

Finance and Audit Scrutiny Committee

Wednesday 7 May 2014

A meeting of the above Committee will be held at the Town Hall, Royal Leamington Spa on Wednesday 7 May 2014 at 6.00pm.

Membership:

Councillor Barrott (Chairman)	
Councillor Mrs Bunker	Councillor Pratt
Councillor Mrs Knight	Councillor Rhead
Councillor MacKay	Councillor Mrs Sawdon
Councillor Mrs Mellor	Councillor Mrs Syson
Councillor Pittarello	Councillor Williams

Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

Agenda

Part A – General Items

*1. Substitutes

To receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

*2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

***3. Minutes**

To confirm the minutes of the meeting held on 15 April 2014

(Item 3/Page 1)

Part B – Audit Items

***4. Reports from external auditors**

To consider a report from Finance

(Item 4/Page 1)

Part C – Scrutiny Items

***5. Comments from the Executive**

To consider a report from Civic & Committee Services

(Item 5/Page 1)

***6. Forward Plan**

To consider a report from Civic & Committee Services

(Item 6/Page 1)

***7. Review of the Work Programme**

To consider a report from Civic & Committee Services

(Item 7/Page 1)

***8. End of Term Report**

To consider a report from Civic & Committee Services

(Item 8/Page 1)

***9. Executive Agenda (Non Confidential Items and Reports) – Thursday 8 May 2014**

To consider the non-confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting. **You are requested to bring your copy of that agenda to this meeting (circulated separately).**

***10. Public and Press**

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within paragraphs 1 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

***11. Executive Agenda (Confidential Items and Reports) – Thursday 8 May 2014**

To consider the confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting. **You are requested to bring your copy of that agenda to this meeting (circulated separately).**

***12. Minutes (Confidential)**

To confirm the minutes of the meeting held on 15 April 2014

(Item 12/Page 1)

***13. Comments from the Executive – Appendix 2 (Confidential)**

To consider a report from Civic & Committee Services

(Item 13/Page 1)

(*Denotes those items upon which decisions will be made under delegated powers, as previously granted by Council)

Published 28 April 2014

General Enquiries: Please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ.

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Enquiries about specific reports: Please contact the officers named in the reports.

You can e-mail the members of the this Committee at

F&Ascrutinycommittee@warwickdc.gov.uk

Details of all the Council's committees, councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 353362 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

The agenda is also available in large print, on request, prior to the meeting by calling 01926 353362.

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 15 April 2014 at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Barrott (Chair): Councillors Mrs Bunker, MacKay, Mrs Mellor, Pittarello, Pratt, Rhead, Wilkinson, Williams and Wreford-Bush.

ALSO PRESENT: Councillor Mobbs (Leader of the Council and Portfolio Holder).

Apologies for absence were received from Councillors Mrs Knight, Mrs Sawdon and Mrs Syson.

The Committee received some good news in respect of Councillor Mrs Knight, who had returned home following an operation. Members asked that the Committee's best wishes be conveyed to her.

The Committee also noted that the Council's Chairman, Councillor Davies, who had fallen ill at the weekend, was conscious and cheerful. Members requested that their best wishes be conveyed to him also.

175. SUBSTITUTES

Councillor Wilkinson substituted for Councillor Mrs Knight and Councillor Wreford-Bush substituted for Councillor Mrs Syson.

176. DECLARATIONS OF INTEREST

Minute 183 – Executive Agenda (Confidential Items & Reports) – Executive item 10 – Fetherstone Court Development Scheme Update

Councillor Wilkinson declared an interest because the development was in his Ward.

Minute 183 – Executive Agenda (Confidential Items & Reports) – Executive item 11 – Racing Club Warwick & West Midlands Reserve Force & Cadets Association

Councillor Mrs Mellor declared an interest as a trustee of Racing Club, Warwick. After taking advice, Councillor Mrs Mellor agreed not to take part in discussing or voting on the item, and left the meeting for the duration of the item.

177. MINUTES

The minutes of the meetings held on 11 and 25 March 2014 were taken as read and signed by the Chair as a correct record.

Councillor Mrs Mellor asked that it be noted that she had not voted in favour of the transfer of Riverside House.

178. SERVICE RISK REGISTER PRESENTATION: FINANCE

The Committee received a report from Finance which set out the process for review of the Service's Risk Register.

Members noted that the Committee had previously considered the register in 2012 but that now it had looked at the registers for each Service, it was time to consider each one a second time.

The Portfolio Holder for Finance presented the latest version of the register, which was appended to the report. He stated that he had attended three meetings since Christmas, each lasting about three hours, at which the register had been considered in fine detail.

Responding to questions, the Portfolio Holder stated that no required actions had been detailed against some risks with a high impact or a high likelihood because actions had been addressed within the controls. The Portfolio Holder conceded that the register did not necessarily convey this to the Committee and agreed that he would consider trying to make it clearer in future, perhaps by marking risks with a statement such as "no further action required". However, he reiterated that he was comfortable with the report before the Committee because the register was a working document which was regularly and properly reviewed.

The Portfolio Holder and Head of Finance were thanked for their report.

RESOLVED that the report be noted and its contents accepted.

179. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS) – WEDNESDAY 16 APRIL 2014

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 16 April 2014.

Item 8a – Significant Business Risk Register

The Committee highlighted the risk of the local plan being unsound or delayed, and suggested that the potential for the local plan to be rejected by the Council was also a risk. Concern was expressed that movement against some risks within the register appeared to have worsened, with no apparent actions being attached to those risks. The Portfolio Holder assured the Committee that actions were considered on a regular basis, but agreed to ensure that actions were detailed more explicitly in future reports and to include more narrative about the movement of risks. The Committee noted the Portfolio Holder's commitment to raising the profile of the register and ensuring that it was properly discussed by the Corporate Management Team (CMT), and supported the recommendations in the report.

(Councillor Mobbs left the meeting at the conclusion of this item)

180. INTERNAL AUDIT QUARTER 3 2013/14 PROGRESS REPORT

The Committee received a report from Finance which advised on progress in achieving the Internal Audit Plan 2013/14. The report summarised the audit work completed in the third quarter (October to December 2013) and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

The Audit and Risk Manager advised Members that all managers' reports had been received in respect of the quarter, as had details of the state of implementation of recommendations made by Internal Audit in the previous quarter.

Members noted that twenty audit reports had been completed during 2013/14 within the first three quarters of the year, including seven completed within the third quarter. Of those seven, one report had been awarded a less than substantial assurance, that being in relation to Climate Change. Recommendations had been made to address this and were detailed in Appendix 4 to the report. In the past there had been no strategy within Warwick District on Climate Change, a low corporate profile and a lack of progress, which was now being addressed. The authority was looking at appointing an officer to take this agenda forward.

The Committee felt that it was essential that the Local Plan should address climate change, in order for the issue to be taken seriously.

Members were reminded that, as always, the audit reports completed during this quarter were available on the Council's website alongside the agenda and reports for this meeting and via a web link within the electronic version of the report.

In response to a Member's query, the Audit and Risk Manager agreed to clarify what Climate Local was. The Local Government Association website stated that "Climate Local is the LGA's initiative to support and share the work that councils are doing to respond to (climate change) challenges – including to boost renewable energy supply, to reduce utility bills for councils and residents, to support local growth and jobs, and to plan for extreme weather events".

The Audit and Risk Manager drew attention to the fact that Appendix 5 to the report addressed concerns previously raised by the Committee in respect of travel claims.

The Audit and Risk Manager was thanked for his report.

RESOLVED that the report be noted and its contents accepted or, where appropriate, acted upon.

181. **INTERNAL AUDIT STRATEGIC PLAN 2014/15 – 2016/17 AND
INTERNAL AUDIT CHARTER**

The Committee received a report from Finance presenting the Internal Audit Strategic Plan 2014/15 – 2016/17 and the Internal Audit Charter for consideration and approval.

The Audit and Risk Manager presented the report, which set out the proposed strategy for the next three years. He clarified that, while the work programme for years two and three within the report was indicative, for year one it represented a programme which Internal Audit was working to.

The Internal Audit Strategic Plan was a rolling document and an important element in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties.

The Audit and Risk Manager responded to Members' questions, confirming the number of staff employed by Internal Audit and the arrangements which were in place to maintain the accountability of Internal Audit, not least of which were the role of this Committee, External Audit and external peer reviews.

Members noted that an external specialist had evaluated thirty-two of forty Housing and Property Services contracts and would soon consider the remaining eight. Additionally, the Senior Internal Auditor had validated the integrity of information within those contracts prior to a report being considered by CMT. While Appendix 5 to a report presented to the Committee in March had detailed actions undertaken to date, an update would be presented to Members in due course. The Committee noted that the 'Procurement Champions' had also looked at contracts and as a result had requested contracts registers for each department, prior to the registers being considered by this Committee.

The Audit and Risk Manager was thanked for his report.

RESOLVED that the Internal Audit Strategic Plan 2014/15 – 2016/17 and Internal Audit Charter be approved.

182. **PUBLIC AND PRESS**

RESOLVED that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item, by reason of the likely disclosure of exempt information within paragraphs 1, 3 and 7 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The full text of Minute 183 was recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. A summary is as follows:

183. **EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS) – WEDNESDAY 16 APRIL 2014**

The Committee considered the following confidential items which would be discussed at the meeting of the Executive on Wednesday 16 April 2014.

Item 10 – Fetherstone Court Development Scheme Update

The Committee passed comment on the recommendations.

Item 11 – Racing Club Warwick & West Midlands Reserve Force & Cadets Association

The Committee supported the recommendations in the report.

(Having declared an interest at the beginning of the meeting and, on receipt of further advice at this stage in the proceedings, Councillor Mrs Mellor left the room for the duration of this item)

184. **EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS) – WEDNESDAY 16 APRIL 2014**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 16 April 2014.

Item 6 – Renewal of Allpay Contract

The Committee supported the recommendations in the report.

Item 7 – Procurement of Rural Housing Enabler

The Committee supported the recommendations in the report.

185. **COMMENTS FROM THE EXECUTIVE**

A report from Civic and Committee Services summarised the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 12 and 26 March 2014.

RESOLVED that the contents of the report be noted.

186. **FORWARD PLAN**

The Committee considered the latest published version of the Forward Plan.

The Forward Plan detailed the future work programme for the Executive. If a non-Executive Member highlighted a decision which was to be taken

by the Executive which they would like to be involved in, Members could then provide useful background to the Committee when the report was submitted to the Executive and they were passing comment on it.

RESOLVED that, at present, there were no forthcoming Executive decisions which Members wished to have an input into before the Executive make their decision.

187. REVIEW OF THE WORK PROGRAMME

A report from Civic and Committee Services detailed the Committee's work programme for 2013/14 and 2014/15.

The Head of Finance was reminded to provide the names of Heads of Department who were responsible for contracts registers and for copies of those contracts registers so that reviews of the same could be added to the Committee's work programme.

RESOLVED that the work programme for 2013/14 and 2014/15 be noted.

188. PUBLIC AND PRESS

RESOLVED that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following items, by reason of the likely disclosure of exempt information within paragraphs 1, 3 and 7 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The full text of Minutes 189 and 190 was recorded in a confidential minute which was to be considered for publication following implementation of the relevant decisions. A summary is as follows:


189. MINUTES (CONFIDENTIAL)

The confidential minutes of the meetings held on 11 and 25 March 2014 were agreed as a correct record.

190. COMMENTS FROM THE EXECUTIVE – APPENDIX 2 (CONFIDENTIAL)

A report from Civic and Committee Services summarised the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 12 and 26 March 2014.

(The meeting ended at 7.50 pm)

 Finance and Audit Scrutiny Committee 7 May 2014		Agenda Item No. 4
Title	Reports from External Auditors	
For further information about this report please contact	Mike Snow (01926) 456800	
Service Area	Finance	
Wards of the District directly affected	None specifically	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers	None	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Deputy Chief Executive		
Chief Executive	22 April 2014	Chris Elliott
CMT		
Section 151 Officer	22 April 2014	Mike Snow
Legal		
Finance	22 April 2014	Mike Snow
Portfolio Holder(s)	22 April 2014	Andrew Mobbs
Consultation Undertaken		
.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 This report asks the Committee to consider the Audit Plan for auditing the 2013/14 Accounts from the external auditors; and if necessary agree any further information required from either officers or the Council's Auditors. The Council's External Auditors, Grant Thornton, will attend the Finance and Audit Scrutiny Committee for this item.
- 1.2 Grant Thornton have also issued details of the Grant Certification work, a Guide to Local Authority Accounts, an Audit Committee Update and the proposed 2014/15 audit fees which are also presented for the Committee to consider.

