



Grant Thornton

Manchester City Council

Accounts Audit Plan 2009/10

18 December 2009

Contents		Page
1	Introduction	2
2	Approach and audit risks	3
3	Administration	13
4	Planned outputs	16

Appendices

- A IFRS Action Plan**
- B The Audit Commission's requirements in respect of independence and objectivity**

1 Introduction

- 1.1 This is our accounts audit plan which sets out the work that we will carry out in giving an opinion on the Council's 2009/10 financial statements.
- 1.2 Section two of this plan sets out some of the key audit risks identified from our initial planning and discussions with the finance team. The identified risks cover the financial reporting implications arising from:
- the 2009 Statement of Recommended Practice (the SoRP) which applies to the 2009/10 accounts
 - future challenges resulting from introduction of International Financial Reporting Standards (IFRS) from 2010/11 onwards.
- 1.3 Section three of the plan covers administrative arrangements, details of the audit team and confirmation of the accounts audit fee.
- 1.4 Planned outputs arising from the accounts audit are summarised in section four, including an outline of the work to be performed, timing of fieldwork and reporting deadlines.
- 1.5 An action plan listing the key actions to support the transition to International Financial Reporting Standards (IFRS) has been discussed and agreed with the City Treasurer and his team and is attached at Appendix A.

2 Approach and audit risks

Introduction and approach

- 2.1 This section of the plan sets out the work we propose to undertake based on our risk-based approach to audit planning. It reflects:
- our responsibilities under the Audit Commission's Code of Audit Practice for financial statements
 - current national risks affecting local government which are relevant to Manchester City Council
 - local risks, based on the outcome of our recent audit of the Council's 2008/09 financial statements.
- 2.2 In preparing the financial statements it is the responsibility of the Council to:
- ensure the regularity of transactions by putting in place systems of internal control to ensure that financial transactions are in accordance with the appropriate authority
 - maintain proper accounting records
 - prepare financial statements which present fairly the financial position of the Council and its expenditure and income in accordance with the SoRP.
- 2.3 We are required to audit the financial statements and to give an opinion as to:
- whether they present fairly the financial position of the Council and its expenditure and income for the year
 - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements
 - whether the Annual Governance Statement (AGS) has been presented in accordance with relevant requirements and is consistent with our knowledge.
- 2.4 In order to gain sufficient assurance to support our opinion on the financial statements, we will carry out a review of:
- the Council's arrangements for the preparation of its financial statements, the AGS and the Whole of Government Accounts (WGA) consolidation pack
 - internal audit, to determine the extent of reliance we can place on it for the purposes of our audit
 - the internal control framework for key financial systems
 - the materiality of balances and transactions impacting on the financial statements
 - the key risks relevant to the preparation and audit of the financial statements.

Identified risk areas and audit response

2.5 We have set out below in Table One our risk assessment for the 2009/10 audit. We have also noted some key issues to highlight in relation to the introduction of IFRS. Local authorities will be reporting under IFRS from 1 April 2010 but it is important to note that the Council will need to restate the 2009/10 accounts under IFRS for comparative purposes.

Table One: 2009/10 Accounting risks and audit responses

Key risks identified	Planned work to address the risk
2009 SoRP: Prior Year Adjustment (PYA) to the core financial statements for Council Tax (CT) & National Non-Domestic Rates (NNDR)	
<p>In previous years the SoRP required billing authorities to account for CT and NNDR in the core financial statements at a gross amount. However, from 1 April 2009 the Council's accounts should:</p> <ul style="list-style-type: none"> • disclose CT balances net of any amounts that relate to other preceptors (Police and Fire) • only recognise NNDR cash collected in excess of the Council's cost of collection allowance. <p>The Council collects NNDR under an agency arrangement with the Government, therefore NNDR debtors and creditors are not assets and liabilities of the Council and should no longer be recognised in the balance sheet.</p> <p>This change in accounting policy for CT and NNDR requires a PYA to the 2008/09 corresponding amounts. The Council is awaiting the publication of the SoRP guidance notes before finalising the calculation of this PYA.</p>	<p>We will review the Council's PYA calculation ahead of production of the 2009/10 accounts to ensure that this is accurate and discuss whether any other adjustments are required to the financial statements.</p>

