

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE 22ND JANUARY 2015

GRANT THORNTON ANNUAL AUDIT LETTER

Relevant Portfolio Holder	Cllr John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 To present to Members the Grant Thornton Annual Audit Letter which summarises the key findings and responses to the recommendations arising from the work that Grant Thornton have carried out at the Council for the year ended 31March 2014.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to note the Audit Letter as included on Appendix 1.**

3. KEY ISSUES

Financial Implications

- 3.1 The Grant Thornton fee for the 2013/14 audit fee is £81k. The Audit Commission sets the scale fee on which the audit fee is based.

Legal Implications

- 3.2 The Council has a statutory responsibility to comply with financial regulations.

Service / Operational Implications

- 3.3 The Annual Audit Letter 2013/14 from Grant Thornton details their findings and recommendations as a result of the work undertaken as part of the final accounts for 2013/14. This includes; Financial Statements, Value for Money Judgement, Whole of Government Accounts (WGA) and Grant Claims.
- 3.4 An unqualified opinion was given for the financial accounts with additional narrative being recommended to be included in relation to supporting the going concern judgement within the accounts. A qualified opinion was given on the Value for Money conclusion due to there being insufficient evidence of a robust financial plan to secure financial resilience. As Members are aware this issue has been discussed at length at a number of meetings and

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officers are currently working on ensuring a sustainable financial plan is in place for the period 2015/16 – 2017/18.

3.5 There were 5 recommendations arising from their work which are detailed with the officer recommendations in the report. These include:

- Provision of a robust financial plan
 - *Officers are working on the delivery of a sustainable financial plan to include identification of savings over the 3 year period.*
 - *Review of vacancies and outturn savings to be undertaken*
- Improvements to Financial Monitoring particularly forecasting and outturn savings being identified
 - *Further training is being undertaken with budget holders. New Finance system will enable on-line access to budget monitoring..*
- Performance Management arrangements to be in place
 - *Management Team currently considering options for development of reporting framework of measures to enable members to consider the information.*
- Financial Ledger implementation needs to be resourced and planned effectively
 - *Financial Services Manager leading the project and regular updates to be given to Executive and Audit Committee . Project Group set up with stakeholder and technical input.*
- Assessment of Financial Projects
 - *Improvements have already been made around the reporting arrangements in relation to capital asset decisions*
- Going Concern Assessment
 - *An assessment needs to be made as part of the final accounts for 2014/15 and reported to Audit Committee prior to production of the accounts.*

3.6 Officers will continue to work with both Internal and External Audit to ensure the recommendations are implemented as reported.

Customer / Equalities and Diversity Implications

3.7 There are no implications arising out of this report.

4. RISK MANAGEMENT

4.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

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5. APPENDICES

Appendix 1 – Annual Audit Letter Grant Thornton 2013/14

AUTHOR OF REPORT

Name: Jayne Pickering

E Mail: j.pickering@bromsgrove&redditch.gov.uk

Tel: 01527-881207