2. RECOMMENDATION

- 2.1 The Committee considers the Audit Plan 2013/14 report attached, and agrees any further information required from either officers or the Council's Auditors.
- 2.2 The Committee considers the Grant Certification work plan, and agrees any further information required from either officers or the Council's Auditors
- 2.3 The Committee note the Guide to Local Authority Accounts prepared by Grant Thornton.
- 2.4 The Committee note the Audit Committee Update provided by Grant Thornton.
- 2.5 The Committee note the proposed fee for the 2014/15 audit.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The Audit Plan and the Grant Certification work plan are both presented to aid understanding of the role of the Council's external auditors.
- 3.2 Grant Thornton have also recently issued "A Guide to Local Authority Accounts". This guide is designed to help members of audit committees discharge their responsibilities for the financial statements. It aims to help them understand and challenge the accounts, supporting notes and other statements. As referred to in paragraph 8.5 below, the Statement of Accounts will be submitted to Finance and Audit Committee in July ahead of being audited, and then to Council in September (when this committee will review the outcome of the audit). Accordingly, this Guide is being submitted to the Committee now rather than awaiting it being presented to the Committee alongside the Accounts in July.
- 3.3 The auditors have also prepared an "Audit Committee Update" report. This reports seeks provide information on current issues so as to update members.
- 3.4 Details of the proposed audit fees for 2014/15 are discussed in paragraph 5.3.

4. POLICY FRAMEWORK

- 4.1 By considering the documents, members can see how external audit can assist the Council in its priority of managing the Councils resources effectively and ensuring its services are of a high quality.

5. BUDGETARY FRAMEWORK

- 5.1 The fee charged for the Annual Audit of the Accounts, and associated work is £70,597, excluding grant claims with an indicative fee of £10,880. Details of the fees are set out in the Planned Audit Fee letter from Grant Thornton.
- 5.2 For 2012/13 the main fee was £70,597 and £10,850 for grant claims.
- 5.3 Details of the proposed fees for 2014/15 are also attached. These are proposed to be £70,597 for the main fee and £8,530 for grant work. Whilst the freezing of the main fee is welcomed, it should be noted that the Council is seeking to reduce to reduce this budget by 2.5% in line with reductions to other budgets. Officers will consider further the implications of this on the Council's overall budget and will report back to members as necessary. The reduction in the fee for grant claims reflects the NNDR3 and Council Tax Benefits claims no longer now being subject to needing specific agreement by External Audit.

6. RISKS

- 6.1 The audit of the accounts and associated grant claims seeks to provide assurance to all stakeholders that the Council's finances, as reported in the Accounts, are being properly managed.

7. ALTERNATIVE OPTION CONSIDERED

- 7.1 None.

8. BACKGROUND

- 8.1 The auditors have issued the Audit Plan 2013/14.
- 8.2 The Audit Plan details the work the auditors will be undertaking in considering the 2013/14 Accounts.
- 8.3 Finance will be issuing the Final Accounts report to the Executive in June. This report details the overall position for the Council's revenue and capital expenditure compared to budget, and how this is financed.
- 8.4 The Statement of Accounts is due to be signed off by the Council's Responsible Finance Officer before the end of June. The Statements include the Income and Expenditure Account and the Balance Sheet and are required to comply with the Statement of Recommended Practice. The Council will need to approve the Statement following the completion of the Audit, before the Statements are formally published at the end of September 2013.
- 8.5 The Auditors will report to the Finance and Audit Scrutiny Committee before the end of September ahead of issuing their opinion of the accounts. This meeting is scheduled for 23rd September. In addition, it is intended to report the pre-audit Statement to Finance and Audit Scrutiny Committee in July.

The Audit Plan for Warwick District Council

Year ended 31 March 2014

7 May 2014

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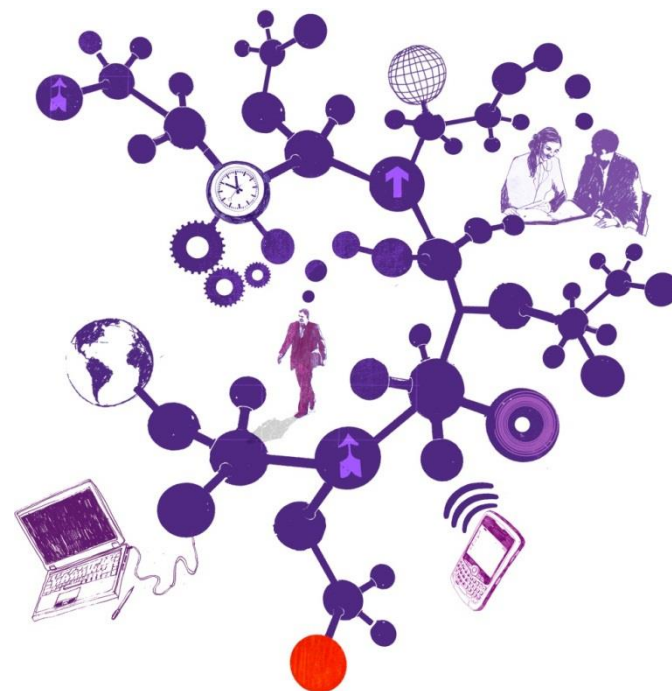
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

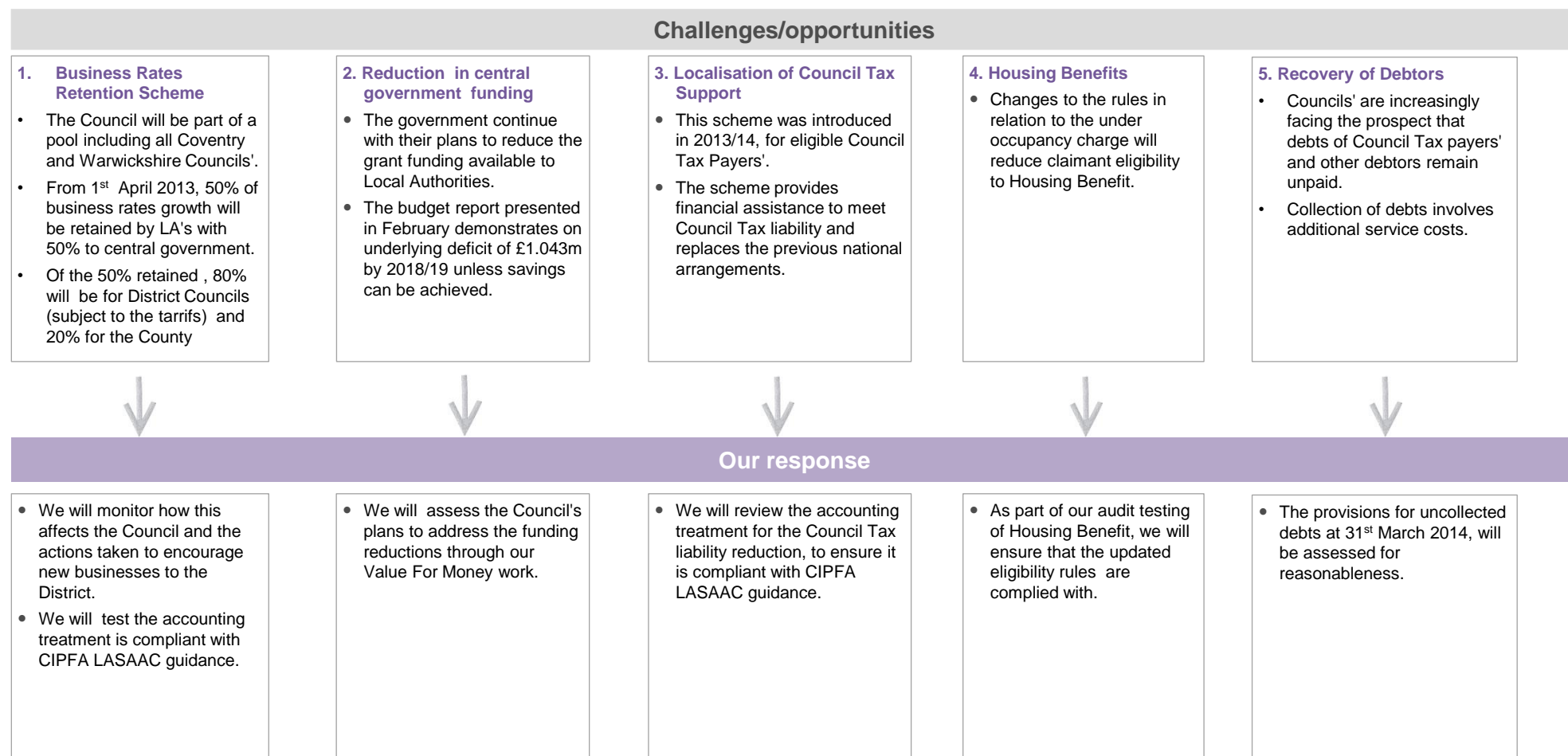
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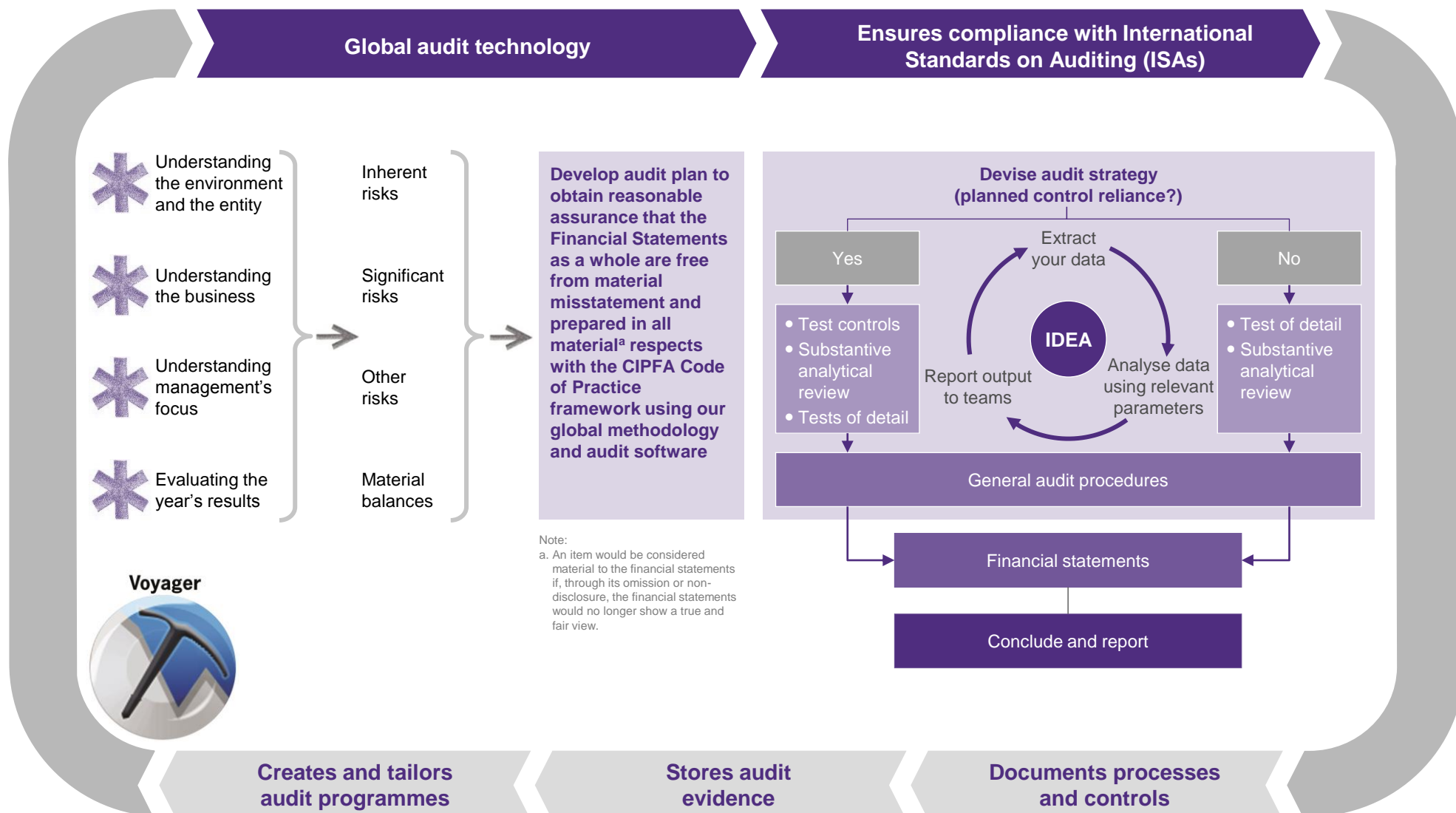
1. Understanding your business
2. Developments relevant to your business and the audit
3. Our audit approach
4. Significant risks identified
5. Other risks identified
6. Value for Money
7. Results of interim audit work
8. Key Dates
9. Fees and independence
10. Communication of audit matters with those charged with governance

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.



Our audit approach



Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice ('the code') and associated guidance.

