

Audit approach

Overview of the scope of our audit

This Audit Findings Report 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) and the Code, 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 group's internal controls environment, including its IT systems and controls;
- an evaluation of the component/s of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that specified audit procedures for Cheltenham Borough Homes Limited and Gloucestershire Airport were required, which were completed by Bishop Fleming LLP and Hazlewoods LLP respectively; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our audit plan, as communicated to you on 20 April 2020 to reflect our response to the Covid-19 pandemic.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an audit opinion following the Audit, Compliance and Governance Committee meeting on 11 November 2020. The audit opinion is anticipated to be unqualified in respect of the Council and Group. Our work in relation to group accounts is currently not complete, and at the time of writing this report, we have not reached a conclusion regarding the group opinion. We are currently awaiting the outcome of the component auditors work on Gloucestershire Airport Limited and we understand that they have requested management to undertake additional modelling around their going concern assessment, in light of the uncertainties introduced by the Covid-19 pandemic, particularly in relation to the aviation industry. We will provide a verbal update at the Audit, Compliance and Governance Committee. Further detail around this is provided on page 11 of our report. The outstanding items referred to above include:

- completion of welfare benefits testing;
- completion of group audit procedures;
- review of responses to queries on a small number of areas, such as PPE additions, related party transactions and the Expenditure and Funding Analysis note;
- receipt and review of the Pension Fund Auditor assurances; and
- receipt of management representation letter; and
- review of the final set of financial statements.

Appendix C

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Audit, Compliance and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Group Comprehensive Income and Expenditure Statement £'000	Group Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
The Group Consolidation was completed using the draft Accounts of Cheltenham Borough Homes and Gloucestershire Airport Ltd. Non-trivial adjustments were identified between the draft financial statements and audited financial statements of Gloucestershire Airport Ltd.				
Reduction in Long term Investment in Joint Ventures and Airport Profit and Loss Account	0	-107	0	Adjustments have not been made on the basis of materiality
Share of Taxation of Gloucestershire Airport	107	0	107	Adjustments have not been made on the basis of materiality
Overall impact	£107	-£107	£107	