

AUDIT GOVERNANCE & STANDARDS COMMITTEE

6TH JULY 2017

SECTION 11 UPDATE

Relevant Portfolio Holder	Cllr. John Fisher
Portfolio Holder Consulted	No
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To present the Committee with an update of the progress following the Section 11 recommendations as identified by Grant Thornton.

2. RECOMMENDATIONS

The Committee is asked to NOTE the Actions detailed in the report.

3. KEY ISSUES

Financial Implications

3.1 There are no specific implications to this report.

Legal Implications

3.2 The Council received a s11 notice (Audit Commission Act 1998) in relation to a number of recommendations relating to the financial management and accounting of the Authority. As part of the monitoring of the actions in place to address these recommendations the Committee agreed to receive updates of the progress against the actions to ensure that the Council is taking appropriate action to address the significant issues identified.

Service/Operational Implications

3.3 As Members are aware unqualified opinions were given for the accounts and the Value for Money Judgement on 30th September 2016 for the financial year 2015/16.

3.4 Whilst the accounts issues identified had been addressed as part of the 2015/16 accounts closedown and with the draft accounts being presented a month earlier than the deadline for 2016/17 this reflects

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the improvements that have been made in financial accounting arrangements. In addition to the accounts issues that have been resolved, there were a number of recommendations in relation to budget monitoring.

- 3.5 Regular discussions are held with Grant Thornton to consider the recommendations raised and officers are reviewing examples of best practice to ensure that improvements are made in the future.
- 3.6 The recommendations that require further work to be undertaken include:
- The Council should put in place robust arrangements to ensure that the budget preparation processes are based on sound assumptions which enable forecast to be made of budget out-turn, including realistic assessments of demand factors, service and demographic changes as well as sound assumptions around turnover and vacancy rates.
 - **Action :**
 - *Detailed Pressures/Savings/Bids forms are prepared to detail all associated costs for additional funding or where savings are being proposed. Vacancy rates and budget outturn savings are also included in the budget estimates.*
 - *Further sensitivity analysis in relation to demand on services and demographic assumptions to be considered for future reviews of the Medium Term Financial Plan.*
 - The Council should ensure that budget monitoring processes are timely to enable an accurate forecast to be made in-year of the likely year-end out-turn and action to be taken, where necessary, to address budget variances.
 - **Action :**
 - *New Financial Planning module to include forecasting currently being rolled out to departments following extensive work with users to ensure the system meets their requirements. This will enable managers to view financial information on a daily basis and to update forecasts in a timely way.*
 - *Quarterly monitoring statements are sent out to budget-holders within 5 working days of period end. Projections and explanations are required within a week of draft Committee reporting.*
 - *Large variances to budget to be addressed with Head of Service prior to Committee with details of cause and plans to mitigate any overspends*

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- *Quarterly monitoring report under review to revise to show exception reporting to enable focus on high variance and risk areas.*
- 3.7 Officers will continue to work with both Internal and External Audit to ensure the recommendations are implemented as reported.

Customer / Equalities and Diversity Implications

- 3.8 There are no implications arising out of this report.

4. RISK MANAGEMENT

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

AUTHOR OF REPORT

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