Developments and other requirements

1. Financial reporting	2. Legislation	3. Corporate governance	4. Pensions	5. Financial Pressures	6. Other requirements
<ul style="list-style-type: none"> Changes to the CIPFA Code of Practice Clarification of Code requirements around PPE valuations Changes to NDR accounting and provisions for business rate appeals 	<ul style="list-style-type: none"> Local Government Finance settlement Welfare Reform Act 2012 	<ul style="list-style-type: none"> Annual Governance Statement (AGS) Explanatory Foreword 	<ul style="list-style-type: none"> The impact of the 2013/14 changes to pension accounting. 	<ul style="list-style-type: none"> Managing service provision with less resource Progress against savings plans 	<ul style="list-style-type: none"> The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion The Council completes grant claims and returns on which audit certification is required

Our response

<p>We will ensure that</p> <ul style="list-style-type: none"> the Council complies with the requirements of the CIPFA Code of Practice and business rate appeals through discussions with management and our substantive testing 	<ul style="list-style-type: none"> We will discuss the impact of the legislative changes with the Council through our regular meetings with senior management and those charged with governance, providing a view where appropriate 	<ul style="list-style-type: none"> We will review the arrangements the Council has in place for the production of the AGS We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge 	<ul style="list-style-type: none"> We will review how the Council dealt with the impact of the 2013/14 changes through our meetings with senior management 	<ul style="list-style-type: none"> We will review the Council's performance against the 2013/14 budget, including consideration of performance against the savings plan We will undertake a review of Financial Resilience as part of our VFM conclusion 	<ul style="list-style-type: none"> We will carry out work on the WGA pack in accordance with requirements We will certify grant claims and returns in accordance with Audit Commission requirements
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Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	We will: <ul style="list-style-type: none">• review and test revenue recognition policies.• test material revenue streams
Management over-ride of controls	Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.	We will: <ul style="list-style-type: none">• Review the control environment for journal entries and testing of journals• Review accounting estimates, judgements and decisions made by management• Review unusual significant transactions

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Reasonably possible risks	Description	Work completed to date	Further work planned
Operating expenses	Creditors understated or not recorded in the correct period (Completeness)	<ul style="list-style-type: none">We have conducted a walkthrough of the key controls for this system.	<p>We will carry out testing including:</p> <ul style="list-style-type: none">Review of monthly trend analysis of payments,Cut off testing of purchase orders and goods received notes (both before and after year end),The completeness of the reconciliations to the purchasing system.. <p>Testing will also cover a sample of operating expenses covering the period 1/4/13 to 31/3/14 to ensure they have been accurately accounted for and in the correct period.</p>
Employee remuneration	Employee remuneration accrual understated (Completeness)	<ul style="list-style-type: none">We have completed a walkthrough of the key controls for this system.	<ul style="list-style-type: none">We will carry out testing including:The completeness of the payroll reconciliation to ensure that the information from the payroll system can be agreed to the ledger and financial systemsSample of payments made in April and May to ensure payroll expenditure is recorded in the correct year.Review of monthly trend analysis of total payroll <p>Testing will also cover a sample of employee remuneration payments covering the period 1/4/13 to 31/3/14 to ensure they have been accurately accounted for and in the correct period.</p>
Welfare Expenditure	Welfare benefit expenditure improperly computed (Valuation Gross)	<ul style="list-style-type: none">We have completed a walkthrough of the key controls for his system.	<ul style="list-style-type: none">We will use the Audit Commission Housing Benefit HB Count methodology to test this item.Following the introduction of the Council Tax Reduction Scheme, we will devise suitable audit procedures to gain assurance over the balances within the accounts.

Other risks identified (continued)

Reasonably possible risks	Description	Work completed to date	Further work planned
Housing Rent Revenue Account	Revenue transactions not recorded (Completeness)	<ul style="list-style-type: none"> We have conducted a walkthrough of the key controls for this system 	<ul style="list-style-type: none"> Conduct various analytical procedures Testing will also cover a sample of transactions for the period 1/4/13 to 31/3/14 to ensure they have been accurately accounted for and in the correct period.

Other risks	Description	Work completed to date	Further work planned
Business Rates	The introduction of the new arrangements for Business Rates presents a risk to the Council. The key changes for the accounts will be ensuring the correct accounting treatment is followed in preparing the accounts and the calculation of the provision for rating appeals.	<ul style="list-style-type: none"> We have discussed with officers the implications of the introduction of the new scheme 	<ul style="list-style-type: none"> We will continue to work with officers to ensure that they are following the latest guidance in this area. Complete substantive tests to confirm that the authority's accounting treatment is compliant with the CIPFA Local Authority accounting guidance. Review the basis for the calculation of the provision and challenge management's rationale for the accounting estimates used.

Value for money

Value for money

The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

Our VfM conclusion is based on the following criteria specified by the Audit Commission:

VfM criteria	Focus of the criteria
The organisation has proper arrangements in place for securing financial resilience	The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness	The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity

We have undertaken a risk assessment to identify areas of risk to our VfM conclusion. We have not identified any specific risks to date and therefore our work will focus on the following:

- Review of our understanding of the processes the Council has to secure financial resilience,
- Review of our understanding of the processes the Council has to secure economy, efficiency and effectiveness, and
- Review of key documents, such as the medium term financial plan and the risk register.

The results of our VfM audit work and the key messages arising, will be reported in our Audit Findings report and in the Annual Audit Letter.

We will issue a separate report in respect of VfM/agree any additional reporting to the Council on a review-by-review basis.

Results of interim audit work

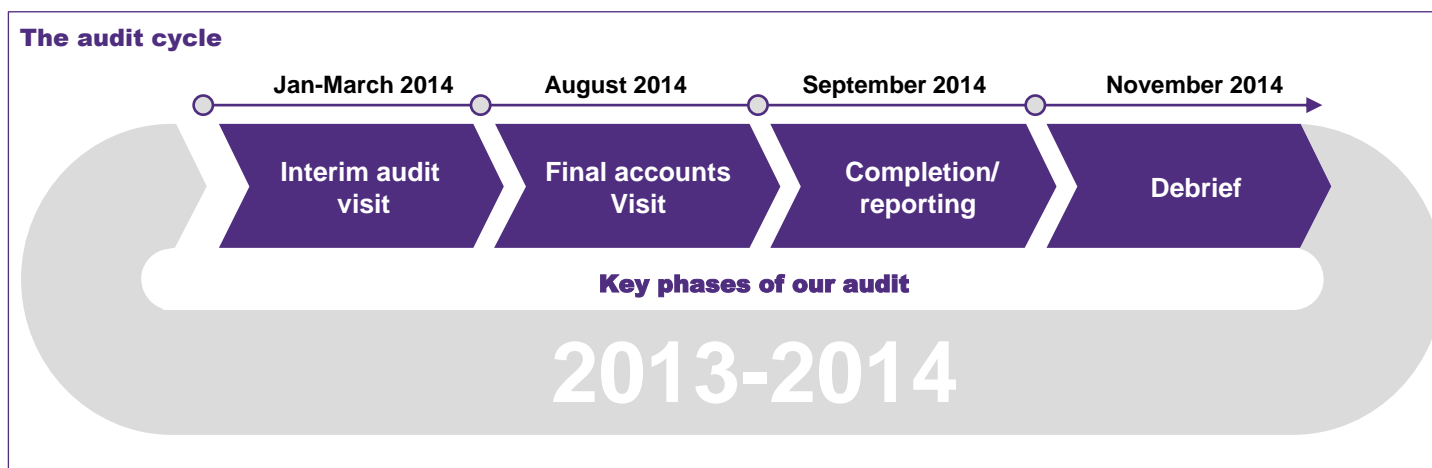
The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed and findings	Conclusion
Internal audit	<p>We have reviewed internal audit's overall arrangements in accordance with auditing standards. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service continues to provide an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment at the Council.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
Walkthrough testing	<p>We have completed walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has identified that there is not currently a service level agreement in place with the county council for the provision of the payroll software services.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p> <p>The lack of a service level agreement presents a risk to the Council if the payroll software provided by the County Council fails.</p>
Interim review of asset valuations	<p>As a result of the clarification of the CIPFA Code of Practice ('the Code') in relation to asset valuations we have reviewed the planned programme of valuations. Our findings are set out below.</p> <p>The current programme of valuations includes only part of the Investment Properties class of assets. The Code requires that this class of assets should be revalued annually unless there is evidence to demonstrate that the final carrying value would not be materially different.</p> <p>The last full valuation of Heritage Assets took place in 2008. While the Code specifically states that a full valuation is not required every five years, it does require Council's to review the carrying amounts with sufficient regularity to ensure they remain current.</p> <p>The lack of an up to date valuation presents both a risk to the valuation disclosed in the balance sheet, but also an insurance risk. The lack of an up to date valuation could potentially mean that the Council is under insured on a significant proportion of it's assets.</p>	<p>Further evidence needs to be provided during the final accounts visit that the total carrying value of investment properties is not materially misstated.</p> <p>Further evidence needs to be provided during the final accounts visit to demonstrate that the total carrying value of heritage assets is not materially misstated.</p> <p>Officers should review whether appropriate insurance cover is in place for this class of assets.</p>

Results of interim audit work continued

	Work performed	Conclusion
Journal entry controls	We have reviewed the Council's entity level controls as part of determining our journal entry testing strategy, and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.	We will undertake detailed testing on journal transactions recorded in the financial year by extracting unusual entries for further review.
Early substantive testing	We have completed our testing of opening balances within the general ledger and verified the existence of all material assets held on the balance sheet.	There are no matters to report.

Key dates



Date	Activity
Jan & Feb 2014	Planning
March 2014	Interim site visit
May 2014	Presentation of audit plan to Audit Committee
August 2014	Year end fieldwork
September 2014	Audit findings clearance meeting with Head of Finance
September 2014	Report audit findings to those charged with governance -Finance and Audit Scrutiny Committee
September 2014	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	70,597
Grant certification	10,880
Total fees (excluding VAT)	81,477

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Fees for other services

Service	Fees £
None	Nil

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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Grant certification work plan for Warwick District Council

Year ended 31 March 2014

May 2014

John Gregory

Director

T 0121 232 5333

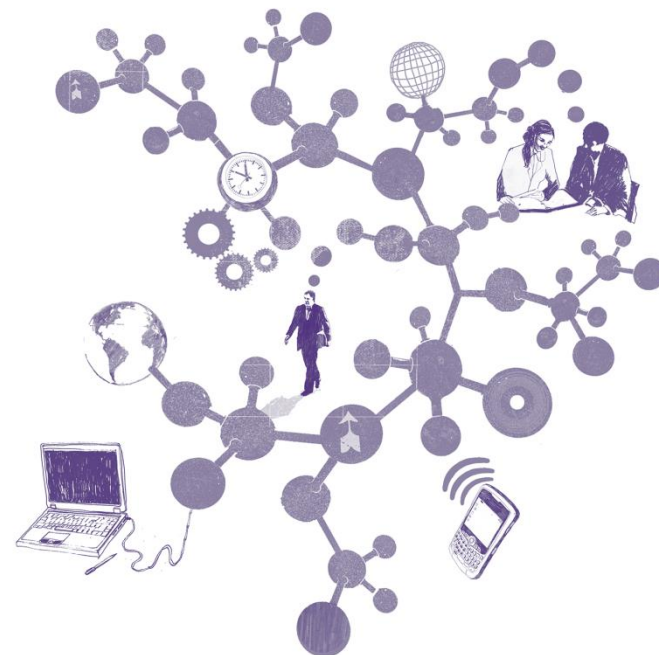
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Audit Manager

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1. Our approach to grant certification work

Appendix A Summary of expected claims and returns for the year ended 31 March 2014

Our approach to grant certification work

Introduction

Various grant-paying bodies require external certification of claims for grant or subsidy and returns of financial information.

The Audit Commission makes certification arrangements with grant-paying bodies, including confirming which claims and returns require certification and issuing certification instructions. These instructions are tailored to each scheme and set out the specific procedures to be applied in examining the claim or return. The Audit Commission agrees the deadline for submission of each claim by authorities and the deadline for certification by auditors.

As the Council's appointed external auditor, we undertake grant certification work acting as an agent of the Audit Commission.

Certification arrangements

The Audit Commission's certification arrangements are designed to be proportionate to the claim or return. The arrangements for 2013/14 are:

- for claims and returns below £125,000, certification by us is not required, regardless of any statutory certification requirement or any certification requirement set out in grant terms and conditions
- for claims and returns above £125,000 and below £500,000, we are required to perform limited tests to agree entries on the claim or return to underlying records, but are not required to undertake any testing of the eligibility of expenditure or data

- for claims and returns over £500,000, we are required to assess the control environment for the preparation of the claim or return and decide whether or not to place reliance on it. Where reliance is placed on the control environment, we are required to undertake limited tests to agree entries on the claim or return to underlying records but not to undertake any testing of the eligibility of expenditure or data. Where reliance is not placed on the control environment, we are required to undertake all the tests in the relevant certification instruction and use our assessment of the control environment to inform decisions on the level of testing required.

In determining whether we place reliance on the control environment, we consider other work we have undertaken on the Council's financial ledger and any other relevant systems, and make appropriate use of relevant internal audit work where possible.

Role of all parties

The table below summarises the respective roles and responsibilities of the parties involved in the certification process.

Party	Role & responsibility
Grant paying body	Sets conditions of grant and deadline for submission for pre-certified and certified claims
Audit Commission	Issues certification instructions for auditor work
Council	Submits claims for certification to the Appointed Auditor within grant paying body submission deadlines
Appointed Auditor	Certifies claims in accordance with Audit Commission certification instructions and within certification deadlines

The Council's role is set out in more detail below:

- the s151 officer is responsible for ensuring that supporting accounting records are sufficient to document the transactions for which claims are made. These records should be maintained in accordance with proper practices and kept up to date, including records of income and expenditure in relation to claims and returns
- the Council should ascertain the requirements of schemes at an early stage to allow those responsible for incurring eligible expenditure to assess whether it falls within the scheme rules and to advise those responsible for compiling claims and returns to confirm any entitlement
- the Council should ensure all deadlines for interim and final claims are met to avoid sanctions and penalties from grant paying bodies
- grant-paying bodies usually require the Council's certificate to be given by an appropriate senior officer. This is typically the s151 officer or an officer authorised by written delegated powers
- the Council should monitor arrangements with any third parties involved in the certification process.