Airport loan restructure	
<p>The Council is currently considering a proposal from Manchester Airport Group PLC to restructure existing debt outstanding under the 1994 Facility Agreement between the Airport and 10 AGMA authorities, including Manchester City Council.</p> <p>£151m remains outstanding under the agreement, of which £83m is held by the Council, with the other 9 local authorities holding 5% each.</p>	<p>We have held initial discussions with the Council on the appropriate accounting treatment of the loan restructure. We will continue to liaise with the Council as to the timing of the restructure and our work will consider:</p> <ul style="list-style-type: none"> • accounting treatment on the balance sheet, validating that there is no impact on MRP • consistency of accounting principles with other AGMA authorities • appropriateness of decision making processes.
Presentation of Accounts	
<p>The Council's accounts are amongst the most complex in local government and are likely to become lengthier and more complex with the introduction of IFRS. It is a challenge to meet statutory requirements but present the financial statements in an accessible, user friendly format for local taxpayers and other stakeholders to understand.</p> <p>Improving the presentation of the financial statements and the annual report will assist the Council in strengthening its use of resources assessment for KLoE 1.3 (financial reporting).</p>	<p>Ahead of the accounts closedown process we will undertake an exercise to compare the Council's 2008/09 accounts to good practice examples in local government and other sectors with a view to making recommendations to improve the accessibility and presentation of the statements. The review will also cover the content of the annual report.</p> <p>We will work closely with officers in carrying out this exercise and will welcome views of Audit Committee members.</p>
Whole of Government Accounts	

<p>In 2008/09 and previous years, the Council has not met the deadline for providing Whole of Government Accounts (WGA) consolidation packs for audit. This has been primarily due to complexities of the Council's group accounts structure and reporting issues within the SAP ledger.</p> <p>There is a risk that WGA deadlines will continue to be missed if these problems are not resolved, which could prevent the Council from improving its use of resources assessment for KLoE 1.3.</p>	<p>Ahead of the accounts closedown process, we will work with the Council to understand and help resolve the problems associated with producing WGA consolidation packs within deadlines. This will include co-ordinating discussions with other Councils who use the SAP ledger system to produce WGA statements.</p>
<p>Arrangements for the 2009/10 Annual Governance Statement (AGS)</p>	
<p>We have previously reported the Council's good arrangements for producing the AGS. The Council is seeking to further improve these arrangements through:</p> <ul style="list-style-type: none"> • aligning the production of Head of Service assurance statements to the business planning process • providing training to Heads of Service to improve evidence supporting assurance statements • risk rating assurance statements to follow up areas of concern from prior year. <p>The Council has a 'Programme of Improvement for Significant Governance Issues' as a result of the 2008/09 AGS process and is monitoring these areas through the SMT Governance sub-group.</p>	<p>We will review key developments in the Council's AGS arrangements during our interim audit visit and report our findings in our Interim Report.</p> <p>We will be focusing on action the Council has taken during 2009/10 to address the key areas highlighted by the 'Programme of Improvement for Significant Governance Issues'.</p>
<p>2009 SoRP: Accounting for PFI transactions</p>	
<p>The 2009 SoRP requires PFI schemes to be accounted for differently to bring local authority accounting in line with central government bodies. This includes the Council's two housing, two schools, public lighting and energy services PFI schemes.</p> <p>The Council has reviewed these PFI schemes against IFRS guidance and has deemed that they should be recognised on the Council's balance sheet for</p>	<p>We are having ongoing discussions with the Council on PFI related issues including:</p> <ul style="list-style-type: none"> • the initial valuation of the PFI schemes based on the PFI operators' models • obtaining a fair value of the PFI schemes when they came into use, and a revised fair value as at 2009/10

