

GRANT THORNTON – CHALLENGE QUESTIONS

Accounting and audit issues

Implications of the Local Government Finance Act 2012

Challenge questions:

- Do you know your key risks?
 - *The Medium Term Financial Plan and other associated reports as presented to members include the key risks relating to the financial pressures of the Council. These are updated as required.*
- Have officers ensured the financial impact is fed into medium term financial plans?
 - *An assessment is made of the financial pressures to the Council and these are included in the financial plans. In addition the balances position is reviewed to ensure it is sufficient to meet estimated demand.*
- Have officers undertaken modelling of future business rates growth?
 - *The Council has agreed to join the Greater Birmingham and Solihull Business Rates Pool and financial models have been prepared to reflect growth across all partners. Business Rates will be monitored quarterly to assess the impact on the pool.*
- Have officers given due consideration to pooling?
 - *As above*
- Have officers considered the possible impact on council tax collection rates if they do reduce benefit entitlement in line with the funding reduction?
 - *Members approved to keep the current scheme for Council Tax entitlement for 2013/14 and therefore there should be no detrimental impact on rates. Council Tax collection is measured monthly to enable staff to liaise with customers who may fall into arrears.*
- Has your Executive Director of Finance and Resources reviewed the proposed amendments to the 2013/14 Code and assessed the potential impact?
 - *A review to be undertaken as part of the closedown preparation for 2013/14.*

Accounting and audit issues

Provisions

Challenge question:

- Has your Executive Director of Finance and Resources considered the need for additional provisions for the above matters?
 - *All provisions are established and discussed with the External Auditors. There are clear justification and explanation for each provision. There are provisions in place for redundancy costs.*

Grant Thornton

'Towards a tipping point?: Summary findings from our second year of financial health checks of English local authorities '

Challenge questions:

- Have you considered the findings of the report?
 - *Officers will review the report as part of the budget setting process for 2013/14*
- Are there any issues that relate to your authority and what action are you going to take?
 - *These will be identified and reported to members, where relevant*

Local government guidance

'Auditing the Accounts 2011/12' report

Challenge questions:

- Has your Executive Director of Finance and Corporate Resources identified the key risks for the authority in preparing the 2012/13 financial statements?
- Has your Executive Director of Finance and Corporate Resources produced a robust and adequately resourced timetable for the production and submission of its 2012/13 financial statements?
- Has this been discussed and agreed with the External Auditors?
 - *A clear and robust plan to include actions and ownership of tasks was prepared and discussed with Auditors. The team identified the legislative*

changes to the accounts and ensured that staff were fully trained to prepare the accounts in accordance with the legislation.

'Striking a balance: improving councils' decision making on reserves

In December, the Audit Commission published 'Striking a balance: improving councils' decision making on reserves.' The report covers

Challenge questions:

- Are your officers providing you with the right information about reserves?
 - *A full schedule of reserves is presented to members as part of the quarterly financial monitoring reports with the establishment and draw down from reserves approved by Cabinet and Council.*
- Have you considered the findings of the report and identified where actions are required?
 - *Officers will discuss the report with the External Auditors as part of the Accounts Audit 2012/13.*

'Tough Times: Councils' financial health in challenging times'

Challenge question:

- Have you considered the findings of the report and any actions required?
 - *The report may not have been considered in detail but officers continue to monitor the financial health of the Council through the financial monitoring process and by the finance team working in partnership with the Operational Management to ensure any pressures are identified and addressed quickly.*