Claims history

The claims and returns certified in 2012/13 were:

- Pooling of Housing Capital Receipts,
- Housing and Council Tax Benefit Claim, and
- National Non Domestic Rates

Our certificate

Following our work on each claim or return, we issue our certificate. The wording of this depends on the level of work performed as set out above, stating either the claim or return is in accordance with the underlying records, or the claim or return is fairly stated and in accordance with the relevant terms and conditions. Our certificate also states that the claim has been certified:

- without qualification
- without qualification but with agreed amendments incorporated by the Council or
- with a qualification letter (with or without agreed amendments incorporated by the Council).

Where a claim is qualified because the Council has not complied with the strict requirements set out in the certification instruction, there is a risk that grant-paying bodies will retain funding claimed by the Council or claw back funding which has already been provided or has not been returned.

In addition, where claims or returns require amendment or are qualified, this increases the time taken to undertake this work, which may impact on the certification fee.

Certification work fees

The Audit Commission sets an indicative fee for grant claim certification based on 2011/12 actual certification fees for each council. The indicative fee for the Council set by the Audit Commission is £10,880. The fee is based on the following assumptions:

- there will be no change in the scope of our work due to the control environment in place during the year
- the Council provides adequate working papers to support each entry in the claim/return
- the Council's staff are available to deal with our queries in a timely manner and provide such explanations and supporting evidence necessary to support entries.

Where there is any significant variation from these assumptions, we will discuss a variation to the indicative scale fee with the Council and the Audit Commission.

The Council has identified all claims and returns requiring certification and this information is incorporated into Appendix A to this plan.

Administration

When each expected claim or return is completed, a copy of the signed claim should be sent to Helen Lillington at the following address:

Grant Thornton UK LLP
Colmore Plaza
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

or emailed to helen.m.lillington@uk.gt.com

- The **original** claims and returns should be retained by the Council.
- If additional claims and returns are identified by either us or the Council they will be incorporated into the appendix in this plan
- All claims and returns listed in appendix A should be sent to us, even if below the de minimis limit so that we can confirm that no certification is required. We are required to report the value of these claims to the Audit Commission in our annual certification report.

Managing the certification process – our role

- We intend to certify all claims and returns in accordance within the deadlines set by the Audit Commission. If we receive any claims after the Council's submission deadline, we will endeavour to certify them within the Audit Commission deadline but, where this is not possible, within three months from receipt
- A copy of each certified claim or return will be sent to the relevant named contact when the certification process is complete, along with a copy of the qualification letter, where applicable
- Copies of the certification instructions can be provided on request for any new claims or returns
- We expect to complete the certification of all claims by late 2014 and will issue a grant certification report highlighting any issues that need to be brought to the Council's attention.

Appendix A: Summary of expected claims & returns for the year ended 31 March 2014

Claim (CI reference)	Authority deadline **	Certification deadline **	Claim certified in prior year	Prior year outcome
Pooling of Housing Capital Receipts (CFB 06)	28/6/14	27/9/14	Yes	No qualification letter or amendment to the claim
Housing Benefit Claim (BEN 01)	30/4/14	30/11/14	Yes*	Our work identified a small number of errors, resulting in the claim being amended and qualified.

* No certification of council tax benefit is required in 2013/14

** Indicative deadlines only – final deadlines to be confirmed by the Audit Commission



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Grant Thornton

An instinct for growth™

A guide to local authority accounts

March 2014



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Introduction

This guide is designed to help members of audit committees discharge their responsibilities for the financial statements. It aims to help them understand and challenge the accounts, supporting notes and other statements.

Local authority audit committee members are not expected to be financial experts, but they are responsible for approving and issuing the authority's financial statements. They also play a key role in ensuring accountability and value for money are demonstrated to the public.

However, local authority financial statements are complex and can be difficult to understand: they must comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government. IFRS provides a comprehensive framework (over 3,000 pages of mandatory requirements) for the production of financial statements in the public and private sector. This framework is continually being refined.

We have prepared this guide for members to use as part of their review of the financial statements. It explains the key features of the primary statements and notes that make up a set of financial statements. It also includes key challenge questions to help members assess whether the financial statements show a true and fair view of their authority's financial performance and financial position.

“It sounds extraordinary, but it's a fact that balance sheets can make fascinating reading.”

Mary Archer
British scientist



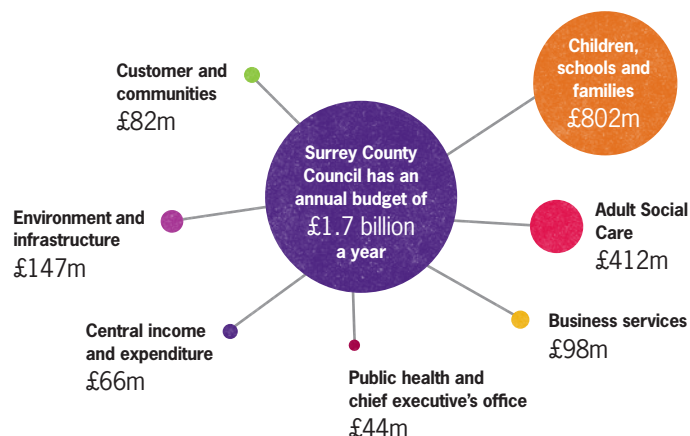
Explanatory foreword

The purpose of the explanatory foreword is to provide a commentary on the financial statements. It should include an explanation of key events and their effect on the financial statements.

The information included in the explanatory foreword should not be a surprise and should be familiar to you from the budget reports provided during the year. The explanatory foreword should therefore ideally also reconcile the year end financial position reported to members (the outturn) to the statutory financial accounts.

However, in a recent survey on governance, conducted by Grant Thornton, 40% of respondents did not agree that the explanatory foreword aids public understanding of local government accounts. Too often, explanatory forewords repeat key elements of the accounts and run the risk of being overly long, rather than provide a clear commentary in plain English. This indicates there is still some way to go before the explanatory foreword achieves its purpose.

Key financial information should be clearly explained and authorities should consider the best way to present it. Below is an example of the presentation of financial information that we consider to be helpful.



Challenge questions

- 1 Does the explanatory foreword provide a clear summary of the authority's financial performance and financial position at the year end?
- 2 Is the summary in line with your expectations? Is the financial performance in line with budget reports? Are the key events described in the explanatory foreword those you expected to see?
- 3 Can you trace the figures to the financial statements? Are they consistent?
- 4 If last year's figures have been restated, is the reason clearly explained?
- 5 Is there a better way that this information could be presented or communicated?

For more information, see **Grant Thornton's Local Government Governance Review 2014**



Annual governance statement

The annual governance statement (AGS) sets out the arrangements the authority has put in place to manage and mitigate the risks it faces when meeting its responsibilities. The AGS should give the reader a clear sense of the risks facing the authority and the controls in place to manage them.

While the AGS is prepared by the authority at the end of the year, it should be built up from processes designed, run and tested throughout the year. There should be no surprises for members of the audit committee as all of the issues described should already have been discussed. However, surprises can occur if the first sight of the document is not until June. We recommend making the AGS an iterative document which is presented in draft to audit committee members towards the end of the calendar year.

The AGS should be consistent with:

- the rest of the financial statements
- internal audit findings
- the results of any external inspections of the authority during the year.

Challenge questions

- 1 Is the content of the AGS consistent with your knowledge of the operations of the authority over the year?
- 2 Does the AGS succinctly describe the control environment in an understandable way?
- 3 In particular, does the AGS include:
 - all significant risks that you were aware of during the year?
 - the actions the authority is taking to address the identified risks?

Only 65% of respondents to our survey agreed that the AGS helps the public to understand how the organisation manages risk.



Movement in reserves statement

Reserves represent the authority's net worth and show its spending power. Reserves are analysed into two categories: usable and unusable.

Usable reserves

- Result from the authority's activities
- Can be spent in the future
- Include:
 - general fund
 - earmarked reserves
 - capital receipts reserve

The level of usable reserves, the spending plans of the authority and other sources of funding will determine how much council tax needs to be raised.

The movement in reserves statement (MIRS) analyses the changes in each of the authority's reserves from year to year. It should be clear to see what has caused the movement in each reserve. The statement shows:

- **opening balances** – these should be the same as the previous year's closing balances
- **total income or expenditure for the year** – this should agree with the comprehensive income and expenditure account
- **statutory transfers between reserves** – these are made as the result of regulation
- **voluntary transfers between reserves** – these are made as the result of the authority's decisions
- **closing balances** – these should agree to those on the balance sheet.

Transfers between reserves should not result in a change in the overall level of reserves.

Unusable reserves

- Derive from accounting adjustments
- Cannot be spent
- Include:
 - pensions reserve
 - revaluation reserve
 - capital adjustment account

Statutory transfers are adjustments that are made to usable reserves to:

- remove transactions that are required by accounting standards
- add transactions required by statute.

For example, accounting standards require depreciation to be charged to the general fund to represent the cost of assets used in the delivery of services. Statute requires that all capital transactions are removed from the general fund. Depreciation is therefore taken out of the general fund and replaced with the minimum revenue provision (MRP). The MRP represents the authority's estimate of how much it should contribute to capital expenditure each year and is approved by members at the start of every year.

Voluntary transfers include the earmarking of reserves. Members may choose to earmark reserves, putting aside cash to deliver specific longer-term objectives, such as the replacement of vehicles, plant and equipment. The purpose and usage of each earmarked reserve should be clearly set out.

Challenge questions

- 1 Are the movements in the two types of reserves shown in separate tables?
- 2 Do the opening balances agree with last year? Have any restatements been clearly explained?
- 3 Do the figures in the MIRS agree to the comprehensive income and expenditure statement?
- 4 Can you trace the figures in the MIRS to the relevant notes? Do the notes adequately explain the major movements?
- 5 Are the purposes of the material earmarked reserves consistent with the authority's objectives and the authority's decisions?

For more information, see **Grant Thornton's Approving the MRP Policy**



Comprehensive income and expenditure statement

The comprehensive income and expenditure statement (CIES) reports on how the authority performed during the year and whether its operations resulted in a surplus or deficit.

The CIES is sometimes described as a ‘film’ of all the transactions in the year. It includes cash payments made to employees and for services, as well as non-cash expenditure such as depreciation and accruals. It also shows all sources of income received and accrued in the year. Accrued expenditure represents the value of goods or services received by the authority by 31 March which have not been paid. Similarly, accrued income represents income due, but not yet received.

The CIES shows the accounting position of the authority before statutory overrides are applied. It analyses income and expenditure based on services. This means that it does not have the same headings you see in commercial financial statements.

The standard format of the CIES means that it will differ from the layout in your budget book, which will be based on your authority’s own activities and internal reporting needs. A note to the accounts should reconcile the figures reported internally to those included in the CIES.



Five broad sections within the CIES

Cost of services	Presented in a standardised format as set out by the 'Service reporting code of practice for local authorities'. Includes service specific income and expenditure. Any large and/or unusual items which may affect the reader's view of the accounts should be disclosed separately.
Other operating income and expenditure	Includes the surplus or deficit from the sale of property, plant and equipment.
Financing and investment income and expenditure	Includes interest payable and receivable.
Taxation and general grant income	Includes revenue from council tax and the revenue support grant.
Other comprehensive income and expenditure	Items which are not allowed to be accounted for elsewhere in the CIES, such as increases in the value of land and buildings and changes in the actuarial assessment of pension liabilities.

Challenge questions

- 1 Does the CIES reflect the financial performance of your authority as you know it?
- 2 Have there been significant changes year on year? If so, are these clearly explained?
- 3 Is there a detailed note to reconcile the CIES to budget reports? Is it easy to find? Can you trace the figures through?



Balance sheet

The balance sheet is a ‘snapshot’ of the authority’s financial position at a specific point in time, showing what it owns and owes at 31 March.

The balance sheet is always divided into two halves that should, as the name suggests, balance:

- assets less liabilities (the top half)
- reserves (the bottom half).

Non current assets including:

- **property, plant and equipment**
- **heritage assets**
- **intangible assets**
- **investment property**

Non-current assets have a life of more than one year. For most authorities the biggest balance by far is property, plant and equipment. These are tangible assets that are used to deliver the authority’s objectives. With some exceptions they need to be shown at a value based on market prices. Changes in valuations are matched by changes in reserves (generally the revaluation reserve). The cost of property, plant and equipment is spread over the period in which it is used by charging depreciation.

Current assets

Includes cash and other assets that, in the normal course of business, will be turned into cash within a year from the balance sheet date. Other assets include investments, non-current assets held for sale, inventories and debtors.

Current liabilities

Comprises short-term borrowing, trade creditors, amounts owed to other government bodies and receipts in advance. Receipts in advance arise when the authority receives income this year for expenditure it will incur, or services it will provide, in future years.

Long-term liabilities

Includes borrowings, any amounts owed for leases and private finance initiative (PFI) deals. There will also be an estimate for the cost of meeting the authority’s pension obligations earned by past and current members of the pension scheme.

