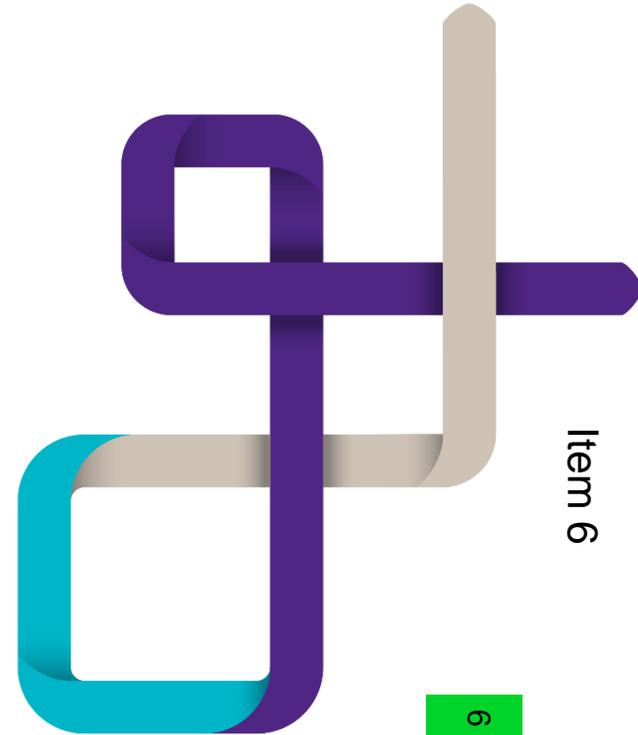


Audit Findings

Year ending 31 March 2018



Contents



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Appendices

- A. Follow up of prior year recommendations
- B. Audit adjustments
- C. Fees

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

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Headlines

This table summarises the key issues arising from the statutory audit of Surrey County Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2018 for those charged with governance.

Financial Statements	<p>Under the International Standards of Auditing (UK) (ISAs), we are required to report whether, in our opinion:</p> <ul style="list-style-type: none">the group and Council's financial statements give a true and fair view of the group's and Council's financial position and of the group and Council's expenditure and income for the year, andhave been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed on site during June and July. Our findings are summarised in this report. We have not identified any adjustments to the financial statements which result in an adjustment to the Statement of Comprehensive Income and Expenditure. Audit adjustments in relation to disclosure and classification errors are detailed in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix A.</p> <p>Subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit & Governance Committee meeting on 26 July 2018. These outstanding items include:</p> <ul style="list-style-type: none">- receipt of supporting documentation for grant revenues and creditors sampled items- management response to queries made in relation to PPE valuation- completion of work in relation to the Waste PFI scheme and consolidation of Group entities- final internal quality review- receipt of management representation letter; and- review of the final set of financial statements.
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Headlines

This table summarises the key issues arising from the statutory audit of Surrey County Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2018 for those charged with governance.

Value for Money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion')

Members will be aware that we identified two significant VFM risks as part of our Audit Plan for 2017/18:

- Children's Services – relating to the Ofsted inspection reports in 2015 and 2018
- Financial Health – in relation to the Council's medium term financial position

We have completed our work in respect of Children's Services but have not been able to complete our work in respect of the Council's Financial Health at present. See page 13 for more detail. We therefore anticipate issuing our value for money conclusion at a later date. We will issue a supplementary report to you at a later date when we have completed our value for money work.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- certify the closure of the audit

We have not exercised any of our additional statutory powers or duties.

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until:

- we have issued our report on the consistency of the pension fund financial statements when the Council has prepared the Pension Fund Annual Report
- we have completed the work necessary to issue our Whole of Government Accounts assurance statement
- we have completed our work under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (see page 13 for more detail)

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

- This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.
- As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

- Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:
 - An evaluation of the components of the group based on a measure of materiality considering each as a percentage of total group assets and revenues to assess the significance of the component and to determine the planned audit response.
 - We determined that a comprehensive audit response was required for Halsey Garton Property Limited and a targeted approach was required for Surrey Choices Limited and South East Business Services Limited in order for us to form an opinion on the Group position.

