

AUDIT STANDARDS & GOVERNANCE COMMITTEE

18th JANUARY 2018

SECTION 11 UPDATE

Relevant Portfolio Holder	Cllr. Brian Cooper
Portfolio Holder Consulted	Yes
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 Action Plan.

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 relating to 2015/16 accounts. 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. A further qualified judgement has been given as part of the 2016/17 accounts closedown.

3.4 The technical closedown of accounts recommendations have all been addressed however there were a number of budget monitoring recommendations that are ongoing.

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3.5 The recommendations that have ongoing work 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 outline business cases 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.*
- *A more detailed review of fees and charges has commenced to ensure the charges are not purely based on an average fee but are considered in relation to demand and cost recovery*
- 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 :

- *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.*
- *Quarterly monitoring report has been revised to include focus on high variances and risk areas as requested by the budget scrutiny group*

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

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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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