Provisions

Represent future liabilities of the authority, but there is uncertainty about how much the authority owes or when it will have to pay.

Reserves

These are usable and unusable reserves.

Challenge questions

- 1 Have any significant changes between years been sufficiently explained?
- 2 Are there clear references to the notes where more detailed information is available?
- 3 Are the changes in property, plant and equipment what you would expect, based on any major disposals of assets, the authority’s capital programme and movements in market prices?
- 4 Are movements in investments and borrowing consistent with the authority’s treasury plans and with the cash movements in the cash flow statement?
- 5 Are the reasons for provisions and details of how they have been calculated clearly shown?
- 6 Do the reserves in the balance sheet agree to the balances in the movement in reserves statement?

Other statements

A number of other statements will be included within the financial statements, though not all will be relevant to every authority.

Cash flow statement	<p>Sets out the authority's cash receipts and payments during the year, analysing them into operating, investing and financing activities.</p> <p>Cash flows are related to income and expenditure, but are not equivalent to them. The difference arises from the accruals concept, whereby income and expenditure are recognised in the CIES when the transactions occurred, not when the cash was paid or received.</p> <p>The Local Authority Code of Practice allows two different methods of presentation to be used, and therefore formats may vary between neighbouring authorities.</p>
Collection fund	<p>Shows the transactions in respect of council tax and business rates during the year.</p>
Housing revenue account	<p>Shows the transactions in respect of council housing during the year. It is ring-fenced, so it cannot subsidise or be subsidised by other activities.</p>
Pension fund accounts	<p>Included within the financial statements of a pension fund administering authority, such as a county or unitary council. Shows the transactions and net assets/liabilities of the pension fund as a whole.</p>
Group accounts	<p>Prepared if the authority has a significant subsidiary, such as a local authority trading company. Shows the combined income and expenditure and balances of all the constituent bodies.</p>

Challenge questions

- 1 Have any significant changes between years been sufficiently explained?
- 2 Are there clear references to the notes where more detailed information is available?



Additional disclosures

The notes to the financial statements are generally the least read part of any set of accounts. This is because they appear complicated and are rarely written in plain English.

However, additional disclosures include important information and provide the context for the figures in the primary financial statements.

Accounting policies	Set out the accounting rules the authority has followed in compiling its financial statements, for example that land and buildings are shown at valuation rather than at cost. They are largely specified by International Financial Reporting Standards and the Local Authority Code of Practice. Authorities have limited discretion to amend them, but should: <ul style="list-style-type: none">• provide additional information where needed• remove accounting policies that are not relevant or apply to immaterial amounts.
Critical judgments	Show the key areas where officers have made judgements about the application of accounting policies. For example: <ul style="list-style-type: none">• classification of leases and public finance initiative (PFI) schemes• identification of provisions• impairment of assets. The aim is to highlight key areas of the accounts where others may have made different judgments about the accounting treatment.
Estimates	The authority may need to use estimates to value assets, liabilities and transactions. The major sources of estimation uncertainty should be disclosed if there is a significant risk the estimate will need to be materially adjusted next year.
Property, plant and equipment	Details about assets acquired and disposed of during the year, whether they have been revalued, the impact of any changes in value and the amount of depreciation charged.
Leases and PFI schemes	Set out how much will be paid annually to leasing companies and how much will be paid in total over the lifetime of the agreement.
Employee remuneration	Details of the pay of the most senior officers, all officers' remuneration, disclosed in bands, and the cost of any redundancies. Other notes show the annual cost and cumulative liabilities of pensions.
Contingent liabilities	Details of possible costs that the authority may need to meet, but has not charged to the CIES because it thinks that it will probably be able to avoid them. The most common contingent liability is for legal claims.

Challenge questions

- 1 Have you already seen and been able to comment on the proposed accounting policies?
- 2 Are you comfortable with the critical judgements disclosed?
- 3 Do the figures reported in the financial statements agree to those included in the relevant notes?
- 4 Are the notes easy to find and follow?
- 5 Is too much information included? Could it be better presented?

And finally...

Once you have completed your review of the detail, you may wish to reflect upon the financial statements as a whole and what could be done to improve the process for future years.

About the financial statements

- 1 Are they clear, concise and easy to follow?
- 2 Are they presented in the best format? Could graphs or diagrams be used to help explain information more easily?
- 3 Is detailed information on the most important items easy to find?
- 4 Are technical terms explained in plain English? Is there a glossary?
- 5 Is it clear how a reader could find out more information?
- 6 Where are the accounts to be published? Are they easy to find?

About the process

- 1 Does your authority recognise that producing robust financial statements is important for strong financial governance?
- 2 Has your authority set targets to produce shorter, clearer, earlier financial statements?
- 3 What support can you give your officers to meet these challenges? Do they have sufficient resources? Are they given enough support from senior management?
- 4 What support do you need to help you discharge your responsibilities? Are there any areas in which you need training?

For more information, see
**Grant Thornton's
Declutter your
accounts – top
10 tips**



**CIPFA's Financial
statements: a
good practice
guide for local
authorities**



About us

Dynamic organisations know they need to apply both reason and instinct to decision making. At Grant Thornton, this is how we advise our clients every day. We combine award-winning technical expertise with the intuition, insight and confidence gained from our extensive sector experience and a deep understanding of our clients.

Grant Thornton UK LLP is a leading business and financial adviser with client-facing offices in 25 locations nationwide. While we understand regional differences and can respond to needs of local authorities, our clients can also have confidence that our team of local government specialists is part of a firm led by more than 185 partners and employing over 4,200 professionals, providing personalised audit, tax and specialist advisory services to over 40,000 clients.

Grant Thornton has a well established market in the public sector, and has been working with local authorities for over 30 years. We are the largest employer of CIPFA members and students and our national team of experienced local government specialists, including those who have held senior positions within the sector, provide the growing range of assurance, tax and advisory services that our clients require.

We are the leading firm in the local government audit market, and are the largest supplier of audit and related services to the Audit Commission, and count 40% of local authorities in England as external audit clients.

We also audit local authorities in Wales and Scotland via framework contracts with Audit Scotland and the Wales Audit Office. We have over 180 local government and related body audit clients in the UK and over 75 local authority advisory clients. This includes London boroughs, county

councils, district councils, city councils, unitary councils and metropolitan authorities, as well as fire and police authorities.

This depth of experience ensures that our solutions are grounded in reality and draw on best practice. Through proactive, client-focused relationships our teams deliver solutions in a distinctive and personal way, not pre-packaged products and services.

Our approach combines a deep knowledge of local government, supported by an understanding of wider public sector issues, drawn from working with associated delivery bodies, relevant central government departments and with private-sector organisations working in the sector.

We take an active role in influencing and interpreting policy developments affecting local government and responding to government consultation documents and their agencies. We regularly produce sector-related thought leadership reports, typically based on national studies, and client briefings on key issues. We also run seminars and events to share our thinking on local government and, more importantly, understand the challenges and issues facing our clients.

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EPI1074



Finance and Audit Scrutiny Committee Update for Warwick District Council

Year ended 31 March 2014

May 2014

John Gregory

Director

T 0121 232 5333

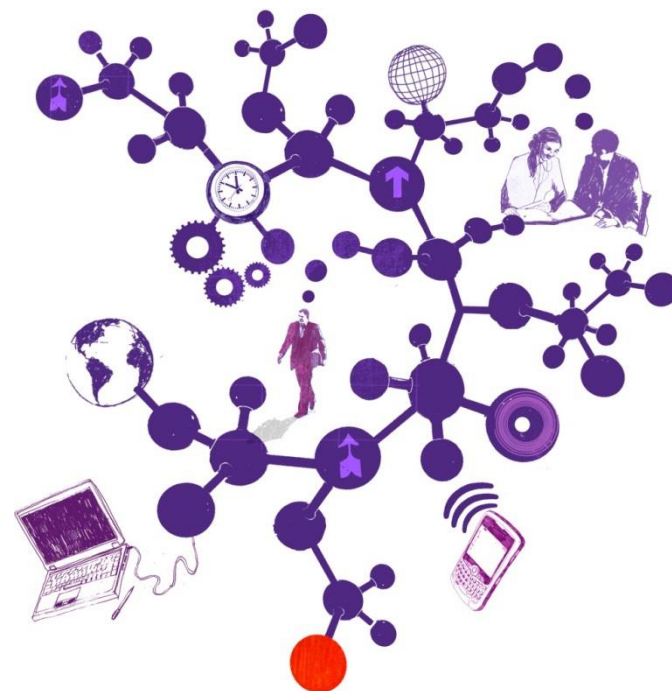
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Finance and Audit Scrutiny Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a District Council
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications – 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', and 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Progress at end of March 2014

Work	Planned date	Complete?	Comments
2013-14 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the 2013-14 financial statements.	May 2014	Yes	Audit plan included in the papers for this Committee.
Interim accounts audit Our interim fieldwork visit includes: <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	Planning visit February. Interim work March and April	In part	We have completed the first phase of our interim visit. This has included updating our understanding of the Council's control environment and understanding of financial systems. The second phase of the interim visit is on-going, however due to the deadlines for committee papers we are not able to fully report our findings. A verbal update will be given to the committee.
2013-14 final accounts audit Including: <ul style="list-style-type: none"> • audit of the 2013-14 financial statements • proposed opinion on the Council 's accounts • proposed Value for Money conclusion. 	August and September 2014	No	We have agreed key dates and outputs with officers for the delivery of the final accounts audit. This has included providing officers with a detailed working paper requirements checklist. We will continue to maintain a dialogue with officers to ensure the process remains on track and any potential problems are dealt with as early as possible.

Progress at end of March 2014

Work	Planned date	Complete?	Comments
Value for Money (VfM) conclusion The scope of our work to inform the 2013/14 VfM conclusion comprises: <ul style="list-style-type: none">• A review of our understanding of your processes in relation to securing financial resilience• A review of our understanding of your processes in relation to securing economy, efficiency and effectiveness• A review of key documents, such as the medium term financial plan and the risk register.	April and May, with a final update in September prior to giving the conclusion.	No	
Other areas of work We have received various correspondence from members of the public which we are required to consider during the course of our audit. This largely relates to the proposals for St Mary's Land	On-going	On-going	

Emerging issues and developments

Councils must continue to adapt to meet the needs of local people

Local government guidance

Audit Commission research - Tough Times 2013

The Audit Commission's latest research, <http://www.audit-commission.gov.uk/wp-content/uploads/2013/11/Tough-Times-2013-Councils-Responses-to-Financial-Challenges-w1.pdf> shows that England's councils have demonstrated a high degree of financial resilience over the last three years, despite a 20 per cent reduction in funding from government and a number of other financial challenges. However, with uncertainty ahead, the Commission says that councils must carry on adapting in order to fulfil their statutory duties and meet the needs of local people.

The Audit Commission Chairman, Jeremy Newman said that with continuing financial challenges 'Councils must share what they have learnt from making savings and keep looking for new ways to deliver public services that rely less on funding from central government'.

Key findings:

The Audit Commission's research found that:

- the three strategies most widely adopted by councils have been reducing staff numbers, securing service delivery efficiencies and reducing or restructuring the senior management team;
- three in ten councils exhibited some form of financial stress in 2012/13 – exhibited by a mix of difficulties in delivering budgets and taking unplanned actions to keep finances on track;
- auditors expressed concerns about the medium term prospects of one third of councils (36 per cent)

Issues to consider/challenge questions:

How have members satisfied themselves that the Council can deliver a balanced budget, that the medium term strategy/budget has been subject to appropriate challenge and that the Council's finances are resilient over the medium term (3 years) and beyond?

Councils choosing their auditors one step closer

Local government guidance

Local Audit and Accountability Act

The Local Audit and Accountability Act received Royal Assent on 30 January 2014.

Key points

Amongst other things:

- the Act makes provision for the closure of the Audit Commission on 31 March 2015;
- arrangements are being worked through to transfer residual Audit Commission responsibilities to new organisations;
- there will be a new framework for local public audit due to start when the Commission's current contracts with audit suppliers end in 2016/17, or potentially 2019/20 if all the contracts are extended;
- the National Audit Office will be responsible for the codes of audit practice and guidance, which set out the way in which auditors are to carry out their functions;
- Local Authority's will take responsibilities for choosing their own external auditors;
- recognised supervisory bodies (accountancy professional bodies) will register audit firms and auditors and will be required to have rules and practices in place that cover the eligibility of firms to be appointed as local auditors;
- Local Authority's will be required to establish an auditor panel which must advise the authority on the maintenance of an independent relationship with the local auditor appointed to audit its accounts;
- existing rights around inspection of documents, the right to make an objection at audit and for declaring an item of account unlawful are in line with current arrangements;
- transparency measures give citizens the right to film and tweet from any local government body meeting.

Issues to consider/challenge questions:

- Have members considered the implications of the Local Audit and Accountability Act for the Council's future external audit arrangements?

Helping the High Street

Local government guidance

Support for UK high streets

On December 6, 2013 the Communities Secretary set out a £1 billion package of support for UK high streets, the stated objectives being to:

- support business and the private sector to have a greater stake in their high streets;
- make it easier to diversify town centres;
- ensure town centres remain accessible to visitors;
- promote the use of technology to modernise town centres.