- As appointed auditor to Halsey Garton Property Limited, Surrey Choices Limited and South East Business Services Limited we have undertaken full ISA compliant audits of these entities. The results of this work will be reported to you separately.

We have also carried out:

- An evaluation of the group's internal controls environment including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit & Governance Committee meeting on 26 July 2018.

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Our approach to 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.

Materiality calculations remain the same as those reported in our audit plan.

Significant audit risks

Risks identified in our Audit Plan

1

Improper revenue recognition

Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Commentary

Auditor commentary

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:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- The culture and ethical frameworks of local authorities, including at Surrey County Council, mean that all forms of fraud are seen as unacceptable

Therefore we do not consider this to be a significant risk for Surrey County Council.

While we have rebutted revenue recognition as a significant risk, revenue is a material balance in your statement of accounts and therefore we have set out a summary of work performed on this balance and audit findings as follows:

- review and testing of revenue recognition policies
- sample testing of material revenue streams
- review of any unusual or significant transactions

Subject to the outstanding items listed on page 3, our audit work has not identified any issues in respect of revenue recognition.

2

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We identified management override of controls as a risk requiring special audit consideration.

Auditor commentary

- Summary of work performed and audit findings
 - gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness
 - obtained a full listing of journal entries and identified and tested journal entries for appropriateness in accordance with the assessed level of risk associated with each journal
 - evaluated the rationale for any changes in accounting policies or significant unusual transactions.

Our audit work has not identified any issues in respect of management override of controls.

Significant audit risks

Risks identified in our Audit Plan

3

Valuation of property, plant and equipment

The Council revalues its land and buildings on an rolling basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.

We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.

Commentary

Auditor commentary

- Summary of work performed and audit findings
 - Reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
 - Considered the competence, expertise and objectivity of any management experts used.
 - Discussed with the valuer the basis on which the valuation is carried out and challenge of the key assumptions.
 - Reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding.
 - Tested revaluations made during the year to ensure they are input correctly into the Council's asset register
 - 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.

Subject to the outstanding items listed on page 3, our audit work has not identified any issues in respect of the valuation of property, plant and equipment.

4

Valuation of the pension fund net liability

The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.

We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.

Auditor commentary

- Summary of work performed and audit findings
 - Identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement
 - Evaluated 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 is carried out
 - Undertook procedures to confirm the reasonableness of the actuarial assumptions made.
 - Checked the consistency of the pension fund asset and liability disclosures in notes to the financial statements with the actuarial report from your actuary

Our audit work has not identified any issues in respect of the valuation of the pension fund net liability.

Reasonably possible audit risks

Risks identified in our Audit Plan

Commentary

5

Employee remuneration

Payroll expenditure represents a significant percentage of the Council's operating expenses.

As the payroll expenditure comes from a number of individual transactions there is a risk that payroll expenditure in the accounts could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention

Auditor commentary

- Summary of work performed and audit findings
 - evaluated the Council's accounting policy for recognition of payroll expenditure for appropriateness;
 - gained an understanding of the Council's system for accounting for payroll expenditure and evaluated the design of the associated controls;
 - re-performed the year end payroll reconciliation and tested whether year-end payroll accruals have been recognised and are not understated;
 - performed a substantive analytical review of payroll expenditure
 - carried out an analysis of movements year-on-year.

Our audit work has not identified any issues in respect of employee remuneration expenditure.

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6

Operating expenses

Non-pay expenses on other goods and services also represents a portion of the Council's operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.

We identified completeness of non-pay expenses as a risk requiring particular audit attention:

Auditor commentary

- Summary of work performed and audit findings
 - evaluated the Council's accounting policy for recognition of non-pay expenditure for appropriateness;
 - gained an understanding of the Council's system for accounting for non-pay expenditure and evaluated the design of the associated controls;
 - tested whether year end operating expenditure accruals have been recognised and not understated;
 - tested operating expenses on a sample basis.

Subject to the outstanding items listed on page 3, our audit work has not identified any issues in respect of operating expenses.

Accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> • Revenue (income) from the sale of goods and provision of services is recognised when the Council transfers the goods or completes delivery of a service, rather than when income is received. • Whether paid on account by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that: <ul style="list-style-type: none"> – The Council will comply with the conditions attached to the payments; and – The grant or contributions will be received. 	<p>Our review of the accounting policies confirmed that the policy in respect of revenue recognition are adequately disclosed in line with the CIPFA Code of Practice.</p>	
Critical judgements	<ul style="list-style-type: none"> • Critical judgements include: <ul style="list-style-type: none"> – Level of government grant funding and recognition of grant revenues – Accounting for the Council's PFI schemes – Accounting for schools – Fair value measurement of surplus assets – The Council's interest in other entities • Key estimates include: <ul style="list-style-type: none"> – The useful economic lives of PPE – Pensions liability – Provision for the impairment of receivables – Fair value measurements where level 1 inputs are unavailable 	<p>Critical judgements and key estimates are disclosed in note 3 and 4 of the financial statements and are consistent with the requirements of the CIPFA Code of Practice.</p>	
Other critical policies		<p>We have reviewed the Council's policies against the requirements of the CIPFA Code of Practice. The Council's accounting policies are appropriate and consistent with previous years.</p>	

Assessment

- Marginal accounting policy which could potentially be open to challenge by regulators
- Accounting policy appropriate but scope for improved disclosure
- Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
① Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with management and the Chair of the Audit Committee. We have not been made aware of any incidents of material fraud in the period and no other issues have been identified during the course of our audit procedures.
② Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
③ Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
④ Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Council.
⑤ Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send a confirmation request to HSBC. This permission was granted and the request was returned with positive confirmation. For a sample of schools balances we verified your bank balance as at 31 March 2018 by watching an officer log in to your internet banking facilities and show the balance.
⑥ Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.

Other responsibilities under the Code

We set out below details of other matters which we, as auditors, are required by the Code to communicate to those charged with governance.

Issue	Commentary
① Other information	<ul style="list-style-type: none"> We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. <p>This work is still to be completed, at present no inconsistencies have been identified. As long as no inconsistencies are identified, or if identified and rectified by management, we plan to issue an unqualified opinion in this respect.</p>
② Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters</p>
③ Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Council exceeds the specified group reporting threshold of £500m we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements.</p> <ul style="list-style-type: none"> We plan to complete the WGA work before the deadline of 31 August.
④ Certification of the closure of the audit	<p>We do not expect to be able to certify the completion of the 2017/18 audit of Surrey County Council in our auditor's report as the value for money conclusion, the WGA work and the review of the Annual Report of the Pension Fund will be outstanding at this point.</p>

Value for Money

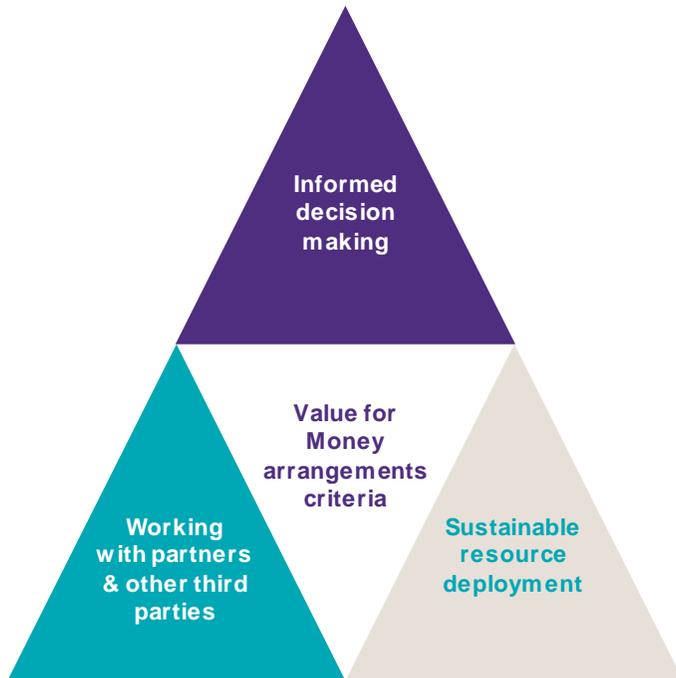
Background to our VFM approach

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 :



Risk assessment

We carried out an initial risk assessment in January 2018 and identified two significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you via our Audit Plan in March 2018.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- Taking into account the recent Ofsted inspection of children's services
- To review the work being carried out by CIPFA, commissioned by you to review financial sustainability at the Council, as part our response to the Financial Health risk we identified in our Audit Plan.