<p>2009/10. The Council has appointed external consultants to prepare financial models to determine the initial valuation to be recognised.</p> <p>Our experience from other sectors in relation to recognising assets and liabilities associated with PFI schemes, and the corresponding impact on income and expenditure, demonstrates the need for regular communication between the Council and us on what is a complex accounting area.</p>	<ul style="list-style-type: none"> • agreeing complex accounting treatments in a number of areas including the PFI grant, lifecycle costs, capital contributions, previously de-recognised assets and potential retrospective adjustments to MRP. <p>The external consultants are expected to complete their modelling in January 2010 and we will liaise with the Council to review the impact of these models and the appropriateness of the underlying assumptions used.</p>
<p>Follow up of 2008-09 accounts audit findings</p>	
<p>In last year's accounts audit report we raised a number of recommendations to further strengthen the Council's internal controls and financial reporting arrangements, including:</p> <ul style="list-style-type: none"> • ensuring receipts in advance are correctly recorded within the financial ledger • ensuring all assets are valued on the correct basis in accordance with the SoRP guidance for updating valuations following reclassifications • reviewing coding of income and expenditure within the SAP ledger to minimise the amount of manual adjustments required, and increase efficiency in producing the accounts • reviewing the repairs and maintenance debtors on the housing rents system and removing erroneous debtors and associated bad debt. 	<p>We will follow up the Council's progress in implementing our agreed recommendations during our interim audit visit in March-April 2010, and report our findings to the Audit Committee in May 2010 in our Interim Report.</p>

2.6 We will report to you the findings and conclusions in respect of each of the risks identified above, in our interim and annual accounts audit reports. We plan to present our annual accounts report to the Council's Audit Committee at the end of September 2010 when members will formally approve the audited accounts.

Preparation for 2010 IFRS Code

2.7 The Council is required to produce 2010/11 accounts under the IFRS Code, and restate the 2008/09 SoRP based accounts in order to provide comparatives. The most significant issues to note in relation to the transition to IFRS accounting are:

- quantifying any potential impact on the general fund
- calculating the employee benefits 'holiday pay' accrual
- identifying embedded leases and contractual arrangements
- accounting for property, plant and equipment.

- 2.8 We have already discussed a number of IFRS related issues with the finance team and will hold an IFRS based accounts workshop on 5 February 2010. We will continue to liaise on a regular basis with officers and monitor the Council's progress against its IFRS project plan and our queries, and review the implications of any developing issues through reference to IFRS guidance and the final IFRS Code, issued by CIPFA on 18 December 2009.
- 2.9 We performed a high level review of the Council's IFRS preparedness in November 2009, following a mandated national IFRS survey requested by the Audit Commission. The Council received a 'green' assessment for its IFRS preparedness, reflecting the robust planning arrangements and progress to date. Appendix A highlights the most significant IFRS areas for the Council to action.

Use of the work of Internal Audit

- 2.10 We review internal audit's overall arrangements against the CIPFA Code of Practice for Internal Audit. In accordance with professional standards and our audit approach, a comprehensive review of internal audit is only undertaken every three years, unless there is an indication that a more frequent review is required.
- 2.11 We completed a full review of internal audit in 2007/08. In 2008/09 we followed up progress in implementing our recommendations and reported, in our June 2009 corporate governance report, that the Council had responded quickly and positively to our report and strengthened compliance with the CIPFA Code to the extent that, last year, we were able to place reliance on internal audit's work to support our accounts opinion. We concluded that internal audit needed to maintain this progress by:
- identifying and quantifying the overall level of assurance required as part of the Council's risk management and assurance framework process
 - developing an internal audit Quality Manual and key performance indicators.
- 2.12 For 2009/10, we will follow up our ongoing recommendations and ensure that the positive developments observed in 2008/09 have been built upon.
- 2.13 We will also review the work of internal audit on core financial systems that are relevant to our accounts audit as detailed below in Table Two. Providing the coverage and quality of internal audit's work is maintained at the level experienced in 2008/09, we would plan to rely on internal audit work where it will reduce the level of our detailed final accounts testing.