Key elements of the strategy include:

- a £1,000 discount in 2014/15 and 2015/16 for retail premises with a rateable value of up to £50,000 – including shops, pubs, café and restaurants;
- capping the Retail Price Index (RPI) increase in bills to 2% in 2014/15;
- extending the doubling of Small Business Rates relief to April 2015;
- a reoccupation relief for 18 months with a 50% discount for new occupants of retail premises empty for a year or more;
- assisting business cash flow by allowing businesses to pay their bills over 12 months (rather than 10)

Issues to consider/challenge questions:

- Has the Council assessed the local economic impact of the measures announced by the Communities Secretary?
- Has the Head of Finance assessed the impact of the measures on the Council's finances and the 2014/15 and 2015/16 budgets?

79% of Councils anticipate Tipping Point soon

Grant Thornton

2016 tipping point? Challenging the current

This report http://www.grant-thornton.co.uk/Global/Publication_pdf/LG-Financial-Resilience-2016-tipping-point.pdf is the third in an annual series which assesses whether English local authorities have the arrangements in place to ensure their sustainable financial future.

Local authorities have so far met the challenges of public sector budget reductions. However, some authorities are predicting reaching tipping point, when the pressure becomes acute and financial failure is a real risk. Based on our review of forty per cent of the sector, this report shows that seventy nine per cent of local authorities anticipate some form of tipping point in 2015/16 or 2016/17.

Our report rates local authorities in four areas - key indicators of financial performance, strategic financial planning, financial governance and financial control. It also identifies a series of potential 'tipping point scenarios' such as local authorities no longer being able to meet statutory responsibilities to deliver a range of services.

Our report also suggest some of the key priorities for local authorities in responding to the challenge of remaining financially sustainable. This includes a relentless focus on generating additional sources of revenue income, and improving efficiency through shared services, strategic partnerships and wider re-organisation.

Challenge questions

- Our report includes a good practice checklist designed to provide senior management and members with an overview of key tipping point risks. Has the Head of Finance completed the checklist and reported it to the Finance and Audit Scrutiny Committee?
- The report also includes good practice case studies in strategic financial planning, financial governance and financial control. Has the Head of Finance reviewed these case studies and considered whether there is scope to adopt these?

Alternative Delivery Models – are you making the most of them?

Grant Thornton

Alternative delivery models in local government

This report: <http://www.grant-thornton.co.uk/en/Publications/2014/Responding-to-the-challenge-alternative-delivery-models-in-local-government/> discusses the main alternative delivery models available to local government. These are based on our recent client survey and work with local government clients. It aims to assist others as they develop their options and implement innovation strategies.

Local government has increased the variety and number of alternative delivery models it uses in recent years including contracts and partnerships with other public bodies and private sector organisations, as well as developing new public sector and non-public sector entities. With financial austerity set to continue, it is important that local authorities continue innovating, if they are to remain financially resilient and commission better quality services at reduced cost.

This report is based on a brief client survey and work with local authority clients and:

- Outlines the main alternative delivery models available to local authorities
- Aims to assist other authorities as they develop their options and implement innovation strategies
- Considers aspects of risk.

Challenge question

- Our report includes a number of case studies summarising how public services are being delivered through alternative service models. Has the Authority reviewed these case studies and assessed whether there are similar opportunities available to it?
- Our report includes three short checklists on supporting innovation in service delivery, setting up a company and questions that members should ask officers when considering the development of a new delivery model. Are the checklists being considered as part of the development of the Authority's commissioning strategy?

Welfare reforms – what you think of it so far?

Grant Thornton

Reaping the benefits: first impressions of the impact of welfare reform.

The potential scope of this topic is broad, so our report, focuses on the financial and managerial aspects of welfare reform. This involves:

- Understanding the challenges currently facing local government and housing associations in regard to welfare reform and what organisations have been doing to meet this challenge in terms of strategy, projects and new processes.
- Reporting on the early indications of effectiveness following the implementation of these measures and the impact of reform.
- Providing early insight into challenges facing these organisations in the near future.

We have pulled together information from a variety of sources, including our regular conversations across the local government and housing sectors and surveying local authorities and housing associations in England.

We found that:

- In general, organisations have been very active in engaging with stakeholders and putting in place appropriate governance arrangements and systems to implement specific reforms. A minority of organisations did not fully exploit all the options open to them in preparing for reform.
- So far, the indication is that the impact of reform experienced by local authorities and partners has been managed effectively. This may be because the full impact has not yet been felt. Some worrying signs are emerging, including rising rental arrears, homelessness and reliance on food banks, which may be linked to the reforms.
- Looking ahead, further reforms, such as the implementation of universal credit and the move to direct payments present significant uncertainties and challenges over the next few years.

Challenge questions

- Has the Head of Benefits kept members informed of progress with stakeholder engagement and changes to governance arrangements to implement specific reforms?
- What impact assessment is the Authority carrying out on council tax localisation, the benefit cap and housing benefit, the spare room subsidy and changes to the Social Fund?
- Does the Authority have a plan in place or in development for the introduction of universal credit?

Revaluing your assets – clarification of accounting guidance

Accounting and audit issues

Property, plant and equipment valuations

The 2013/14 Code has clarified the requirements for valuing property, plant and equipment and now states explicitly that revaluations must be 'sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.' This means that a local authority will need to satisfy itself that the value of assets in its balance sheet is not materially different from the amount that would be given by a full valuation carried out on 31 March 2014. This is likely to be a complex analysis which might include consideration of:

- the condition of the authority's property portfolio at 31 March 2014
- the results of recent revaluations and what this might mean for the valuation of property that has not been recently valued
- general information on market prices and building costs
- the consideration of materiality in its widest sense - whether an issue would influence the view of a reader of the accounts.

The Code also follows the wording in IAS 16 more closely in the requirements for valuing classes of assets:

- items within a class of property, plant and equipment are to be revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates
- a class of assets may be revalued on a rolling basis provided revaluation of the class of assets is completed within a short period and provided the revaluations are kept up to date.

There has been much debate on what is a short period and whether assets that have been defined as classes for valuation purposes should also be disclosed separately in the financial statements. These considerations are secondary to the requirement that the carrying value does not differ materially from the fair value. However, we would expect auditors to report to those charged with governance where, for a material asset class:

- all assets within the class are not all valued in the same year
- the class of asset is not disclosed separately in the property, plant and equipment note.

Challenge question

Has your Head of Finance consulted you on the programme of valuations and the proposals for disclosing information about classes of assets?

Estimating the impact of business rate appeals

Accounting and audit issues

Business rate appeals provisions

Local authorities are liable for successful appeals against business rates. They should, therefore, recognise a provision for their best estimate of the amount that businesses have been overcharged up to 31 March 2014.

However, there are practical difficulties which mean that making a reliable estimate for the total amount that has been overcharged is challenging:

- the appeals process is managed by the Valuation Office Agency (VOA) and so local authorities are reliant on the information provided to them by the VOA
- some businesses may have been overcharged but not yet made an appeal.

We would expect local authorities:

- to work with the VOA to make sure that they have access to the information they need
- where appeals have been made, to determine a methodology for estimating a provision and to apply this methodology consistently
- where appeals have not been made:
 - to consider the extent to which a reliable estimate can be made (for example, in relation to major businesses)
 - to recognise a provision where a reliable estimate can be made
 - to disclose a contingent liability where a reliable estimate cannot be made
 - to provide a rationale to support their judgement that a reliable estimate cannot be made
- to revisit the estimate with the latest information available immediately before the audit opinion is issued.

Challenge questions:

- Is your authority confident of obtaining the information it needs from the VOA?
- Has your authority recognised a provision where it is possible to make a reliable estimate? Has a robust methodology been used?
- Has your authority provided a robust rationale where it has decided it cannot make a reliable estimate? Is it planning to disclose a contingent liability?
- Is your authority planning to revisit its provision and contingent liability before the audit opinion is issued?

Accounting for pensions

Accounting and audit issues

Accounting for and financing the local government pension scheme costs

Accounting issues

The 2013/14 Code follows amendments to IAS 19 and changes the accounting requirements for defined benefit pension liabilities such as those arising from the local government pension scheme (LGPS). This is a change in accounting policy and will apply retrospectively.

The main changes we expect to see are:

- a reallocation of amounts charged in the comprehensive income and expenditure statement (CIES)
- more detailed disclosures.

We do not expect changes to balance sheet items (the net pension liability and pension reserve balance). This means that whilst we would expect the CIES to be restated, a third balance sheet is not required. Actuaries should be providing local authorities with the information they need to prepare the financial statements, including restated comparatives.

Financing issues

The amount to be charged to the general fund in a financial year is the amount that is payable for that financial year as set out in the actuary's rates and adjustments certificate. Some local authorities are considering paying pension fund contributions early in exchange for a discount but not charging the general fund until later.

Local authorities must be satisfied that the amounts charged to the general fund in a financial year are the amounts payable for that year. Where local authorities are considering making early payments, we would expect them to obtain legal advice (either internally or externally) to determine the amounts that are chargeable to the general fund. We would expect this to include consideration of:

- the actuary's opinion on the amounts that are payable by the local authority into the pension fund
- the agreement between the actuary and the local authority as to when these payments are to be made
- the wording in the rates and adjustments certificate setting out when amounts are payable for each financial year.

For example, if a local authority agrees to make a payment to the pension fund in a single year and proposes to charge this amount to the general fund over a three-year period, we would expect the rates and adjustments certificate to show, unambiguously, that the amount payable is spread over the three years.

Accounting for pensions

Accounting and audit issues

Challenge questions:

- Is your local authority confident of getting the information from its actuary to meet the changes in the requirements for accounting for the LGPS (including restating the comparatives)?
- If your authority is considering making an early payment to the pension fund, has it set out a reasonable argument for how it proposes to charge this amount to the general fund? Is this supported by legal advice?

Changes to the public services pension scheme

Accounting and audit issues

Changes to the Local Government Pension Scheme

The Public Service Pensions Bill received Royal Assent in April 2013, becoming the Public Service Pensions Act 2013 ('the Act'). The Act makes provision for new public service pension schemes to be established in England, Wales & Scotland. Consequent regulations have been laid to introduce changes to the LGPS in England and Wales from 1st April 2014. (The regulations for the changes in Scotland have not yet been laid and will only impact from 1 April 2015).

These introduce a number of changes including:

- a change from a final salary scheme to a career average scheme
- introduction of a 50/50 option whereby members can choose to reduce their contributions by 50% to receive 50% less benefit
- calculation of contributions based on actual salary which could lead to some staff with irregular patterns of working moving between contribution rate bandings on a regular basis
- changes in employee contribution rates and bandings
- transitional protection for people retiring within 10 years of 1 April 2014 (further regulations are still awaited).

The above changes have implications for all employers involved in the LGPS introducing required changes to their payroll systems to ensure pension contributions are calculated correctly. This has consequent implications for administering authorities to communicate with employers and consider how they will obtain assurance over the accuracy and completeness of contributions going forwards since the calculations are more complex going forwards and less predictable. In addition changes are also required to pension administration/payment systems as well as much more detailed processes around maintaining individual pension accounts for all members to ensure the correct payment of future pensions.

The Act also requires changes to the governance arrangements although regulations for the LGPS have not yet been laid for these and the changes in governance arrangements are not expected to be implemented until 1 April 2015.

(continued overleaf)

Changes to the public services pension scheme

Accounting and audit issues

Changes to Local Government Pension Scheme continued

Challenge questions

- Is the authority aware of the detailed requirements and their impact on its current payroll system and processes?
- Is the authority taking appropriate action to ensure implementation of the required changes to its payroll system and processes by 1 April 2014?
- Has the authority liaised with the administering authority over any changes they may need in the assurances provided over the completeness and accuracy of contributions?

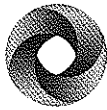


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Grant Thornton

An instinct for growth

D.M.C

4 APR 2014

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3rd April 2014

Dear Andy

Planned audit fee for 2014/15

The Audit Commission has set its proposed work programme and scales of fees for 2014/15. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as "the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes."

The Council's scale fee for 2014/15 has been set by the Audit Commission at £70,597, which is the same as for 2013/14.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at: www.audit-commission.gov.uk/audit-regime/audit-fees/proposed-work-programme-and-scales-of-fees-201415

The audit planning process for 2014/15, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

Chartered Accountants

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Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and a separate report of our findings will be provided.

Certification of grant claims and returns

The Council's composite indicative grant certification fee has been set by the Audit Commission at £8,530.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2014	17,650
December 2014	17,649
March 2015	17,649
June 2015	17,649
	70,597
Grant Certification	
December 2015	8,530
Total	79,127

Outline audit timetable

We will undertake our audit planning and interim audit procedures in February 2015. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in August 2015 and work on the whole of government accounts return in September 2015.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	February 2015	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	July to Sept 2015	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	Jan to Sept 2015	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2015	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2015	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2015	Grant certification report	A report summarising the findings of our grant certification work

Our team

The key members of the audit team for 2014/15 are:

	Name	Phone Number	E-mail
Engagement Lead	John Gregory	0121 232 5333	john.gregory@uk.gt.com
Engagement Manager	Helen Lillington	0121 232 5312	helen.m.lillington@uk.gt.com
Audit Executive	Paul Jones	0121 232 5318	paul.w.jones@uk.gt.com

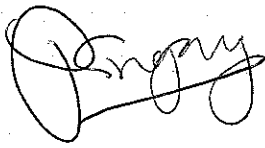
Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.


Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts, our Public Sector Assurance regional lead partner (jon.roberts@uk.gt.com)

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Gregory', with a large, stylized initial 'J'.

John Gregory
Director
For Grant Thornton UK LLP

 Finance & Audit Scrutiny Committee - 7 May 2014		Agenda Item No. <div style="font-size: 2em; float: right;">5</div>
Title	Comments from the Executive	
For further information about this report please contact	Peter Dixon Committee Services Officer 01926 456114 committee@warwickdc.gov.uk	
Service Area	Civic & Committee Services	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers	Finance & Audit minutes 15/04/2014 Executive minutes 16/04/2014	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Deputy Chief Executive		Andrew Jones
Chief Executive		
CMT		
Section 151 Officer		Mike Snow
Legal		
Finance		Jenny Clayton
Portfolio Holders		

Consultation Undertaken	
N/A	
Final Decision?	Yes
Suggested next steps (if not final decision please set out below)	

1. SUMMARY

- 1.1 This report summarises the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 16 April 2014.

2. RECOMMENDATION

- 2.1 That the responses made by the Executive be noted.

3. REASONS FOR THE RECOMMENDATION

- 3.1 This report is produced to create a dialogue between the Executive and the Finance & Audit Scrutiny Committee, ensuring that the Scrutiny Committee is formally made aware of the Executive's responses.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Committee receives and notes the minutes of the Executive instead.

5. BUDGETARY FRAMEWORK

- 5.1 There is no impact on the budgetary framework. This is for the Committee's information only.

6. POLICY FRAMEWORK

- 6.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

7. BACKGROUND

- 7.1 As part of the scrutiny process, the Committee no longer considers the whole of the Executive agenda.
- 7.2 Councillors are emailed at the time of the publication of the Executive and Scrutiny Committee agendas, asking them to contact Committee Services by 9.00 am on the day of the Scrutiny Committee, to advise which Executive items they wish the Scrutiny Committee to pass comment on and the reasons why.
- 7.3 As a result, at its meeting on 16 April 2014, the Finance & Audit Scrutiny Committee considered the items detailed in the appendices. The responses which the Executive gave are also shown.

APPENDIX 1**Responses from the meeting of the Executive held on 16 April 2014 to the Finance and Audit Scrutiny Committee's comments**


Item no	6	Title	Renewal of Allpay Contract	Requested by	Chair
Scrutiny Comment	The Committee supported the recommendations in the report.				
Executive Response	-				

Item no	7	Title	Procurement of Rural Housing Enabler	Requested by	Chair
Scrutiny Comment	The Committee supported the recommendations in the report.				
Executive Response	-				

Item no	8a	Title	Significant Business Risk Register	Requested by	Chair
Scrutiny Comment	The Committee highlighted the risk of the local plan being unsound or delayed, and suggested that the potential for the local plan to be rejected by the Council was also a risk. Concern was expressed that movement against some risks within the register appeared to have worsened, with no apparent actions being attached to those risks. The Portfolio Holder assured the Committee that actions were considered on a regular basis, but agreed to ensure that actions were detailed more explicitly in future reports and to include more narrative about the movement of risks. The Committee noted the Portfolio Holder's commitment to raising the profile of the register and ensuring that it was properly discussed by CMT, and supported the recommendations in the report.				
Executive Response	The Portfolio Holder for Finance thanked F&A for its comments. He reiterated his commitment to see service area risk registers brought up to a consistently high standard, for them to be monitored through regular meetings with Heads of Service and for CMT/Executive briefing meetings to discuss the Significant Business Risk Register.				

The Committee also considered the following Executive agenda items which are detailed in a separate confidential appendix:

- 10 - Fetherstone Court Development Scheme Update
- 11 - Racing Club Warwick & West Midlands Reserve Force & Cadets Association

 Finance & Audit Scrutiny Committee - 7 May 2014		Agenda Item No. <div style="text-align: right; font-size: 2em;">6</div>
Title	Forward Plan	
For further information about this report please contact	Peter Dixon, Civic & Committee Services Officer, 01926 456114 or committee@warwickdc.gov.uk	
Wards of the District directly affected	n/a	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	n/a	
Background Papers	n/a	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	n/a
Equality & Sustainability Impact Assessment Undertaken	n/a

Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive		
Head of Service		
CMT		
Section 151 Officer		
Monitoring Officer		
Finance		
Portfolio Holder(s)		
Consultation & Community Engagement		
n/a		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 This report informs the Committee of the current Forward Plan, attached at Appendix 1 to the report.

2. RECOMMENDATION

- 2.1 The Committee to; identify any Executive items on which it wishes to have an input before the Executive makes its decision; and to nominate one Member to investigate that future decision and report back to the Committee.

3. REASONS FOR THE RECOMMENDATION

- 3.1 One of the five main roles of overview and scrutiny in local government is to undertake pre-decision scrutiny of executive decisions.
- 3.2 If the Committee has an interest in a future decision to be made by the Executive it is within the Committee's remit to feed into the process.
- 3.3 The Forward Plan is the Executive's future work programme. If any non-Executive Member or Members highlighted items which were to be taken by the Executive which they would like to be involved in, those Members could then provide useful background to the Committee when the report was submitted to the Executive and when the Committee was passing comment on it.

4. POLICY FRAMEWORK

- 4.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly efficiently and effectively.

5. BUDGETARY FRAMEWORK

- 5.1 All work for the Committee has to be carried out within existing resources. Therefore, there is a limit to the time available that officers will have to assist Members, so the Committee may wish to prioritise areas of investigation.

6. RISKS

- 6.1 This Committee contributes to the effective minimisation of risk by scrutinising the work undertaken by the Executive.

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 The only alternative option is not to undertake this aspect of the overview and scrutiny function.

8. BACKGROUND

- 8.1 There are five main roles of overview and scrutiny in local government:

- Holding to account
- Performance management
- Policy review
- Policy development
- External scrutiny

- 8.2 The pre-decision scrutiny of Executive decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Executive decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 8.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve month period to give a clearer picture of how and when the Council will be making important decisions.
- 8.4 A key decision is a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.
- 8.5 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions.
- 8.6 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan. The Committee may wish to give greater consideration to the reports in Section 2 of Appendix 1, to maximise the time available for Members to input into the process.



FORWARD PLAN

Forward Plan May to August 2014

COUNCILLOR ANDREW MOBBS
LEADER OF THE EXECUTIVE

The Forward Plan is a list of all the Key Decisions which will be taken by the Executive or its Committees in the next four months. The Warwick District Council definition of a key decision is: - a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.

Whilst the majority of the Executive's business at the meetings listed in this Forward Plan will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information.

This is formal notice under the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 that part of the Executive meeting listed in this Forward Plan will be held in private. This is because the agenda and reports for the meeting will contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. Those items which are proposed to be considered in private are marked as such along with the reason for the exclusion in the list below.

If you would like to make representations or comments on any of the topics listed below, including the confidentiality of any document, you can write to the contact officer, as shown below, at Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ. Alternatively you can phone the contact officer on (01926) 353362. If your comments are to be referred to in the report to the Executive or Committee they will need to be with the officer 7 working days before the publication of the agenda. You can, however, make comments or representations up to the date of the meeting, which will be reported orally at the meeting. The Forward Plan will be updated monthly and you should check to see the progress of the report you are interested in.

Section 1 – The Forward Plan May to August 2014

Topic and Reference	Purpose of report	If requested by Executive –date, decision & minute no.	Date of Executive, Committee or Council meeting	Publication Date of Agendas	Contact Officer & Portfolio Holder	External Consultees/ Consultation Method/ Background Papers
May 2014						
Council Procedure Rules (Ref 594)	To consider revisions to the Council procedure rules from the Constitution Working Party		Executive 8 May 2014	28 April 2014	Graham Leach Cllr Mobbs	
June 2014						
Final Accounts (Ref 553)	To report on the Council's outturn position for both revenue and capital		Executive 11 June 2014	2 June 2014		
Voluntary sector commissioning priorities for 2015-18 (Ref 585)	To confirm the priorities around which future Voluntary Community Sector commissioning will be based, and provide a brief summary of the sector in-district.		Executive 11 June 2014	2 June 2014	Liz Young Cllr Grainger	Workshop; Face to face feedback
Review of the Warwick District Council/Waterloo Housing Group Joint Venture (Ref 591)	To consider the joint venture's performance since its inception		Executive 11 June 2014	2 June 2014	Andrew Jones Cllr Vincett	

Kenilworth Area Action/ Neighbourhood Plan (Ref 438)	To consider the request from Kenilworth Town Council to set in train work to develop an Area Action Plan for the town Moved from November 2012 reason 2 (Moved from June 2013 Reason 3) (Moved from August 2013 reason 3)		Executive 14 November 2012 Executive 9 January 2013 Executive 11 September 2013 Executive 12 February 2014 Executive 12 March 2014 Executive 11 June 2014	2 June 2014	Chris Elliott Cllr Caborn	Kenilworth Town Council Warwickshire County Council Report to Executive generally on Neighbourhood Plans in July 2012
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July 2014

Code of Conduct Review (Ref 593)	To consider revisions to the Council's Code of Conduct and associated papers		Executive 30 July 2014	23 June 2014	Graham Leach Cllr Mobbs	Written correspondence Asking for their views
Sports and Leisure Options Appraisal (Ref 603)	To report on the Sports and Leisure Options Appraisal		Executive 30 July 2014	23 June 2014	Rose Winship Cllr Cross	Partners schools, Sport England, Sports NGBs Interviews with consultants
Sustainability Report (Ref 551)	To seek agreement for the strategic approach to climate change/sustainability		Executive 30 July 2014	23 June 2014	Richard Hall Cllr Coker	

August 2014						
Budget Review to include Financial Projections (Ref 567)	To report on the latest financial prospects for the current and future 5 years					

Section 2 Key decisions which are anticipated to be considered by the Council between September 2014 and December 2014

September 2014

Statement of Accounts 2013-2014 (Ref 568)	To formally approve the Council's statutory accounts 2013/2014		Council 24 September 2014		Marcus Miskinis Cllr Mobbs	
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October 2014

Fees and Charges Income Max (Ref 569)	To propose the level of fees and charges to be levied in 2013/14		Executive 1 October 2014	22 September 2014	Andy Crump Cllr Mobbs	
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November 2014

Budget Review (Ref 571)	To advise members of any variations from approved budgets		Executive 5 November 2014	27 October 2014	Andy Crump Cllr Mobbs	
Housing Allocations Policy (Ref 607)	To approve a new housing allocations policy		Executive 5 November 2014	27 October 2014	Ken Bruno Cllr Vincett	Housing Strategy 2014 - 2017
Housing Buy To Flip Policy (Ref 608)	To approve a "Buy To Flip" policy for housing		Executive 5 November 2014	27 October 2014	Abigail Hay Cllr Vincett	Housing Strategy 2014 - 2017

December 2014

General Fund Budgets 2015 - 2016 (Ref 586)	To consider the following year revenue budgets for the general fund		Executive 3 December 2014	24 November 2014	Marcus Miskinus Cllr Mobbs	
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TO BE CONFIRMED

Topic and Reference	Purpose of report	History of Committee Dates & Reason code for deferment	Contact Officer & Portfolio Holder	Expansion on Reasons for Deferment	External Consultees/ Consultation Method/ Background Papers	Request for attendance by Committee
Evening Economy (Ref 362)	Action Plan 2012-2015	Executive 11 September 2013	Joe Baconnet Cllr Hammon	Moved from September 2013 Reason 1 & 4		
Corporate Debt Policy (Ref 516)	To approve the Corporate Debt Policy	TBC	Jon Dawson Cllr Mobbs			
Housing & Property Services Advisory Services Review (Ref 524)	To present various options for the service to (i) improve value for money of existing services and (ii) accelerate and maximise new affordable housing through the HRA Business Plan.	Executive 11 December 2013	Cllr Vincett	Reason 3	Report to Executive 6th March 2012, recommendation number 6. Report for Finance and Audit Scrutiny Committee 11th December 2012 Report for Finance and Audit Scrutiny Committee 18th June 2013.	

Health Strategy (Ref 576)	To update members on the formulation of the Council's Health Strategy, following the return of Public Health to local authorities (Moved from March 2014 Reason 3)	Executive 12 March 2014	Rob Chapleo Cllr Coker			
Code of Procurement Practice (Ref 611)	To seek approval of the updated Procurement Code of Practice		Susan Simmonds Cllr Mobbs			

Section 3 - Items which are anticipated to be considered by the Executive but are NOT key decisions

May 2014						
June 2014						
July 2014						
Review of The Significant Business Risk Register (Ref 609)	To advise members of Corporate Business Risks				Mike Snow Cllr Mobbs	
August 2014						
September 2014						
October 2014						
Review of Significant Business Risk Register (Ref 570)	To inform members of the significant risks to the Council				Richard Barr Cllr Mobbs	
November 2014						

December 2014

Housing Revenue Account Budgets 2015-2016 (Ref 590)	To consider the following year revenue budgets for the Housing Revenue Account				Mark Smith Cllr Mobbs	
Review of Significant Business Risk Register (Ref 587)	To inform members of the significant risks to the Council				Richard Barr Cllr Mobbs	

Delayed reports:

If a report is late, officers will establish the reason(s) for the delay from the list below and these will be included within the plan above:

1. Portfolio Holder has deferred the consideration of the report
2. Waiting for further information from a Government Agency
3. Waiting for further information from another body
4. New information received requires revision to report
5. Seeking further clarification on implications of report.