We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on the following pages.

Overall conclusion

We have completed our work in respect of Children's Services but have not been able to complete our work in respect of the Council's Financial Health at present. The Council has asked the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a review of its financial resilience. We are yet to receive a copy of the Terms of Reference for the CIPFA review or a copy of the resulting report.

Our work has been delayed (see Financial health paragraph opposite for detail). We will issue a supplementary report to you at a later date when we have completed our value for money work.

Recommendations for improvement

There are no recommendations arising from our work to date.

Financial Health

We had identified the Council's medium term financial health as a significant risk during our planning work earlier this year. We met with the Director of Finance as part of our planning process and agreed that we would review the 2018/19 budget position and savings plans and proposals. In May 2018 we provided the Council with a draft terms of reference for an in-depth review of the financial position. The Council had separately asked CIPFA to carry out a review of its financial resilience among other things. We were told the CIPFA review would have considerable overlap with the work that we had proposed so we agreed to delay any detailed work until we had seen the terms of reference and findings from the CIPFA review. At the time of writing we have not received CIPFA's Terms of Reference or their interim report, however we now understand that it is unlikely that CIPFA's work will overlap with our proposed value for money work. We will therefore need to carry out our work as previously planned.

We are therefore not in a position to issue our VFM conclusion at this time. Once we have been able to carry out and conclude our work we report our findings to you as soon as possible via a supplementary report.

Significant matters discussed with management

There have been no other matters to date where no evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk

Findings

Conclusion

1

Financial health

- You have a strong track record of delivering a budget underspend at year-end, despite reduced funding from central government. Forecast revenue budget outturn for 2017/18 is a £6m overspend.

- We will review your Medium Term Financial Plan, including the robustness of assumptions. We will review savings plans and revenue generating schemes. We will discuss your plans and outcomes with management, as well as reviewing how finances are reported to Councillors.

- We are unable to conclude on this risk at the current time for the reasons set out above..

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2

Children's services

- Ofsted issued a critical report on children's services in 2014/15 and you are currently subject to follow up review. We issued a qualified except for conclusion in 2014/15, 2015/16, and 2016/17 due to Department for Education interventions.

- We have reviewed the re-inspection of services for children in need of help and protection, children looked after and care leavers Ofsted report published in May 2018. The report rated children's services across the County as inadequate. This was a follow up report to the June 2015 report when children's services were also rated as inadequate.
- Ofsted were particularly critical about the lack of progress that you have made since the 2015 report and the lack of leadership shown to address the challenges raised in the 2015 report.
- As a result Ofsted have found that 'children in the county are being left exposed to continuing harm for long periods of time before decisive protective actions are taken'. This is a clear indication that the processes and procedures you have in place in relation to children's services are not conducive to providing value for money for residents.
- Ofsted also reported that you have begun to address these issues over the last few months however at the time of writing it is too early to judge whether these changes will have the desired effect and whether they will become embedded across the organisation.

- Our review of the most recent Ofsted report has led us to conclude that the processes and procedures you have in place in relation to children's services are not conducive to providing value for money for residents.

Independence and ethics

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of 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 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Audit and 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 following non-audit services were identified

Service	£	Threats	Safeguards
Audit related			
Certification of Teachers' Pensions return	4,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £4,000 in comparison to the total fee for the audit of £142,098 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers' Pensions return –Surrey Choices Limited	3,500	Self-Interest (because this is a recurring fee)	Marcus Ward's wife is a teacher at a school in Surrey. Marcus will not be part of the audit team that completes the certification of the Teachers' Pension returns.
Non-audit related			
CFO Insights subscription (This is a 3 year subscription from 2017/18 to 2019/20. £12,500 is the annual charge)	12,500	None	None
Financial Modelling for Morgan Sindall Investments Joint Venture bid (Non-SCC service)	-	None	We have not provided accounting services to Morgan Sindall. The scope of this piece of work was to build the functionality for a cash flow financial model to support their bid to partner with the Council. Assumptions and figures used in the model are outside of the scope of this work and will be prepared by Morgan Sindall to support their bid. We are satisfied that there is no conflict of interests in relation to this work.

