

GRANT THORNTON – Sector report and audit progress update

Relevant Portfolio Holder	Councillor Tom Baker Price
Portfolio Holder Consulted	-
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 a sector update report from Grant Thornton relating to emerging public sector national issues and audit progress to date.

2. RECOMMENDATIONS

- 2.1 That the Committee note the update.

3. KEY ISSUES

- 3.1 This report attached at Appendix 1 details a number of key issues that are emerging in the public sector environment that Grant Thornton feel the Council should be aware of. These include:

3.2 Public sector audit appointments

This report is the fourth published by the Public Sector Audit appointments (PSAA) and summarises the results of the auditor’s work at 495 principal Local Government and Police bodies for 2017/18. It covers the timeliness and quality of financial reporting, auditors’ local value for money work and the extent to which auditors used their statutory reporting powers.

3.3 National Audit Office – Local auditor reporting in England 2018

This report describes the roles of auditors and relevant bodies in relation to the local audit framework and summarises the main findings reported by local auditors in 2017/18. It also considers how issues reported have changed since the Comptroller and Auditor General (C&AG) took up the new role in 2015 and highlights differences between Local Government and NHS sector.

3.4 National Audit Office – Local authority governance

This report examines whether local governance arrangements provide local taxpayers and Parliament with assurance that local authority spending achieves value for money and also determines whether authorities are financially sustainable.

3.5 Planning for new Homes

The national audit office recently published a report on “Planning for new homes in England”. The report focuses on the Ministry of Housing, Communities and Local Government’s (MHCLG’s) objectives for housing in England; namely delivering a million homes by the end of 2020, half a million more by the end of 2022 and to deliver 300,000 net additional homes a year on average.

3.6 CIPFA – Financial Resilience Index plans revised

CIPFA has proposed a financial resilience index to provide reassurance to councils who are financially stable and to highlight areas that may need further consideration in relation to financial modelling and funding.

Since the initial report, following a consultation with the sector, CIPFA has refined its plans and is poised to rate bodies on a “suite of indicators”.

3.7 ICAEW Report: expectations gap

This report highlights the difference between what auditors actually deliver and what stakeholders expect them to deliver. It suggests greater debate is needed and highlights a number of key areas where this difference in expectations is most stark.

**3.8 Progress Report
Financial Statements Audit**

A detailed audit plan has been issued, and an interim audit has taken place in January 2019. This interim audit covered areas such as the control environment, core financial systems understanding and early substantive testing. The scope has been adjusted in light of the Council deciding to consolidate Rubicon Leisure Ltd into the financial statements. This will necessitate the production of additional statements and disclosure notes and may require a fee variation in light of the additional audit work required.

3.9 Value For Money

There are two significant value for money risks highlighted at present, which are the financial sustainability of the Council and the procurement and contract management in the Housing Department. Audit work is currently being undertaken on these.

3.10 Other areas

Regular meetings with finance staff are underway to ensure emerging issues can be identified early. The Housing Benefit subsidy Claim work has not started as yet.

3.11 Results of Interim Audit Work

The areas reviewed to date are internal audit, entity level controls, information technology controls, walkthrough testing, journal entry controls and early substantive testing – no weaknesses or issues have been identified to date.

3.12 Legal Implications

None as a direct result of this update

3.13 Service/Operational Implications

The impact of any changes would be managed by services delivered by the Council

4. Customer / Equalities and Diversity Implications

None as a direct result of this report.

5. RISK MANAGEMENT

The Corporate Risk register includes risk associated with changes to national policy

6. APPENDICES

Appendix 1 – Sector Update and audit progress report

7. BACKGROUND PAPERS

Available from Financial Services

AUTHOR OF REPORT

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