Details of all the Council's committees, Councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

The forward plan is also available, on request, in large print on request, by telephoning (01926) 353362

1. SUMMARY

- 1.1 This report informs the Committee of its work programme for 2014/15 (Appendix 1).

2. RECOMMENDATION

- 2.1 Members consider the work programme and agree any changes to it as appropriate.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The work programme should be updated at each meeting to accurately reflect the workload of the Committee.

4. POLICY FRAMEWORK

- 4.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

5. BUDGETARY FRAMEWORK

- 5.1 All work for the Committee has to be carried out within existing resources.

6. RISKS

- 6.1 This Committee contributes to the effective minimisation of risk by scrutinising the various functions and work of the Council, often in a statutory capacity. It is therefore important that the Committee's work programme is kept up to date.

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 There are no alternative options.

Finance and Audit Scrutiny Committee

WORK PROGRAMME 2014/15

10 JUNE 2014

AUDIT ITEMS

1	Annual Governance Statement	Report	Mike Snow	Annual report
2	Treasury Management Activity Report 2013/14	Report	Roger Wyton	2 nd Half Year Biannual report
3	Internal Audit Annual Report 2013/14	Report	Richard Barr	Annual report
4	Internal Audit Quarterly Report – Quarter 4 2013/14	Report	Richard Barr	Quarterly report
5	Review of Effectiveness of Internal Audit	Report	Richard Barr	Annual report

SCRUTINY ITEMS

6	Housing Business Plan Performance Management	Report	Abigail Hay	Biannual report
7	Progress report on Enterprise Projects	Report	Joe Baconnet	Annual report

1 JULY 2014

AUDIT ITEMS

1	Anti-Fraud and Corruption Progress Report	Report	John King	Annual report
2	Draft Statement of Accounts 2013/14	Report	Mike Snow	Annual report

SCRUTINY ITEMS

3	Service Risk Register Presentation – Democratic Services	Report	Richard Barr	Executive approved 11.01.12 minute 115
4	Procurement Biannual Report	Report	Susan Simmonds	Biannual report

29 JULY 2014

AUDIT ITEMS

1	Treasury Management 2013/14 Annual Report	Report	Roger Wyton	Annual report
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No scheduled scrutiny items

2 SEPTEMBER 2014

AUDIT ITEMS

1	Internal Audit Quarterly Report Quarter 1 2014/15	Report	Richard Barr	Quarterly report
2	Housing Benefit Fraud Investigation - Performance	Report	Andrea Wyatt	Annual report
3	Risk Management Annual Report	Report	Richard Barr	Annual report

No scheduled scrutiny items

23 SEPTEMBER 2014 (ACCOUNTS)

AUDIT ITEMS

1	Audit Findings Report from External Auditor	Report	Mike Snow / EA	Annual report
2	Statement of Accounts 2013/14	Report	Mike Snow	Annual report

30 SEPTEMBER 2014

AUDIT ITEMS

1	National Fraud Initiative Update	Report	Ian Wilson	Annual report
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SCRUTINY ITEMS

2	Service Risk Register Presentation – Neighbourhood Services	Report	Richard Barr	Approved Executive 11.01.12 minute 115
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4 NOVEMBER 2014

AUDIT ITEMS

1	Annual Audit Letter	Report	Mike Snow	Annual report
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No scheduled scrutiny items

2 DECEMBER 2014

AUDIT ITEMS

1	Treasury Management Activity Report 2014/15	Report	Roger Wyton	1 st Half Year Biannual report
2	Internal Audit Quarterly Report – Quarter 2 2014/15	Report	Richard Barr	Quarterly report

SCRUTINY ITEMS

3	Housing Business Plan Performance Management	Report	Abigail Hay	Biannual report
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13 JANUARY 2015

AUDIT ITEMS

1	2014/15 Audit Opinion Plan	Report	Mike Snow / EA	Annual report
2	External Audit Certification of Claims and Returns	Report	Mike Snow	External Audit Annual report

SCRUTINY ITEMS

3	Service Risk Register Presentation – Corporate & Community Services	Report	Richard Barr	Approved by Executive 11.01.12 – minute 115
4	Procurement Biannual Report	Report	Susan Simmonds	Biannual report

10 FEBRUARY 2015

No scheduled items

10 MARCH 2015

AUDIT ITEMS

1	Internal Audit Strategic Plan 2015/16 – 2017/18 and Internal Audit Charter	Report	Richard Barr	Annual report
2	Internal Audit Quarterly Report Quarter 3 2014/15	Report	Richard Barr	Quarterly report
3	Auditing Standards	Report	Mike Snow	Annual report

No scheduled scrutiny items

8 APRIL 2015

SCRUTINY ITEMS

1	Service Risk Register Presentation – Housing & Property Services	Report	Richard Barr	Executive 11.01.12 minute 115 F&A 09.07.13 minute 30
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SCRUTINY ITEMS

2	End of Term Report	Report	Peter Dixon / Chair	Annual report
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DATES TO BE ARRANGED


Contract registers reviews – agreed 25 March 2014 (minute 174)

Presentation on Disabled Adaptations – agreed 11 December 2012 (minute 97, Executive item 5)

FUTURE SERVICE RISK REGISTER PRESENTATIONS

July 2015 – Cultural Services

October 2015 – Development Services

 Finance & Audit Scrutiny Committee – 7 May 2014		Agenda Item No. <div style="text-align: right; font-size: 2em;">8</div>
Title	End of Term Report 2013/14	
For further information about this report please contact	Peter Dixon Civic & Committee Services Officer 01926 456114 committee@warwickdc.gov.uk	
Wards of the District directly affected	n/a	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	n/a	
Background Papers	Minutes of all 2013/14 Finance & Audit Scrutiny Committee meetings	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	n/a

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy		
Head of Service		
CMT		
Section 151 Officer		
Monitoring Officer		
Finance		
Portfolio Holder(s)		
Consultation & Community Engagement		
Final Decision?		
This report is for recommendation to Council.		

1. SUMMARY

- 1.1 An end of term report to the Council on the work the Committee has undertaken during the 2013/14 municipal year.

2. RECOMMENDATION

- 2.1 It is recommended to Council that the list of matters considered by this Committee during the municipal year 2013/14, as detailed in the Appendix to the report, be noted.

3. REASONS FOR THE RECOMMENDATION

- 3.1 Under Article 6 of the Council's Constitution, Overview and Scrutiny Committees and Policy Committees are required to provide an end of term report to the Council on work they have undertaken during the year.
- 3.2 This report will be updated to include items considered at the 7 May 2014 meeting of the Committee, prior to it being presented to Council.

4. POLICY FRAMEWORK

- 4.1 The recommendations of the report do not affect the Council's policy framework.

5. BUDGETARY FRAMEWORK

- 5.1 The recommendations of the report do not affect the Council's budgetary framework.

6. RISKS

- 6.1 There are no risks associated with this report.

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 There are no alternative options as this report complies with the requirements of Article 6 of the Council's Constitution.

Items considered by Finance & Audit Scrutiny Committee 2013/14

AUDIT & SCRUTINY ITEMS

- Annual Governance Statement
- Internal Audit Annual Report 2012/13
- Review of Effectiveness of Internal Audit 2012/13
- CIPFA Statement on the role of the Head of Internal Audit in Public Service Organisations
- Internal Audit Quarterly Report - Quarter 4 2012/13
- Business Plan Performance Management Report
- Anti-Fraud and Corruption Progress Report
- Statement of Accounts 2012/13
- Progress report on Enterprise Projects
- Review of Cultural Services Risk Register
- Procurement Progress Update
- Welfare Reforms and Discretionary Housing Payments
- 2012/13 Annual Treasury Management Report
- Anti-Fraud and Corruption Action Plan
- Internal Audit Quarter 1 2013/14 Progress Report
- Benefit Fraud Investigation - Performance
- Audit Findings Report from External Auditor
- Council Agenda 26 September (Statement of Accounts)
- Service Area Risk Registers
- Investigation into Members' Travel Claims
- National Fraud Initiative
- Risk Management Annual Report 2012/13
- Development Services Risk Register Presentation
- Annual Audit Letter
- Newbold Comyn Golf Course
- Internal Audit Quarter 2 2013/14 Progress Report
- Implications of the Public Sector Internal Audit Standards
- Treasury Management Activity Report for the period 1st April 2013 to 30th September 2013
- External Audit Report – Certification of Claims and Returns – 2012/13
- Review of Health & Community Protection Risk Register
- Catering Contracts – Update
- Informing the Audit Risk Assessment – Report from External Auditors
- Newbold Comyn Golf Course
- Service Risk Register Presentation: Finance
- Internal Audit Quarter 3 2013/14 Progress Report
- Internal Audit Strategic Plan 2014/15 – 2016/17 and Internal Audit Charter

ROUTINE ITEMS

- Comments from the Executive
- Forward Plan
- Review of the Work Programme

EXECUTIVE ITEMS CONSIDERED BY THE COMMITTEE

June 2013

- Redundancy and Pension Payments – Housing and Property Services' Staffing Review
- Final Accounts 2012/13
- Rural / Urban Capital Improvement Scheme – Amendment to Criteria
- Potential recreation of the Mere at Kenilworth Castle
- Review of Service Area Plans (SAP's) and FFF Measures for 2012/13 and new SAP's for 2013/14
- St Mary's Lands Business Strategy
- SAFE Project in Brunswick and Willes Wards
- Events Management
- Rural / Urban Capital Improvement Application
- Monetary Loan to Warwick Town Council
- Development and Regeneration in Lillington
- Flexible Retirement Request

July 2013

- Pump Room Gardens Parks for People Project
- Town Hall Repairs and Improvements
- Upgrade of Royal Spa Centre Screening Equipment and Supporting Business Case
- Significant Business Risk Register
- Mediation and Customer Support Advice
- Use of CE(4) of the Council's Constitution
- Council Tax Reduction Scheme

August 2013

- Exception to the Code of Procurement Practice
- Proposal for the delivery of on-street enforcement across Warwickshire
- Upgrade to Linen Street Car Park
- Budget Review to 30th June 2013
- Brunswick Healthy Living Centre
- Staffing Reviews

September 2013

- Bowls England Project
- New Homes Bonus – Government Consultation
- Discretionary Partly Unoccupied Relief – revised guidance notes
- Recruitment of Major Sites Monitoring Officer

October 2013

- Significant Business Risk Register
- Fees and Charges 2014/15
- Funding to support Warwick's 1100th Year Celebrations in 2014
- Dog Control Orders
- Building Control Shared Service

November 2013

- Council Tax Reduction
- Working with Bowls England – Update
- Tree Preservation Order Insurance Claims
- Coventry & Warwickshire City Deal
- Budget Review to 30 September 2013

- Access to Kingfisher Pools, Warwick
- Auto Enrolment – Pension Scheme
- Sustainability Officer

December 2013

- Council Tax Uninhabitable Discount
- CCTV & Lighting in St Nicholas Park
- Housing Revenue Account base budgets latest 2013/14 and original 2014/15
- The new HRA Business Plan 2013-2062
- Kenilworth Public Service Centre Feasibility Study & Business Case
- Assets Review
- General Fund base budgets latest 2013-14 and original 2014-15

January 2014

- Potential Compulsory Purchase of land in Royal Leamington Spa
- Fetherstone Court Development Scheme Land Acquisition Update
- Significant Business Risk Register
- Support for an Indoor Bowls Facility
- Coventry & Warwickshire City Deal – Update Report

February 2014

- Future delivery of off-street parking enforcement
- Extension of Adaptation Building Works Contract
- Proposed exemption from the Code of Procurement Practice
- Housing Revenue Account Budget 2014/15 and Housing Rents
- Heating, Lighting and Water Charges 2014/15 – Council Tenants
- Public Service Network (PSN) Compliance
- Housing with Care Opportunity at St Michael's Chapel and Master's House, Saltisford (Leper Hospital)
- 10, 12 & 14 Chapel Street, Warwick
- Peer Challenge Improvement Plan Update
- 2nd Warwick Sea Scouts' Headquarters
- Car Parking - National Bowls Championships
- Economic Development Action Plan – National Bowls Championships
- Budget 2014/15 and Council Tax – Revenue and Capital

March 2014

- Treasury Management Strategy Plan for 2014/15
- Corporate Property Repairs & Improvement Programme 2014/15
- Lillington Area Action Plan
- Housing & Property Services Contracts Update Report
- Proposed Development, Warwick
- Rural / Urban Capital Improvement Scheme Criteria
- Discretionary Rate Relief
- Historic Buildings Grant Application Funding 2014/15
- Petition against the High Speed Rail (London West Midlands) Bill
- Relocation of the Council's HQ offices – Part A & Part B reports

April 2014

- Significant Business Risk Register
- Fetherstone Court Development Scheme Update
- Racing Club Warwick & West Midlands Reserve Force & Cadets Association
- Renewal of Allpay Contract
- Procurement of Rural Housing Enabler