The amounts detailed above are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the group's policy on the allotment of non-audit work to your auditors. These amounts were also reported to you in our Audit Plan. We have not been commissioned to undertake any work since we reported these amounts to you via our Audit Plan in March. None of the services provided are subject to contingent fees.

Follow up of prior year recommendations

We identified the following recommendation was in progress last year as a follow up to our 2015/16 financial statements audit. We are pleased to report that management have implemented our one outstanding recommendation.

1

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<ul style="list-style-type: none"> IT controls – security audit log functionality is not enabled <p>Ensure that system security audit logs are recorded and monitored</p>	<ul style="list-style-type: none"> Management undertook a technical implementation of GRC 10.1 (Governance Risk & Compliance). This SAP tool has been fully tested by the SAP security team and it is now ready to be rolled out to business users. <u>Wider SAP Security framework</u> GRC is one of the range of measures management is implementing to improve how SAP security and the associated risks are managed. The other aspects are as follows:- <ul style="list-style-type: none"> a SAP security forum - consisting of SAP security team and business leads for each main function); business ownership of roles & data; defined roles & responsibilities for business owners and IT; and adoption of gatekeeper/owner approach for changes to SAP roles and access requests.

Assessment

✓ Action completed

X Not yet addressed

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There were no adjusted misstatements.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Adjusted?
Comprehensive Income and Expenditure Statement casting	<ul style="list-style-type: none"> It was found that the prior year totals in the CIES, line "Surplus or deficit on Provision of Services" has been casted incorrectly. 	✓
Accounting policies	<ul style="list-style-type: none"> Inadequate disclosure relating to 'assets not revalued'. Recommended change to reflect accounting policies disclosed in the prior year. 	✓
Note 14: Investment properties	<ul style="list-style-type: none"> The reclassification of Assets Under Construction (AUC) to investment properties of £22m from the Property, Plant & Equipment note was stated as 'additions' on Note 14. This ought to be split between amounts that are additions to this asset during the year, and the amount that is a reclassification from AUC. 	✓
Note 16: Financial Instruments	<ul style="list-style-type: none"> Error casting note 16. Balance per financial statements is £129,218k, but should be correct amount is £125,218k. 	✓
Note 34: Capital expenditure and capital financing	<ul style="list-style-type: none"> Missing £12m for payment against Waste PFI liability line. 	✓
Note 39: Defined Benefit Pension Schemes.	<ul style="list-style-type: none"> 2.6% discount rate stated instead of 2.7%. 	✓
Misclassification adjustment in the Firefighters' Pension Fund Account statement	<ul style="list-style-type: none"> Contributions receivable from employer (normal)' line in the Firefighters' Pension Fund Account statement is incorrectly classified. The figure of £2.5m should be -£2.9m. The £7.5m benefits payable pensions figure also needs to be amended to £12.9m. 	✓
Miscellaneous	<ul style="list-style-type: none"> Various minor typos, referencing, consistency and rounding errors 	✓

Fees

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

Audit Fees

	Proposed fee	Final fee
Surrey County Council Audit	142,098	142,098
Audit of subsidiary companies:		
Surrey Choices Ltd	17,000	17,000
Halsey Garton property Ltd	12,500	12,500
South East Business Services Ltd	12,000	12,000
Total audit fees (excluding VAT)	£183,598	£183,598

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Non Audit Fees

Fees for other services	Fees £'000
Audit related services:	
• Certification of Teachers' Pensions return for Surrey County Council	4,000
• Certification of Teachers' Pensions return for Surrey Choices Ltd	3,500
Non-audit services:	
• CFO Insights annual subscription (£37,500 for a three year subscription)	12,500
Total fees for other services (excluding VAT)	£20,000

The proposed fee for the Surrey County Council audit is in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

NB The audits of the subsidiary companies and the grant certification work fall outside the remit of Public Sector Audit Appointments Limited, therefore no scale fee is produced.



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