Table Two: Internal audit systems work to be reviewed at our interim visit

Payroll	Housing benefits
Fixed assets	Debtors
Main accounting system	Cash
National Non-Domestic Rates	Treasury management
Council Tax	Creditors
Revenue budget setting	Revenue budget control

Internal controls

- 2.14 We are required to evaluate the design of the Council's internal controls over risks which could lead to material misstatement in the financial statements and determine whether they have been implemented effectively. Our emphasis will be on identifying and obtaining an understanding of control activities that address the areas, highlighted in Table One, where we consider material misstatements are more likely to occur.
- 2.15 We plan to carry out this work as part of our interim audit. Our audit is not designed to test all internal controls or identify all areas of control weakness. However where, as part of our audit, we identify any control weaknesses, we will report these to the Council.
- 2.16 In consequence, our work cannot necessarily be relied upon to disclose deficiencies or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

Audit of IT systems

- 2.17 Our audit approach requires a review of the Council's IT controls which is carried out by our IT specialists. We plan to rely on relevant internal audit work where appropriate. During 2008/09 we raised several important recommendations in relation to the Council's IT systems and subsequently followed up these recommendations in an 'Information Systems Controls Follow Up' report in November 2009.

2.18 The follow up report indicated significant progress by the Council against our recommendations, however, noted areas where further progress was required. Our 2009/10 review of general IT controls will concentrate on these specific areas including:

- IT asset management and security monitoring
- a documented review of network administrators
- development of procedures to improve user account management
- further development of disaster recovery plans
- development of centralised ICT policies and updated key security policies.

Materiality

2.19 We consider an item to be material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer present fairly the activities of the Council.

2.20 Materiality is set at the planning stage of the audit to ensure that an appropriate level of work is carried out. It is then used throughout the audit process in order to assess the impact of any item on the financial statements. Typically, any identified errors or differences greater than 2% of materiality will be recorded on a schedule of potential misstatements which, for the Council, would equate to around £340k. However, for completeness and following discussions with the Audit Committee in September 2009, we propose to include a list of all potential misstatements over £100k.

2.21 These errors or misstatements are assessed both individually and in aggregate, discussed with the Audit Committee and, if you decide not to adjust the financial statements for them, we will request that you confirm in your letter of representation to us your view that they are not material to the financial statements.

3 Administration

Engagement Team

3.1 The key members of the accounts audit team remain unchanged and are as follows:

Table Three: Audit Team

Core Engagement Team		
Name	Contact Details	Responsibility
Sarah Howard Engagement Lead	sarah.howard@gtuk.com 0113 200 2530 07831 564148	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with senior officers and the Audit Committee.
Gavin Blackstone Engagement Manager	gavin.blackstone@gtuk.com 0113 200 2505 07827 872471	Responsible for managing and coordinating the different elements of audit work, evaluating findings and drafting the accounts report. Key point of contact for the City Treasurer and Council's finance team.
John McLoughlin Assistant Manager	john.mcloughlin@gtuk.com 0113 200 2534 07916 327760	Responsible for running the fieldwork visits for the interim and final accounts audit.
Specialist Advice		
Name	Contact Details	Responsibility
Paul Spinks Senior Technical Manager	paul.spinks@gtuk.com 0113 200 2554 07798 831962	Responsible for provision of specialist technical support to the audit team, particularly relating to PFI accounting, IFRS implementation and other complex accounting issues.
Negat Sultan IT Audit Manager	negat.sultan@gtuk.com 0116 257 5590 07766 725937	Responsible for review of the IT systems in place that complement the financial accounts process. Also, will manage ad hoc reviews based upon our overall risk assessment.

Fees

3.2 We proposed a fee for the 2009/10 accounts audit of £275,000 in a separate fee letter to the Council dated 22 April 2009, which was agreed by the Audit Committee in May 2009.

- 3.3 In setting the fee, we have assumed that:
- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2008/09
 - internal audit will continue to meet the appropriate professional standards and undertake appropriate work on all material systems that provide figures in the financial statements sufficient that we can place reliance for the purposes of our audit
 - the Council will inform us of significant developments impacting on our audit and prompt responses will be provided to draft reports
 - good quality working papers and records will again be provided to support the financial statements.
- 3.4 We do not anticipate there will be a need to review our proposed fee unless the nature and scope of our work significantly changes, for example, due to Audit Commission requirements. If such circumstances arise we will discuss and agree any fee proposals with the City Treasurer and Audit Committee.

