
Audit and Procurement Committee

23rd March 2015

Name of Cabinet Member:

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

Director Approving Submission of the report:

Executive Director Resources

Ward(s) affected: All

Title:

Report Back on the 2013/14 Audit Findings Report

Is this a key decision?

No

Executive Summary:

This report identifies the progress made and current position with regard to the issues raised in the 2012/13 Audit Findings Report considered by the Audit and Procurement Committee on 15th September 2014.

Recommendations:

Audit and Procurement Committee is recommended to:

- (1) Agree that the progress made and current position represent an appropriate response to the issues raised, and
- (2) Identify any further action that the Committee requires be undertaken by officers.

List of Appendices included: None

Other useful background papers: None

Has it been or will it be considered by Scrutiny? No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council? No

Report Back on the 2013/14 Annual Findings Report

1. Context (or background)

- 1.1 This report identifies the progress made and current position with regard to the issues raised in the 2013/14 Audit Findings Report brought to the Audit and Procurement Committee by the Council's External Auditors Grant Thornton on 15th September 2014.

2. Options considered and recommended proposal

- 2.1 Audit and Procurement Committee is recommended to agree that the progress made and current position reflected in the table below.
- 2.2 An additional (or alternative) recommendation is for Committee to identify any further action that the Committee requires be undertaken by officers.

3. Action Plan Recommendations and Current Position

- 3.1 The Action Plan recommendations and current response to it are included in the table below.

Rec No.	Recommendation	Current Position
1	The Council should put arrangements in place to revalue classes of assets simultaneously and to make the required PPE disclosures in its accounts on a class by class basis.	Arrangements are in hand to as part of 2014/15 close-down to ensure that assets within the same class are valued simultaneously and that the required disclosures are made. This issue has been part of the on-going dialogue with Grant Thornton as part of preparation for the 2014/15 audit.
2	<p>The Council needs to maintain its sound financial position by continuing to :</p> <ul style="list-style-type: none"> • keep tight financial control • keep the medium term financial plan up-to-date and plan for a range of scenarios • ensure that identified savings from the ABC programme are delivered • try to identify realistic ways of making savings in the medium term in respect of children's social care and early intervention services. 	<p>On-going maintenance of tight financial control continues to be a key focus for the Council through:</p> <ul style="list-style-type: none"> • continued budgetary control monitoring • Rolling medium term financial planning forecasts reflecting a range of potential scenarios • Delivery of the abc Programme or adjustment for identified non-delivery through the Budget process. • Identification of new areas of saving programmes as part of the recent Budget Report incorporating Kickstart, the Customer Journey, City Centre First, Doing Things Differently and a wide ranging Workforce Strategy.

		In response to the Ofsted Inspection report on its Children's Services the Council is focussing on ensuring that the service is resourced to meet the immediate demands of the service across Coventry. Over the medium term, it will be necessary to ensure that social care and early intervention services are delivered in a way that strikes an appropriate balance between service need and the achievement of value for money.
3	The Executive Director of Resources should continue to assess the adequacy of the General Fund reserve in the light of the financial risks facing the Council over the medium and long term.	The Executive Director of Resources made a statement on the adequacy of reserves within the recent Budget Report. This will be reviewed again as part of the 2014/15 outturn process.
4	The Council should consider the issues raised in this report (i.e. the 2013/14 Audit Findings Report) in respect of accounting for PFI contracts as part of the preparation of the 2014/15 financial statements	These issues are being considered as part of the preparation of the 2014/15 accounts. Detailed analysis has taken place incorporating financial models provided previously by the external auditor and in broad terms the Council is reflecting the recommended suggestions.
5	The Council should ensure that the 2014/15 financial statements disclose the effective date of revaluation of non-current assets	This disclosure will be included within the 2014/15 accounts.
6	The Council should ensure that prior year comparatives for Note 3.8 on property, plant and equipment, Note 3.10 on non-operational assets and Note 3.11 on property, plant & equipment are disclosed in the 2014/15 financial statements	The Council will ensure that the 2014/15 accounts include appropriate disclosures in this area.

3. Results of consultation undertaken

- 3.1 The Council's Corporate Finance team and Grant Thornton are working collaboratively on the matters relevant to the 2014/15 accounts. No further consultation is required.

4. Timetable for implementing this decision

- 4.1 Recommendations 2 and 3 relate to on-going strategic financial matters. All of the other recommendations relate to the 2014/15 financial close-down process.

5. Comments from Director of Finance and Legal Services

5.1 Financial implications

The report covers matters that are wholly related to financial issues.

5.2 Legal implications

There are no specific legal implications in relation to the report.

6. Other implications

None

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

This report covers matters referred to within the Council Plan under the banner of Improving how we work as a Council and specifically using resources effectively.

6.2 How is risk being managed?

Recommendations 2 and 3 relate to strategic financial matters and are aligned to the risk, "Inability to deliver a balanced budget in the short and medium term" on the Council's risk register, monitored through the Council's existing risk monitoring processes. The risk inherent within the remaining items relates to incurring an adverse audit opinion on the Council's accounts. The Council's final accounts process is subject to thorough project planning designed to minimise any such adverse outcomes.

6.3 What is the impact on the organisation?

Failure to deal adequately with recommendations 2 and 3 could have significant risks, in particular financial risks for the Council.

6.4 Equalities / EIA

No impact.

6.5 Implications for (or impact on) the environment

No impact.

6.6 Implications for partner organisations?

No impact.

Report author(s):

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