

**GRANT THORNTON – Sector report and audit progress update**

<b>Relevant Portfolio Holder</b>	Councillor Brian Cooper
<b>Portfolio Holder Consulted</b>	-
<b>Relevant Head of Service</b>	Jayne Pickering – Exec Director Finance and Resources
<b>Ward(s) Affected</b>	All Wards
<b>Ward Councillor(s) Consulted</b>	No
<b>Key Decision / Non-Key Decision</b>	Non–Key Decision

**1. SUMMARY OF PROPOSALS**

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 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”.

**3.6 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.

**3.7 Financial Foresight**

This is a new tool provided by Grant Thornton which they are offering to councils.

This tool provides analytics and benchmarking information to inform decision making.

**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.

**3.9 Value For Money**

There is one significant value for money risk highlighted at present, which is the financial sustainability of the council, and audit work is currently being undertaken on this.

**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 Legal Implications**

None as a direct result of this update

**3.12 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

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