Independence

- 3.5 We are not aware of any relationships that may affect the independence and objectivity of the audit team, which we are required by auditing and ethical standards to communicate to you. We comply with the Audit Commission's requirements in respect of independence and objectivity as summarised at Appendix B.

Quality of service

- 3.6 We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact Sarah Howard in the first instance. Alternatively you may wish to contact David Grundy, Manchester Office Managing Partner, on david.grundy@gtuk.com.

Meetings

- 3.7 We will arrange a schedule of meetings with you as part of accounts planning prior to submission of the Council's 2009/10 draft accounts in June 2009, and have regular interaction as the Council continues its preparation for the introduction of IFRS. We are, of course, always available to meet members of the finance team as required throughout the year to deal with emerging issues.

4 Planned outputs

Planned audit outputs

- 4.1 Reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee. Reports are addressed to the Audit Committee and management and are prepared for the sole use of the Council, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.
- 4.2 Table Four below summarises the audit reports and outputs we plan to issue in respect of the Accounts Audit Plan 2009/10.

Table Four: Planned outputs

Planned output	Fieldwork	Audit Committee
2009/10 Audit fee letter	April 2009	22 May 2009
2009/10 Accounts Audit Plan	December 2009	14 January 2010
IFRS Accounts workshop	5 February 2010	-
Interim Accounts Report which will cover the following: <ul style="list-style-type: none"> • updated review of the Council's control environment • findings from our review of the Council's information and communication technology systems • review of internal audit work on core financial systems • updated review of arrangements to compile Annual Governance Statement • progress on prior year recommendations and IFRS actions • early work on accounting issues. 	Ongoing liaison: January - May 2010 Team visit commencing: 22 March 2010	May 2010
Annual Accounts Report which will cover the following: <ul style="list-style-type: none"> • findings from the final accounts audit • proposed opinion on the Council's accounts • proposed conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. 	Ongoing liaison: June - September 2010 Team visit commencing: 5 July 2010	September 2010

A IFRS Action Plan

Rec. No.	Issue	Recommendation	Priority	Council response	Implementation responsibility
PFI: Completion of PFI scheme modelling					
1	The Council has reviewed its PFI schemes against the scope of IFRIC12 and has deemed that they should be recognised on the Council's balance sheet for 2009/10. The Council has appointed external consultants to prepare financial models for these PFI schemes to be recognised on the balance sheet. It is expected that this work will be completed in January 2010.	The Council should continue to discuss the PFI models with us in order to seek agreement of complex accounting treatments in a number of areas including the PFI grant, lifecycle costs, capital contributions, previously de-recognized assets and potential retrospective adjustments to MRP.	High	We will continue to discuss with Grant Thornton in order to complete this work.	Karen Gilfoy and Ceri Taylor
Voluntary Aided Schools and Academies					
2	The Council is currently assessing whether to account for Voluntary Aided Schools and Academies on balance sheet for the IFRS restatement exercise.	The Council should liase with us at the earliest possible opportunity to discuss its initial assessments and the resultant financial and accounting implications.	High	Once our initial assessment has been completed, we will liase with Grant Thornton to discuss our findings in order to complete this work.	Karen Gilfoy and Collette Sutton

Rec. No.	Issue	Recommendation	Priority	Council response	Implementation responsibility
IFRS: Quantification of the impact on the general fund					
3	As a result of the transition to IFRS there may be elements of accounting under the new Code that could impact on general fund balances, for example, the holiday pay accrual.	We recommend the Council quantifies the expected impact on the general fund as a result of the transition to IFRS and, if necessary revises its medium term financial strategy accordingly.	High	If the 'Changes to the Capital Finance System Consultation' is implemented, this accrual would have no impact on the General Fund. However, we will continue to investigate other areas where the transition to IFRS could have an impact.	Karen Gilfoy and Collette Sutton
IFRS: Valuation of Property, Plant and Equipment					
4	Non-property assets under IFRS should be valued at fair value unless the asset is of low value and/or short life.	The Council should ensure that an appropriate valuation of non-property assets is obtained for any assets that are not of low value (above £250k) and/or short life (over five years).	Medium	We will review this as part of the Council's transition to IFRS.	Karen Gilfoy and Jonathan Davies

Rec. No.	Issue	Recommendation	Priority	Council response	Implementation responsibility
IFRS: Employee Benefits - Holiday pay accrual					
5	Under IFRS the Council is required to include an accrual for staff annual leave not taken at the year end. The Council's initial work in this area has been based on a sample of Council staff and teachers. The provisional accrual is calculated at £18m (of which £11m relates to teachers).	We have discussed the Council's initial work in this area and have recommended that the Council ensures that the sample is representative of the Council's workforce as a whole.	Medium	A cross-section of Council employees has been sampled to ensure the results are representative. Once completed, a methodology paper will be sent to Grant Thornton detailing the process.	Karen Gilfoy and Jonathan Davies
IFRS: Embedded leases					
6	The Council will need to perform a review for any embedded leases it may have. We are aware that the Council has initially identified 37 contracts for further review against leasing standards.	We recommend the Council completes its review of potential embedded leases checking whether arrangements: <ul style="list-style-type: none"> ▪ are dependent on the use of a specific asset ▪ convey the right to use assets. Any embedded leases identified should then be reviewed against the leasing standard (IAS17) to check whether the lease is finance or operating in nature.	Medium	Work on this task is ongoing as part of the Council's IFRS project plan.	Karen Gilfoy and Jonathan Davies

Appendix A

Rec. No.	Issue	Recommendation	Priority	Council response	Implementation responsibility
IFRS: Provisions					
7	Currently the Council accounts for all its provisions as long term liabilities. Under IAS37 provisions should be split between current and non-current.	We recommend that the Council performs a split of provisions between current and non-current for the restated 1 April 2009 IFRS balance sheet and going forward.	Medium	We will review this as part of the Council's transition to IFRS.	Karen Gilfoy and Jonathan Davies
IFRS: Adoption of IFRS Code Accounting Policies					
8	From 1 April 2010, the Council will be accounting under the IFRS Code regime.	In order to strengthen the governance arrangements of the Council, we recommend that tailored IFRS Code accounting policies are subject to formal approval and adoption by the Audit Committee.	Medium	This will be completed as part of the Council's IFRS Project Plan.	Karen Gilfoy

B The Audit Commission's requirements in respect of independence and objectivity

Auditors appointed by the Audit Commission are subject to the Code of Audit Practice (the Code) which includes the requirement to comply with ISAs when auditing the financial statements. Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. Standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Audit Committee. The auditor reserves the right, however, to communicate directly with the Council matters which are considered to be of sufficient importance.

Auditors are required by the Code to:

- carry out their work with independence and objectivity;
- exercise their professional judgement and act independently of both the Commission and the audited body;
- maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest; and
- resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors should not carry out work for an audited body that does not relate directly to the discharge of the auditors' functions under the Code. If the Council invites us to carry out risk-based work in a particular area, which cannot otherwise be justified to support our audit conclusions, it will be clearly differentiated as non Code work in the plan.

The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- any staff involved on Commission work who wish to engage in political activity should obtain prior approval from the Partner;
- audit staff are expected not to accept appointments as lay school inspectors;
- firms are expected not to risk damaging working relationships by bidding for work within an audited body's area in direct competition with the body's own staff without having discussed and agreed a local protocol with the body concerned;

Appendix B

- auditors are expected to comply with the Commission's statements on firms not providing personal financial or tax advice to certain senior individuals at their audited bodies, auditors' conflicts of interest in relation to PFI procurement at audited bodies, and disposal of consultancy practices and auditors' independence;
- auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission;
- auditors are expected to comply with the Commission's policy for both the Partner and the second in command (Manager) to be changed on each audit at least once every five years with effect from 1 April 2003 (subject to agreed transitional arrangements);
- audit suppliers are required to obtain the Commission's written approval prior to changing any Audit Partner in respect of each audited body; and
- the Commission must be notified of any change of second in command within one month of making the change. Where a new Partner or second in command has not previously undertaken audits under the Audit Commission Act 1998 or has not previously worked for the audit supplier, the audit supplier is required to provide brief details of the individual's relevant qualifications, skills and experience.



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